



**JPMorgan American Investment Trust plc**  
(Formerly JPMorgan Fleming American Investment Trust plc)

INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH JUNE 2006

# Six Month Performance

TOTAL RETURNS for the six months ended 30th June 2006

**+0.1%**

**Return to shareholders<sup>1</sup>**

**-2.8%**

**Return on net assets<sup>2</sup>**

**-4.9%**

**Benchmark return<sup>3,4</sup>**

	30th JUNE 2006	31st DEC 2005	% CHANGE
<b>FINANCIAL DATA (capital returns)</b>			
Total assets less current liabilities (£000)	<b>342,167</b>	358,662	-4.6
Shareholders' funds (£000)	<b>292,516</b>	309,025	-5.3
Number of shares in issue	<b>43,279,449</b>	43,479,449	
Net asset value per share with debt at par value	<b>675.9p</b>	710.7p	-4.9
Net asset value per share with debt at fair value <sup>5</sup>	<b>662.3p</b>	690.7p	-4.1
Revenue return per share	<b>5.13p</b>	7.78p	
Capital (loss)/return per share	<b>(32.25)p</b>	88.44p	
Share price	<b>626.0p</b>	633.0p	-1.1
S&P 500 Composite Index in sterling terms <sup>6</sup>	<b>686.8</b>	727.1	-5.5
Exchange Rate	<b>£1=\$1.8496</b>	£1=\$1.7163	-7.2
Discount of share price to net asset value per share with debt at fair value (the net asset value at 31st December 2005 has been adjusted for the final dividend)	<b>5.5%</b>	7.3%	

<sup>1</sup> Change in share price with net dividends reinvested  
(Source: Standard & Poor's – [www.funds-sp.com](http://www.funds-sp.com))

<sup>2</sup> Change in net asset value per share (with debt valued at par) with net dividends reinvested.  
(Source: Fundamental Data Ltd). This change in net asset value is based on an opening net asset value per share of 702.7p. This is different to the net asset value per share of 710.7p stated in the table above. This is due to different treatment of the final dividend payable for 2005 under FRS 21 within the Company's accounts and that used by Fundamental Data.

<sup>3</sup> Change in value with net dividends (if any) reinvested  
(Source: Standard & Poor's – [www.funds-sp.com](http://www.funds-sp.com)).

<sup>4</sup> The Company's benchmark is the S&P 500 Composite index (in sterling terms). Comparison of the Company's performance is made with this benchmark. The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not track this index and consequently, there may be some divergence between its performance and that of the Company.

<sup>5</sup> The fair value of the £50 million debenture issued by the Company has been calculated with reference to a similar dated gilt plus a margin valuing it at 30th June 2006: £55,517,000 (31st December 2005: £58,340,000). All other debt is held at fair value.

<sup>6</sup> Source: Datastream (capital only).

# Chairman's Statement

## Performance

Over the half year to 30th June 2006, the Company's net asset value fell by 2.8% in total return terms, outperforming the total return of the S&P 500 Index which fell by 4.9%. The Dollar began the period at a rate of 1.72 to the pound and ended at 1.85, weakening by 7.2%. In response to the falling markets, the Managers moved to reduce the Company's gearing and reallocated cash from the small companies portfolio to the large. Both of these moves added to performance.

## Change of Name

At the Annual General Meeting held on 3rd May 2006, shareholders approved the change of the Company's name from JPMorgan Fleming American Investment Trust plc to JPMorgan American Investment Trust plc.

## Discount Management

As at 30th June 2006, the Company's discount, calculated with liabilities valued at their fair value and excluding current year income, was 5.5% having narrowed from 7.3% at the start of the period. During the first six months of the year the Company repurchased 200,000 ordinary shares (0.5% of the shares in issue) at a discount of 9.2%. The cost of this repurchase was £1.3m. The level of buybacks has remained low despite the more challenging recent investment environment.

## Outlook

After registering its strongest first quarter since 1999, the US equity market's retreat in the second quarter signalled an end to a prolonged period of benign conditions and low volatility. The Federal Reserve Board's determination to dampen inflationary pressures saw interest rates rise by a further 1.0%, contributing to the cooling housing market. However, continued underlying growth in corporate profits should balance the constraints being placed on the American consumer and the prospects are for mildly positive, if volatile, progress in the second half.

## Hamish Buchan

Chairman

9th August 2006

# Investment Managers' Report

## Market Review

The first six months of the year were characterised by rising interest rates, energy and commodity prices, slowing housing prices and fears of increasing inflation. Strong balance sheets, impressive earnings growth and increasing consolidation overcame those fears, and led the market higher in Dollar terms. The S&P 500 Index, which is the Company's benchmark comparator, declined by 4.9%, in sterling, for the period, in total return terms.

The Federal Reserve raised interest rates four times for a total of 100 basis points in the first six months of the year, ending at 5.25%. Although the new Fed Chairman Ben Bernanke did his best to soothe market anxieties by stating that 'monetary policy actions will be increasingly dependent on incoming data', relatively hawkish written commentary from the Fed convinced investors that there were more rates hikes to come.

The price of oil rose \$13 to \$74 over the period, as world-wide economic growth increased demand. The US economy continued to grow at an impressive pace in the face of higher energy costs and real GDP grew at an annual pace of 4% during the first six months of the year. Strong economic growth and corporate cost cutting resulted in impressive earnings growth, as the S&P 500 index posted its 12th consecutive quarter of double digit earnings growth during the second quarter of 2006.

## Performance

The net asset value decreased by 2.8% in total return terms in the first six months of 2006 as the US dollar declined by 7.2% during the period.

Although the overall portfolio fell in sterling terms over the period there was a positive performance contribution of 0.9% from the large cap portfolio. The key drivers to this were particularly strong stock selection in aerospace and defence stocks such as Boeing and Lockheed Martin and a strong benefit from owning Corning whose successful LCD display business has been the primary source of growth. The portfolio's lack of exposure to energy companies detracted from performance.

The smaller companies portfolio had another good period of relative performance and the contribution to outperformance was 0.6% for the first six months.

With the muted outlook for equity markets, the investment managers have reduced the level of the gearing during the first six months of the year. After starting the year at 109% the gearing ratio was reduced to 103% at the end of March, where it remained until the period end. The composition of the portfolio also changed during the period, as the managers reduced exposure to small and micro cap.

## **Outlook**

Although we still await signs of material weakness in the overall real economy, we may now have reached a turning point in investor expectations for the near-term prospects for economic expansion. The timing of, and the extent to which, a US growth rate slowdown may eventually materialise remains uncertain, but stock market advances are likely to be limited until convincing indications of lower growth remove the need for further interest rate increases. We continue to view recent events as more of a correction than the opening phases of a bear market.

The next few months may prove to be volatile ones for domestic stock markets. The economy is likely to show signs of cooling outside the housing market with constraints on the consumer continuing to mount. One of the most important criteria for stock market appreciation hinges on the Federal Reserve's success in halting the inflationary pressures that have built up over the last two years. In the interim, forecasts for strong corporate profit growth should provide valuation support if raw material and, particularly, wage cost pressures stay contained.

**Garrett Fish**

**Tim Parton**

**Eytan Shapiro**

Investment Managers

9th August 2006

# Portfolio Analysis

## Asset Breakdown

	30th June 2006 %	31st December 2005 %
Large companies	<b>80.0</b>	83.6
Small companies	<b>7.0</b>	8.9
Unquoted investments	<b>1.0</b>	1.3
Net current assets	<b>12.0</b>	6.2
	<b>100.0</b>	100.0

Based on total assets less current liabilities of £342.2m (2005: £358.7m).

## Sector Breakdown

	30th June 2006		31st December 2005	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Financial	<b>17.6</b>	<b>24.4</b>	16.8	24.5
Technology	<b>17.2</b>	<b>16.0</b>	17.8	16.6
Other/Miscellaneous <sup>1</sup>	<b>10.8</b>	—	13.1	—
Healthcare	<b>10.6</b>	<b>12.2</b>	11.5	13.3
Energy	<b>7.3</b>	<b>10.1</b>	6.9	9.3
Consumer Non-Cyclicals	<b>6.7</b>	<b>7.9</b>	8.5	7.9
Consumer Services	<b>5.7</b>	<b>5.2</b>	8.2	5.0
Telecommunications	<b>3.8</b>	<b>3.3</b>	2.5	3.0
Consumer Cyclicals	<b>2.5</b>	<b>6.7</b>	3.2	6.9
Industrials	<b>2.1</b>	<b>3.3</b>	2.4	3.0
Utilities	<b>2.0</b>	<b>3.4</b>	1.0	3.4
Commercial Services	<b>1.4</b>	<b>1.8</b>	1.1	1.8
Transport	<b>0.3</b>	<b>2.0</b>	0.8	1.8
Basic Materials	—	<b>3.7</b>	—	3.5
Net current assets	<b>12.0</b>	—	6.2	—
	<b>100.0</b>	100.0	100.0	100.0

Based on total assets less current liabilities of £342.2m (2005: £358.7m).

<sup>1</sup>This includes small companies assets of 7.0% and unquoted investments of 1.0%, the balance of 2.8% is from non-index equities.

# Twenty Five Largest Investments

Company	Description	Valuation at 30th June 2006 £'000	% <sup>1</sup>
Exxon Mobil	Oil & Gas	12,495	3.5
Pfizer	Pharmaceuticals	8,945	2.6
Citigroup	Insurance/Financials	8,852	2.6
IBM	Information Technology	8,626	2.5
Altria	Tobacco	8,107	2.4
McDonald's	Consumer Discretionary	7,660	2.2
Boeing	Aerospace/Defence	7,430	2.2
General Electric	Diversified Industrials	7,051	2.1
United Technologies	Diversified Industrials	7,021	2.1
Wyeth	Pharmaceuticals	6,936	2.0
Lockheed Martin	Aerospace/Defence	5,880	1.7
Motorola	Information Technology	5,833	1.7
Genworth Financial	Insurance/Financials	5,772	1.7
JPM American Micro Cap	Mutual Funds	5,771	1.7
General Dynamics	Aerospace/Defence	5,707	1.7
Assurant	Insurance/Financials	5,453	1.6
Sprint Nextel	Telecommunications	5,314	1.6
Bank of America	Insurance/Financials	5,220	1.5
Microsoft	Information Technology	5,065	1.5
Corning	Information Technology	5,002	1.5
US Bancorp	Insurance/Financials	4,918	1.4
Hewlett Packard	Information Technology	4,807	1.4
Pepsico	Soft Drinks	4,671	1.4
Washington Mutual	Insurance/Financials	4,634	1.4
Oracle	Information Technology	4,593	1.3
<b>Total<sup>2</sup></b>		<b>161,763</b>	<b>47.3</b>

<sup>1</sup>Based on total net assets less current liabilities of £342.2m.

<sup>2</sup>As at 31st December 2005, the value of the twenty five largest investments amounted to £171,523,000 representing 47.8% of total assets less current liabilities.

# Income Statement

for the six months ended 30th June 2006

	(Unaudited)			(Unaudited)			(Audited)		
	Six months ended 30th June 2006			Six months ended 30th June 2005			Year ended 31st December 2005		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	Return	Return	Return	Return	Return	Return	Return	Return	Return
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(Losses)/gains from investments held at fair value through profit or loss	—	(11,924)	(11,924)	—	15,028	15,028	—	43,579	43,579
Income from investments	2,613	—	2,613	2,384	—	2,384	5,176	—	5,176
Other interest receivable and similar income	747	—	747	291	—	291	583	—	583
<b>Gross revenue and capital (losses)/gains</b>	<b>3,360</b>	<b>(11,924)</b>	<b>(8,564)</b>	<b>2,675</b>	<b>15,028</b>	<b>17,703</b>	<b>5,759</b>	<b>43,579</b>	<b>49,338</b>
Management fee	(161)	(645)	(806)	(160)	(641)	(801)	(329)	(1,313)	(1,642)
Other administrative expenses	(239)	—	(239)	(232)	—	(232)	(508)	—	(508)
<b>Net return/(loss) before finance costs and taxation</b>	<b>2,960</b>	<b>(12,569)</b>	<b>(9,609)</b>	<b>2,283</b>	<b>14,387</b>	<b>16,670</b>	<b>4,922</b>	<b>42,266</b>	<b>47,188</b>
Finance costs	(352)	(1,408)	(1,760)	(353)	(1,411)	(1,764)	(703)	(2,811)	(3,514)
<b>Net return/(loss) before taxation</b>	<b>2,608</b>	<b>(13,977)</b>	<b>(11,369)</b>	<b>1,930</b>	<b>12,976</b>	<b>14,906</b>	<b>4,219</b>	<b>39,455</b>	<b>43,674</b>
Taxation	(383)	—	(383)	(347)	—	(347)	(747)	—	(747)
<b>Net return/(loss) after taxation</b>	<b>2,225</b>	<b>(13,977)</b>	<b>(11,752)</b>	<b>1,583</b>	<b>12,976</b>	<b>14,559</b>	<b>3,472</b>	<b>39,455</b>	<b>42,927</b>
<b>Return/(loss) per share (note 2)</b>	<b>5.13p</b>	<b>(32.25)p</b>	<b>(27.12)p</b>	<b>3.48p</b>	<b>28.56p</b>	<b>32.04p</b>	<b>7.78p</b>	<b>88.44p</b>	<b>96.22p</b>

Dividends paid in respect of the financial year ended 31st December 2005 totalled 8.00p per share (2004: 7.50p per share) costing £3,462,000 (2004: £3,396,000).

The revenue and capital items in the above statement derive from continuing operations.

The total column of this statement is the profit and loss account of the Company and the revenue and capital columns represent supplementary information. The capital 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 (unaudited)

for the six months ended 30th June 2006

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>At 31st December 2004 (as restated)<sup>1</sup></b>	<b>11,773</b>	<b>18,906</b>	<b>7,060</b>	<b>237,025</b>	<b>14,890</b>	<b>289,654</b>
Shares bought back and cancelled	(903)	—	903	(20,160)	—	<b>(20,160)</b>
Total return from ordinary activities	—	—	—	39,455	3,472	<b>42,927</b>
Dividends appropriated in the year	—	—	—	—	(3,396)	<b>(3,396)</b>
<b>At 31st December 2005</b>	<b>10,870</b>	<b>18,906</b>	<b>7,963</b>	<b>256,320</b>	<b>14,966</b>	<b>309,025</b>
Shares bought back and cancelled	(50)	—	50	(1,295)	—	<b>(1,295)</b>
Total return from ordinary activities	—	—	—	(13,977)	2,225	<b>(11,752)</b>
Dividends appropriated in the period	—	—	—	—	(3,462)	<b>(3,462)</b>
<b>At 30th June 2006</b>	<b>10,820</b>	<b>18,906</b>	<b>8,013</b>	<b>241,048</b>	<b>13,729</b>	<b>292,516</b>

<sup>1</sup>Restated following the issue of FRS 21. Under this standard, final dividends are accounted for in the period in which they are approved by shareholders. Hence the final dividend originally accrued at 31st December 2004 has been added back to the revenue reserve.

# Balance Sheet

	(Unaudited) 30th June 2006 £'000	(Unaudited) 30th June 2005 £'000	(Audited) 31st December 2005 £'000
<b>Assets</b>			
Investments at fair value through profit or loss	300,965	314,355	336,351
Net current assets	41,202	20,816	22,311
<b>Total assets less current liabilities</b>	<b>342,167</b>	335,171	358,662
<b>Creditors:</b>			
Amounts falling due after more than one year	(49,651)	(49,622)	(49,637)
<b>Total net assets</b>	<b>292,516</b>	285,549	309,025
<b>Financed by:</b>			
Called up share capital	10,820	11,077	10,870
Share premium account	18,906	18,906	18,906
Capital redemption reserve	8,013	7,756	7,963
Capital reserve	241,048	234,737	256,320
Revenue reserve	13,729	13,073	14,966
<b>Equity shareholders' funds</b>	<b>292,516</b>	285,549	309,025
<b>Net asset value per share (note 3)</b>	<b>675.9p</b>	644.5p	710.7p

# Cash Flow Statement

	(Unaudited) Six months ended 30th June 2006 £'000	(Unaudited) Six months ended 30th June 2005 £'000	(Audited) Year ended 31st December 2005 £'000
Net cash inflow from operating activities	2,009	1,326	2,735
Net cash outflow from servicing of finance	(1,741)	(1,742)	(3,477)
Tax recovered	—	—	5
Capital expenditure and financial investment:			
<i>Purchases of investments</i>	(69,440)	(31,649)	(128,833)
<i>Sales of investments</i>	93,128	59,223	162,893
<i>Other capital charges</i>	(5)	(3)	(13)
<i>Net cash inflow from capital expenditure and financial investment</i>	<b>23,683</b>	27,571	34,047
Equity dividends paid	(3,462)	(3,400)	(3,396)
Net cash outflow from financing	(1,295)	(15,810)	(20,706)
<b>Increase in cash for the period</b>	<b>19,194</b>	7,945	9,208

# Notes to the Accounts

## 1. Accounting Policies

The accounts have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with applicable Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' dated 31st December 2005.

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 December 2005.

## 2. Return/(loss) per share

	(Unaudited) Six months ended 30th June 2006 £'000	(Unaudited) Six months ended 30th June 2005 £'000	(Audited) Year ended 31st December 2005 £'000
Return/(loss) per share is based on the following:			
Revenue return	2,225	1,583	3,472
Capital (loss)/return	(13,977)	12,976	39,455
<b>Total (loss)/return</b>	<b>(11,752)</b>	14,559	42,927
Weighted average number of shares in issue	43,333,295	45,443,191	44,613,016
Revenue return per share	5.13p	3.48p	7.78p
Capital (loss)/return per share	(32.25)p	28.56p	88.44p
<b>Total (loss)/return per share</b>	<b>(27.12)p</b>	32.04p	96.22p

## 3. Net asset value per share

Net asset value per share is calculated by dividing equity shareholders' funds by the number of shares in issue at 30th June 2006 of 43,279,449 (30th June 2005: 44,307,449; and 31st December 2005: 43,479,449).

## 4. 2005 Accounts

The figures and financial information for the year ended 31st December 2005 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 237(2) or 237(3) of the Companies Act 1985.

# Information about the Company

## Financial Calendar

<b>Financial year end</b>	31st December
<b>Interim results announced</b>	August
<b>Final results announced</b>	February
<b>Dividend on ordinary shares paid</b>	Annually in April/May
<b>Annual General Meeting</b>	April/May

### History

JPMorgan American Investment Trust plc has its origins in the Alabama, New Orleans, Texas and Pacific Junction Railways Company, Limited which was formed in 1881 to acquire interests in, and to undertake the completion of, three American railroads, the Vicksburg and Meridian, the Vicksburg, Shreveport and Pacific, and the New Orleans and North Eastern. In 1917 the Company was reorganised, a proportion of the railroad interests were sold, and the investment powers were widened enabling its assets to be invested in several countries including the United Kingdom. To reflect the new objectives the name was changed to The Sterling Trust. The Company's investment policy reverted to North American securities in 1982 and changed its name to The Fleming American Investment Trust plc. The Company changed its name to JPMorgan Fleming American Investment Trust plc in April 2002 and to JPMorgan American Investment Trust in May 2006. JPMorgan Asset Management (UK) Limited and its predecessor companies have been the Company's manager and secretary since 1966.

### Directors

Hamish Buchan (*Chairman*)  
Sarah Bates  
Kate Bolsover  
James Fox (*Audit Committee Chairman*)  
George Greener CBE  
James Williams

### Company Numbers

Company registration number: 15543  
London Stock Exchange Sedol number: 0846505  
Bloomberg Code: JAM LN  
Reuters Code: JAM.L

### Manager and Secretary

JPMorgan Asset Management (UK) Limited

### Company's Registered Office

Finsbury Dials  
20 Finsbury Street  
London EC2Y 9AQ  
Telephone: 020 7742 6000  
*For company secretarial and administrative matters, please contact Andrew Norman.*

### Registrars

Lloyds TSB Registrars  
Reference 1077  
The Causeway  
Worthing  
West Sussex BN99 6DA  
Tel: 0870 600 3984  
*Notifications of changes of address and enquiries regarding certificates or dividend cheques should be made in writing to the Registrar quoting reference 1077.*

*Registered shareholders can obtain further details on individual holdings on the internet by visiting [www.shareview.co.uk](http://www.shareview.co.uk)*

### Savings Product Administrators

For queries on the JPMorgan ISA, PEP, Share Plan or Pension Account, see contact details overleaf.

### Independent Auditors

PricewaterhouseCoopers LLP  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

### Brokers

Dresdner Kleinwort Wasserstein  
20 Fenchurch Street  
London EC3P 3DB

### Market Information

The Company's net asset value ('NAV') is published daily, via the London Stock Exchange.

The Company's shares are listed on the London Stock Exchange. The market price of the ordinary shares is shown daily in the Financial Times, The Guardian, The Times, The Daily Telegraph, and The Scotsman and on the JPMorgan internet site at [www.jpnamerican.com](http://www.jpnamerican.com), where the share price is updated every 15 minutes during trading hours.



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