Half Year Report 09

JPMorgan Elect plc

Half Year Report & Accounts for the six months ended 28th February 2009

JPMorgan Asset Management

Chairman's Statement

Simon Miller

The change in the circumstances of the economy and the decline in company earnings have substantially damaged capital values and severely depleted the prospects for dividend growth. Your Board has been scrutinising the Manager's response to these developments, especially in the light of the recent and most unwelcome underperformance of the Managed Income portfolio, where, as a result, a number of important changes are being made.

Managed Growth

Performance

The Managed Growth portfolio produced a total return on net assets of -28.7% over the six months to 28th February 2009. The share price total return was -28.0%, reflecting a small narrowing of the discount at which the shares trade to their net asset value. This performance compared to a -29.4% return for the composite benchmark, comprising 50% FTSE All-Share Index and 50% FTSE World (ex-UK) Index. Despite the substantial fall in the share price, your Board regards this as a creditable performance given the extraordinary market conditions faced by the Manager.

Dividends

An interim dividend of 1.87 pence per Managed Growth share has been paid to date in the current financial year. Two further interim dividends will be paid on 18th June 2009 to shareholders on the register on 22nd May 2009. These two dividends will be in respect of the quarters to 28th February and 31st May 2009 and shareholders will receive one payment in respect of both dividends. The amount of these dividend payments will be notified to shareholders during the course of the next month.

The dividend on the Managed Growth shares is variable and consists of dividends earned on the underlying investments. Any decline in the general level of dividends will be reflected in lower payments.

Share Capital

In the six months to 28th February 2009, the Company issued 310,000 Managed Growth shares and repurchased a total of 536,000 Managed Growth shares for cancellation. As is the case for all three share classes, new shares were issued at a premium to, and existing shares repurchased at a discount to, net asset value thereby benefiting continuing shareholders. Since the period end, the Company has repurchased a further 238,000 Managed Growth shares for cancellation.

Managed Income

Performance

The Managed Income portfolio has experienced a period of unacceptable performance over the last year. The figures for the last six months show a total return on net assets of -31.3%. The share price total return was -32.0%, reflecting a widening of the discount. The Managed Income composite benchmark of 85% FTSE 350 High Yield Index and 15% Merrill Lynch 5 – 10 Year Sterling Corporate Bond Index, returned -28.3%.

The Board has expressed its considerable concern to the Manager over the capital performance of the Managed Income portfolio, which it regards as unacceptable. The Manager reports that this has been attributable to two principal factors: the general underperformance of its 'Behavioural Finance' stock-screening process, which drives direct equity stock selection, and the poor performance of the portfolio's investment company holdings. Shareholders will remember that the Board commissioned Trust Associates to carry out a review of the Managed Income share class. Opinions were also sought from a number of shareholders. As a result, and after discussions with the Manager, a number of changes have already been implemented and others will take effect in due course. The Board has informed the Manager that it expects these changes to result in an early and continued improvement in performance.

The individual managers have been changed: since December 2008, Sarah Emly and John Baker have been charged with running the portfolio and they have completed a thorough review of its investments. There has been a major and very successful reduction in the exposure to investment companies. Shareholders will recall that a number of these investments were held as quasi-bonds with some equity participation, but in turbulent markets such investments tended to behave more like geared equities. The Company continues to hold JPMorgan Income & Growth Investment Trust plc in the form of units and income shares, which in total represents approximately 12% of the portfolio. This holding provides exposure to the same investment strategy as the equity component within Managed Income and is managed by the same team. However due to the capital structure of the company the holding generates a higher yield than our directly invested portfolio. This structure also creates a geared exposure to the market and as a consequence a greater risk to capital in a falling market although this risk is in part mitigated by the high running yield. The Board will regularly review this position with the investment managers to ensure that it remains an appropriate holding for the portfolio.

The portfolio's benchmark has a 15% weighting to corporate bonds. Historically the Manager had treated a number of the portfolio's holdings in investment companies as quasi-bonds; the Board has recommended utilising true bonds, a move which should further reduce the volatility and risk of the portfolio and to diversify sources of income. For size, diversification and risk control reasons, such exposure will be achieved through investing in JPMAM's pooled bond funds.

The Board has given considerable thought to the question of an appropriate benchmark against which to judge the performance of the Manager. Given the changes to portfolio structure authorised by the Board, your Directors believe that neither the FTSE High Yield Index which is used as 85% of the present benchmark, nor the Merrill Lynch 5-10yr Sterling Corporate Bond Index (15%) is entirely appropriate. With effect from 1st March 2009 the benchmark has been changed to a composite of the FTSE 350 All-Share Index (85%) and the Barclays Capital Global Corporate Bond Index in Sterling terms. The aim is to provide a broader and less concentrated comparator to reflect the changes to portfolio management. The portfolio's exposure to direct UK equities will target a 110 – 120% yield relative to the FTSE All-Share Index.

Shareholders will know that Managed Income's shares reside within the AIC's UK Growth & Income sector. There is no directly comparable fund in this sector but the Board intends to continue its policy of comparing performance with a peer group of funds drawn from this sector without setting this as a formal benchmark for the Manager.

I am very pleased to announce a reduction in Managed Income's management fees from 1st March 2009. In future, JPMAM will not charge a fee on assets invested in JPMAM managed funds; the previous fee was 0.3% per annum. The fee on direct investments and non-JPMAM managed funds will remain at 0.6%. Furthermore any investments in JPMAM's retail open-ended pooled funds will benefit from a partial rebate of the underlying fee.

Dividends

Two quarterly dividends totalling 1.75 pence per Managed Income share have been paid to date in the current financial year. A third quarterly dividend on the Managed Income shares will be paid on 18th June 2009 to shareholders on the register on 22nd May 2009. The amount of the dividend payment will be notified to shareholders in May 2009. Due to the frequency and timing of distributions from the underlying investments, the quarterly dividends are unlikely to be of equal amounts.

Shareholders will be only too aware that the rapid slump in the global economy is currently putting intense pressure on corporate profits and accordingly on the payment of dividends of the shares of many of the companies held in the portfolio; clearly this has implications for the Managed Income portfolio's own dividend policy.

Chairman's Statement continued

Share Capital

In the six months to 28th February 2009, the Company issued 150,000 Managed Income shares and repurchased a total of 150,000 Managed Income shares for cancellation. Since the period end, the Company has issued a further 175,000 Managed Income shares.

Managed Cash

Performance

The Managed Cash portfolio produced a total return on net assets of +1.8%. The total return to shareholders was +1.5%. In accordance with its investment objective to preserve capital and deliver a yield based on short term interest rates, the assets of the Managed Cash portfolio remain invested in sterling liquidity funds with a credit rating of AAA (or equivalent).

Dividends

Two quarterly dividends totalling 1.50 pence per Managed Cash share have been paid to date in the current financial year. A third quarterly dividend on the Managed Cash shares will be paid on 18th June 2009 to shareholders on the register on 22nd May 2009. The amount of the dividend payment will be notified to shareholders during the course of the next month.

Share Capital

In the six months to 28th February 2009, the Company repurchased a total of 712,000 Managed Cash shares for cancellation. Since the period end, the Company has repurchased a further 233,000 Managed Cash shares for cancellation.

Managed Growth and Managed Cash Investment Manager

Katy Thorneycroft, the investment manager of the Managed Growth and Managed Cash portfolios is currently on maternity leave, which commenced at the end of February 2009 and is expected to last until October 2009. Jonathan Lowe, her predecessor, is managing these portfolios from his new base in Hong Kong, supported by colleagues in London. Mr Lowe has remained part of the asset allocation group that sets strategy for JPMAM's funds and is of course fully familiar with both management of investment trusts and the structure of the portfolios and he retains the full confidence of the Board.

VAT Case

Following a ruling by the European Court of Justice, in October 2007 HM Revenue & Customs accepted that investment trusts should be exempt from VAT on investment management fees. In December 2008 the Board reached agreement with JPMAM, on the recovery of past VAT. The total recovery, including interest, was £838,956.53. This amount was transferred to the Company on 19th December 2008 in full settlement and was allocated between the Managed Growth and Managed Income pools on a pro-rata basis based upon the portfolio's NAVs.

Conversion Opportunities

One of the tremendous advantages of the structure of your Company is the ability to convert all or part of any class of holding into any other class. Up to now the opportunities to do this have occurred every six months, and the next opportunities to convert are on 31st May and 30th November 2009. Subject to the relevant taxation clearance, the Company will, from 2010, offer shareholders quarterly conversion opportunities at the end of February, May, August and November. Given the volatility of markets the Board considers this extra flexibility to be a very attractive feature of your Company.

Simon Miller
Chairman 30th April 2009

Half Year Performance

Total Returns (capital plus income)

Managed Growth Share Class

-28.0%
Return to shareholders[1]

-28.7%
Return on net assets[2]

-29.4%
Benchmark return[3]

1.87p[4]
Dividend
(2008: 1.15p)

Financial Data	28th Feb 2009	31st Aug 2008	Change %
Shareholders' funds (£'000)	113,615	161,940	-29.8
Number of shares in issue	45,109,898	45,484,800	-0.8
Net asset value per share	251.9p	356.0p	-29.2
Share price	246.5p	346.5p	-28.9
Share price discount to net asset value	2.1%	2.7%	

A glossary of terms and definitions is provided on page 28.

[1]Source: Standard & Poor's – www.funds.morningstar.com

[2]Source: JPMorgan

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

[4]Represents the first interim dividend only. Dividends are paid on this share class in June and December each year.

Investment Managers' Report

Katy Thorneycroft

Jonathan Lowe
(Acting Investment Manager)

Market Review

This was an extremely difficult period for the Managed Growth portfolio. The key event of the half year was the bankruptcy of Lehman Brothers which precipitated unprecedented instability in a wide range of markets and unleashed a wave of selling in all higher risk asset classes. As a result this was a period where equity and corporate bond prices plunged without exception and where economic indicators fell precipitously as the contagion effects of financial panic spread globally. The only hiding places were effectively government bonds and cash.

Against this background the Managed Growth portfolio fell sharply in value over the period, although it performed somewhat better than its benchmark. For the six months to the end of February the net asset value fell 28.7% compared to a benchmark return of -29.4%. The return to shareholders was -28.0% reflecting a modest narrowing in the portfolio's discount.

Looking at equity markets on a regional basis, sterling investors benefited in a relative sense from being invested globally, as sterling weakened significantly over the period. Investments in the US and Japan substantially outperformed their Sterling counterparts but this came about entirely as a consequence of currency moves rather than underlying asset prices. Conversely Europe in sterling terms was the weakest area for equity returns over the six month period.

Despite interest rate cuts of an unprecedented size from central banks, credit conditions remained disconcertingly tight. As an example, the Fed Funds Rate peaked at 5.25% in August 2007 and since then we have seen 500bps of cuts: yet the 30 year fixed rate for "qualifying" mortgages in the US has only come down by approximately 130 bps (for mortgages in excess of US$415,000, fixed 30 year rates are still in excess of 6% assuming you can get a loan at all!). Elsewhere corporate borrowers have seen their borrowing rates increase by approximately 260 bps for investment grade and in excess of 900 bps for non investment grade credits. While we are still believers that the cumulative effect of monetary and fiscal stimulus packages will eventually work, it is evident that, with the normal transmission mechanisms broken, economic recovery will take longer to gain traction.

Performance

Below, we show the total returns for the Managed Growth portfolio for various periods ending 28 February 2009. The absolute level of return is clearly disappointing, but we are pleased to have performed ahead of benchmark over the last six months, in what have been extremely challenging conditions.

Total returns to 28th February 2009:

Months	6	12	24	36
NAV Return	-28.7%	-31.6%	-34.3%	-27.2%
Benchmark	-29.4%	-29.6%	-30.3%	-24.3%[1]
FTSE All-Share Index	-31.4%	-33.0%	-34.8%	-27.2%
FTSE World (ex-UK) Index	-27.4%	-25.9%	-25.4%	-22.7%

Source: JPMAM/Bloomberg/Fundamental Data

[1] In 2007 and prior years the benchmark was a composite comprising 65% FTSE All-Share Index and 35% FTSE World (ex-UK) Index

Regional asset allocation added some value to the portfolio over the period with our underweight position in UK equities making a positive relative contribution - the FTSE World ex-UK Index outperformed the FTSE All-Share Index by 400bps over the half year. In addition, our overweight in the US added some modest value over the six months; however our small overweight in emerging markets detracted from returns relative to benchmark.

Within the portfolio it was a mixed period for our holdings. We have a relatively concentrated portfolio with the top six holdings accounting for just under half of the asset value. Our US managers collectively did well with JPMorgan American Investment Trust and our two US open ended funds outperforming their benchmarks by a considerable margin. Unfortunately their relative success was not repeated elsewhere and our largest holdings, for example – JPMorgan UK Dynamic and JPMorgan Claverhouse Investment Trust – both struggled against their respective benchmarks.

Of the 24% of the portfolio invested in third party funds, relative performance was reasonable rather than exceptional. Mainstream holdings such as Alliance Trust and Edinburgh Investment Trust both produced relative out-performance and a degree of discount narrowing, although returns over the period were still negative. However, performance here was offset by the likes of Edinburgh Worldwide and Scottish Mortgage investment trusts which experienced both underperformance and discount erosion. Although trust discounts in aggregate have not widened as much as might have been expected given the scale of absolute price declines, discount erosion has been a persistent headwind throughout the period.

Portfolio Activity

At the end of February approximately 46% of the portfolio was invested in JPMorgan managed investment trusts, 24% in JPMorgan managed open-ended funds and 24% in investment trusts managed by third party managers. The balance of the portfolio was in cash.

During the past six months, we disposed of our holdings in JPMorgan US Technology Fund, JPMorgan Russian Securities and Gartmore Fledgling Investment Trust. We reduced the position in Scottish Mortgage Investment Trust and reduced further our holding in Impax Environmental Markets Investment Trust. On the purchase side we added to Alliance Trust, Fidelity Special Values, SVM UK Active and Edinburgh Investment Trust. We also added to our largest holdings - JPMorgan UK Dynamic Fund and JPMorgan Claverhouse Investment Trust. Finally we reduced the position in the growth shares of JPMorgan European Investment Trust so that we could take advantage of the exceptionally large discount on offer in Jupiter European Opportunities Investment Trust.

Outlook

In our last report, written in November, we expected markets to be range-bound for the foreseeable future, albeit moving in a relatively wide range. For the period under review this has taken place, although trading has remained nervous and volatility has remained elevated. Looking forward, with the monetary transmission mechanism still not functioning properly, the economic outlook is far from clear. Until we get some confirmation that the pace of economic contraction is moderating, we would not expect that a sustained move in equities – as opposed to a bear market rally from oversold conditions - can take place. Earnings expectations have fallen rapidly, but there is still a great deal of uncertainty as to what markets are discounting in terms of the projected profits outlook. Our own view is that the earnings outcome will be worse than is currently expected and profits will remain lower for longer than most are able to forecast. This suggests we should remain conservatively positioned in the portfolio. The bright spot for closed end fund investors, however, is that, while we may be uncertain as to the level of future earnings, value in the sector as represented by the level of discounts is abundant. We would hope to be able to take advantage of these opportunities during the coming months.

Katy Thorneycroft
Jonathan Lowe
Investment Managers

30th April 2009

MANAGED GROWTH

Ten Largest Investments

at 28th February 2009

Company	Value £'000	%[1]
JPMorgan UK Dynamic Fund (A shares)[2]	13,448	11.8
JPMorgan American Investment Trust plc	11,772	10.4
JPMorgan Claverhouse Investment Trust plc	10,977	9.7
JPMorgan US Select Equity Fund (A shares)[2]	8,685	7.6
JPMorgan US Fund (A shares)[2]	5,472	4.8
JPMorgan Asian Investment Trust plc	5,313	4.7
JPMorgan European Investment Trust plc (Growth shares)	5,198	4.6
Fidelity Special Values plc	3,364	3.0
JPMorgan Japanese Investment Trust plc	3,098	2.7
Edinburgh Investment Trust plc	2,895	2.5
TOTAL*	70,222	61.8

[1]Based on total assets less current liabilities of £113.6m.

[2]Represents a holding in an Open Ended Investment Companies and a Société d'investissement à Capital Variable ('SICAV').

*As at 31st August 2008, the value of the ten largest holdings represented 59.4% of total assets less current liabilities.

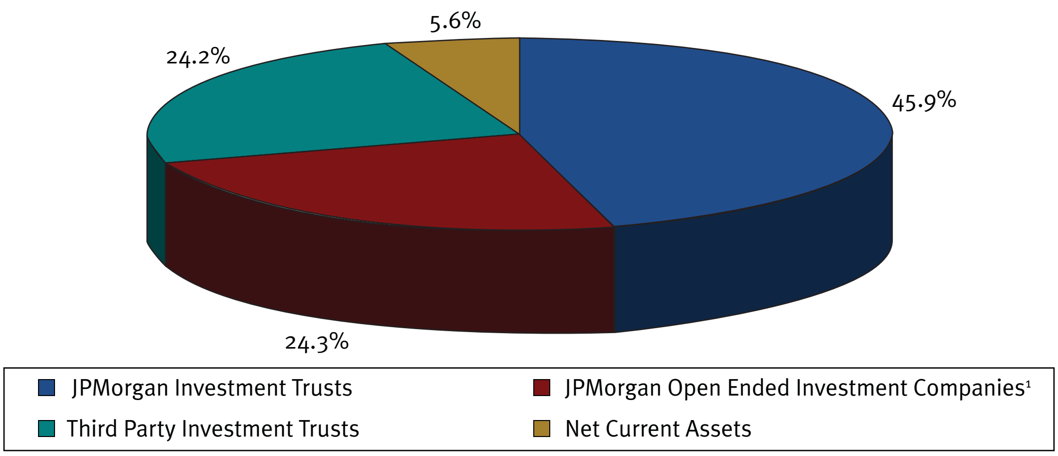
Geographical Analysis

(on a look through basis)

Region	28th February 2009 Company %	28th February 2009 Benchmark %	31st August 2008 Company %	31st August 2008 Benchmark %
UK	40.4	50.0	38.5	50.0
North America	30.0	27.0	27.0	26.7
Continental Europe	9.4	10.7	12.2	11.8
Pacific (excluding Japan)	5.4	2.5	4.3	2.6
Japan	5.1	5.7	4.9	4.8
Emerging Markets and others	3.3	4.1	6.4	4.1
Net current assets	6.4	–	6.7	–
TOTAL[1]	100.0	100.0	100.0	100.0

[1]Based on total assets less current liabilities of £113.6m (2008: £176.4m).

Portfolio Breakdown



[1]Represents holdings in Open Ended Investment Companies and Société d'investissement à Capital Variable ('SICAVs').

Income Statement

for the six months ended 28th February 2009

	(Unaudited) Six months ended 28th February 2009			(Unaudited) Six months ended 29th February 2008			(Audited) Year ended 31st August 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses from investments held at fair value through profit or loss	–	(47,936)	(47,936)	–	(13,091)	(13,091)	–	(22,419)	(22,419)
Net foreign currency losses	–	–	–	–	–	–	–	(27)	(27)
Income from investments	1,831	–	1,831	1,425	–	1,425	2,680	–	2,680
Other interest receivable and similar income	190	–	190	222	–	222	467	–	467
Gross return/(loss)	2,021	(47,936)	(45,915)	1,647	(13,091)	(11,444)	3,147	(22,446)	(19,299)
Management fee	(31)	(95)	(126)	(63)	(190)	(253)	(102)	(307)	(409)
VAT recoverable	156	469	625	–	–	–	–	–	–
Other administrative expenses	(363)	–	(363)	(182)	–	(182)	(367)	–	(367)
Net return/(loss) on ordinary activities before taxation	1,783	(47,562)	(45,779)	1,402	(13,281)	(11,879)	2,678	(22,753)	(20,075)
Taxation	(35)	(105)	(140)	(5)	29	24	(28)	45	17
Net return/(loss) on ordinary activities after taxation	1,748	(47,667)	(45,919)	1,397	(13,252)	(11,855)	2,650	(22,708)	(20,058)
Return/(loss) per Managed Growth share	3.87p	(105.46)p	(101.59)p	2.94p	(27.88)p	(24.94)p	5.65p	(48.45)p	(42.80)p

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

as at 28th February 2009

	(Unaudited) 28th February 2009 £'000	(Unaudited) 29th February 2008 £'000	(Audited) 31st August 2008 £'000
Fixed assets			
Investments at fair value through profit or loss	107,301	164,541	153,659
Current assets			
Debtors	606	404	1,365
Cash and short term deposits	6,116	11,608	7,259
	6,722	12,012	8,624
Creditors: amounts falling due within one year	(408)	(123)	(343)
Net current assets	6,314	11,889	8,281
Total assets less current liabilities	113,615	176,430	161,940
Total net assets	113,615	176,430	161,940
Net asset value per Managed Growth share	251.9p	376.6p	356.0p

MANAGED INCOME

Half Year Performance

Total Returns (capital plus income)

Managed Income Share Class

-32.0%
Return to shareholders[1]

-31.3%
Return on net assets[2]

-28.3%
Benchmark return[3]

1.75p[4]
Dividend
(2008: 2.10p)

Financial Data	28th Feb 2009	31st Aug 2008	Change %
Shareholders' funds (£'000)	30,705	46,769	-34.3
Number of shares in issue	53,877,600	54,126.517	-0.5
Net asset value per share	57.0p	86.4p	-34.0
Share price	56.5p	84.5p	-33.1
Share price discount to net asset value	0.9%	2.2%	

A glossary of terms and definitions is provided on page 28.

[1]Source: Standard & Poor's – www.funds.morningstar.com

[2]Source: JPMorgan

[3]Source: WM (World Markets)/Bloomberg. The Company's benchmark is a composite comprising of 85% FTSE 350 High Yield Index and 15% Merrill Lynch 5-10 year Sterling Corporate Bond Index.

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

Investment Managers' Report


Sarah Emly


John Baker

Market Review

The UK stock market fell significantly during the period under review, with the FTSE 350 High Yield Index declining by 30.1% over the six months to the 28th February 2009. It was an extraordinary time for equity investors, as financial and economic newsflow deteriorated, both in the UK and on a more global basis. Stock market volatility increased markedly and investor confidence was severely dented as fears about the health of the global economy and financial system dominated newsflow and sentiment. Although corporate bonds were somewhat more defensive than equities, even the Merrill Lynch 5-10 Year Sterling Corporate Bond Index delivered a negative total return of -18.0%. The Company's overall benchmark delivered a total return of -28.3% for the first half of the financial year 2009.

Total returns to 28th February 2009:

Months	6	12	24	36
NAV Return	-31.3%	-34.4%	-43.5%	-34.9%
Benchmark	-28.3%	-28.4%	-33.8%	-29.1%
FTSE 350 High Yield Index	-30.1%	-30.4%	-36.2%	-31.1%
ML 5-10 year Corp Bond Index	-18.0%	-17.1%	-19.8%	-18.3%

Source: JPMAM/Bloomberg/Fundamental Data

Having weakened during the early part of 2008, economic data deteriorated further as the year progressed, particularly with the falling housing market and weakening consumer confidence. In September the continuing credit crunch led to acute strains in inter-bank lending and consequently the savage bursting of the credit bubble saw some major institutions either go to the wall or be nationalised. The two giants of the US mortgage sector, Fannie Mae and Freddie Mac, were taken under US Government control, whilst Lehman Brothers Holdings Inc. filed for bankruptcy and Bank of America rescued Merrill Lynch. This period saw the near collapse of the UK banking system, with an evaporation of confidence and the freezing up of credit, particularly as overseas banks withdrew from UK lending. In mid-September Lloyds TSB made a rescue bid for HBOS which would otherwise have collapsed, and has subsequently reported substantial losses and write-downs from the HBOS corporate loan book. As the UK economy weakened further and the banking system came under severe pressure, the UK authorities responded to the crisis with a series of unprecedented measures. The Bank of England's Monetary Policy Committee cut interest rates three times in late 2008, taking them down from 5.5% to 2.0% by the calendar year end. Base rates were lowered still further, by 0.5% in both January and February 2009 to just 1.0%. Meanwhile the Government launched a bailout package for the UK banking industry, allowing it to inject capital into the biggest banks to strengthen their capital ratios; incremental capital injections into Royal Bank of Scotland and Lloyds Banking Group have been necessary in early 2009.

Performance Review

In the six months to the 28th February 2009 the Managed Income portfolio delivered a return on net assets of -31.3% against the total return of the combined benchmark of -28.3%. This was driven by two key issues: the avoidance of corporate bonds was detrimental to performance, as was the portfolio's exposure to investment trusts and other investment instruments. Although corporate bonds delivered negative returns during this period, they were more defensive than equities, and hence being underweight hurt performance. Similarly, the portfolio's holdings in the various off-benchmark investment vehicles detracted from performance as they suffered from their gearing to negative equity market returns, their lack of liquidity and some dividend cuts that were experienced over this period.

Investment Managers' Report (continued)

By contrast, the underlying direct equity holdings contributed positively with the portfolio benefiting in particular from its underweight position in the banks sector. The underweight position in Royal Bank of Scotland was the top stock contributor, with the underweight positions in Barclays, HSBC, Lloyds and HBOS all generating out-performance. The portfolio also benefited from its holdings in the major tobacco companies, British American Tobacco and Imperial Tobacco, which were held for their attractive momentum characteristics and performed well during the market downturn. However, the underweight position in another defensive stock, GlaxoSmithKline, was detrimental to performance. Similarly, the underweight position in the oil & gas producers sector was detrimental to performance, as both BP and Royal Dutch Shell outperformed the falling market.

Portfolio Review

As the economic environment became progressively more difficult during the period under review, we focused on identifying stocks that offered positive earnings newsflow and sound balance sheets, whilst also seeking lowly valued, out of fashion companies, in line with our investment philosophy:

On average, fast growing, cheap companies with good newsflow will outperform slow growing expensive stocks with bad newsflow.

The Company reduced its holdings in the UK banking sector as the global financial crisis worsened markedly and the dividend paying ability of the more domestic UK banks deteriorated sharply. The portfolio's positions in the life insurance stocks, Aviva and Legal & General, were also lowered as their gearing to adverse financial markets lessened their attractions. Equity purchases included taking advantage of market weakness to add to some of the more defensive majors with dividend yield attractions. GlaxoSmithKline was introduced to the portfolio and we added to the existing position in AstraZeneca, as both of these companies reported results that were better than the market expected, whilst having attractive dividend yields. We also added to the portfolio's position in British American Tobacco, another company with a resilient earnings stream and a truly international business mix, whilst offering investors a premium dividend yield. More recently we have introduced Pearson to the portfolio as it has reported solid progress in corporate earnings delivery, whilst being lowly valued with an attractive dividend yield.

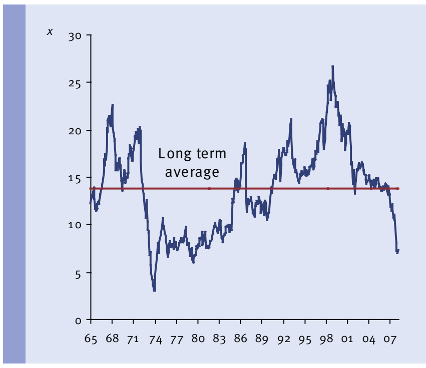
In early 2009, we became even more concerned that the impact of the continued global economic deterioration would hamper the progress of global equity markets. We therefore raised cash levels by reducing positions in some of the investment vehicles and by selling stocks that looked most likely to disappoint expectations, especially some financial stocks that were geared into the performance of equity markets. By the period end the portfolio had lowered its exposure to the other investment instruments and had raised cash levels (net current assets of 4.5% at the period end).

Market Outlook

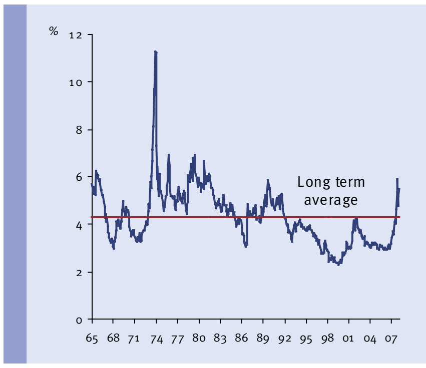
The current year began much as 2008 ended, with widespread economic gloom and ongoing concern about the fate of the UK banking system. The UK economy was confirmed to be in recession, unemployment is rising and many businesses are struggling to secure refinancing of their bank loans. The Bank of England has now cut rates by a further 0.5%, taking them to an unprecedented 0.5% on the 5th March 2009, whilst also introducing a policy of "quantitative easing" to attempt to stimulate domestic credit markets and lower the cost of borrowing. Again this is wholly new ground for UK monetary policy. The economic and corporate outlook remains highly uncertain, with consumer confidence remaining weak amidst fears of unemployment, base rates at generational lows, two major UK banks now majority owned by the Government, and widespread corporate profit disappointments.

Although it is difficult to step back from the current serious difficulties facing the world economy, it is worth reflecting that equities do offer investors a share in long term economic growth. Equities have provided higher long-term real returns to investors than cash or bonds in the past, driven by growth in corporate profitability and the dividends that are paid to investors over time. Following the poor returns from equities in 2008, the UK market is now trading below its long term trend and is currently supported by an attractive valuation against its historic norms. The charts below illustrate UK equity market valuations on a historic price relative to earnings basis (PE), and also in dividend yield terms.

Long term PE of UK market



Long term dividend yield of UK market



Source: Datastream

Market earnings and dividends are clearly coming under intense pressure and this will continue as the impacts of the recession are reflected in company profits and outlook statements across an increasing number of industries. However, it does appear that the market overall is now discounting a significant deterioration in both earnings and dividends, whilst investor sentiment is at very depressed levels.

Once investors feel able to 'look through' the recession and anticipate an improvement in corporate profitability, so sentiment and share prices will recover. The timing of such a recovery is uncertain but, as has been the case in previous recessions and crises, eventually economies do recover and stock markets should increase in value once more.

Sarah Emly
John Baker
Investment Managers

30th April 2009

MANAGED INCOME

Ten Largest Investments

at 28th February 2009

Company	Value £'000	%[1]
JPMorgan Income & Growth Investment Trust plc (Income shares & Units 2016)	3,748	12.2
Vodafone	1,901	6.2
Royal Dutch Shell	1,759	5.7
BP	1,747	5.7
GlaxoSmithKline	1,484	4.8
British American Tobacco	1,380	4.5
HSBC	1,292	4.2
AstraZeneca	1,123	3.7
JPMorgan European Investment Trust plc (Income shares)	810	2.6
National Grid Transco	656	2.1
TOTAL*	15,900	51.7

[1]Based on total assets less current liabilities of £30.7m.

*As at 31st August 2008, the value of the ten largest holdings represented 46.3% of total assets less current liabilities.

Sector Analysis

Sector	28th February 2009 Company %	28th February 2009 Benchmark %	31st August 2008 Company %	31st August 2008 Benchmark %
Investment Companies	25.2	–	41.3	–
Oil & Gas	14.5	26.6	12.3	22.1
Financials	10.9	17.9	15.8	28.2
Healthcare	8.5	13.2	0.9	10.7
Consumer Goods	7.2	0.9	4.5	1.0
Telecommunications	6.6	11.3	8.7	9.2
Utilities	6.3	6.8	6.3	5.9
Consumer Services	6.3	6.0	3.2	5.4
Industrials	4.9	1.7	3.5	1.9
Basic Materials	4.7	–	2.5	–
Technology	0.4	0.6	–	0.6
Fixed interest	–	15.0	–	15.0
Net current assets	4.5	–	1.0	–
TOTAL[1]	100.0	100.0	100.0	100.0

[1]Based on total assets less current liabilities of £30.7m (2008: £46.8m).

Income Statement

for the six months ended 28th February 2009

	(Unaudited) Six months ended 28th February 2009			(Unaudited) Six months ended 29th February 2008			(Audited) Year ended 31st August 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses from investments held at fair value through profit or loss	–	(15,573)	(15,573)	–	(10,601)	(10,601)	–	(15,220)	(15,220)
Net foreign currency gains	–	–	–	–	–	–	–	3	3
Income from investments	966	–	966	1,419	–	1,419	3,264	–	3,264
Other interest receivable and similar income	47	–	47	51	–	51	121	–	121
Gross return/(loss)	1,013	(15,573)	(14,560)	1,470	(10,601)	(9,131)	3,385	(15,217)	(11,832)
Management fee	(51)	(51)	(102)	(88)	(88)	(176)	(156)	(156)	(312)
VAT recoverable	59	59	118	–	–	–	–	–	–
Other administrative expenses	(104)	–	(104)	(53)	–	(53)	(98)	–	(98)
Net return/(loss) on ordinary activities before taxation	917	(15,565)	(14,648)	1,329	(10,689)	(9,360)	3,131	(15,373)	(12,242)
Taxation	(20)	(2)	(22)	(23)	24	1	(75)	46	(29)
Net return/(loss) on ordinary activities after taxation	897	(15,567)	(14,670)	1,306	(10,665)	(9,359)	3,056	(15,327)	(12,271)
Return/(loss) per Managed Income share	1.66p	(28.84)p	(27.18)p	2.34p	(19.12)p	(16.78)p	5.52p	(27.71)p	(22.19)p

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

as at 28th February 2009

	(Unaudited) 28th February 2009 £'000	(Unaudited) 29th February 2008 £'000	(Audited) 31st August 2008 £'000
Fixed assets			
Investments at fair value through profit or loss	29,326	50,574	46,269
Current assets			
Debtors	399	348	407
Cash and short term deposits	2,078	1,984	145
	2,477	2,332	552
Creditors: amounts falling due within one year	(1,098)	(20)	(52)
Net current assets	1,379	2,312	500
Total assets less current liabilities	30,705	52,886	46,769
Total net assets	30,705	52,886	46,769
Net asset value per Managed Income share	57.0p	94.5p	86.4p

MANAGED CASH

Half Year Performance
Total Returns (capital plus income)
Managed Cash Share Class

1.5%
Return to shareholders[1]

1.8%
Return on net assets[2]

1.50p[3]
Dividend
(2008: 2.22p)

Financial Data	28th Feb 2009	31st Aug 2008	Change %
Shareholders' funds (£'000)	22,104	24,157	-8.5
Number of shares in issue	21,886,339	23,801,941	-8.0
Net asset value per share	101.0p	101.5p	-0.5
Share price	100.0p	100.5p	-0.5
Share price discount to net asset value	1.0%	1.0%	

A glossary of terms and definitions is provided on page 28.

[1]Source: Standard & Poor's – www.funds.morningstar.com

[2]Source: JPMorgan

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

Investment Managers' Report

Katy Thorneycroft

Jonathan Lowe
(Acting Investment Manager)

Managed Cash

The net asset value of the Managed Cash portfolio rose by 1.8% over the six months to the end of February 2009 while the return to shareholders was 1.5%. For this portfolio we invest only in AAA-rated sterling denominated liquidity funds, which are members of the Institutional Money Market Funds Association (IMMFA). The IMMFA only represents AAA-rated money market funds which value assets on an amortised basis. Therefore, these funds maintain a constant net asset value. While we seek to obtain a competitive return from our investments, the principle investment objective of this portfolio is preservation of capital. As interest rates have fallen we have seen a substantial decline in the yields available from money market instruments over the period. Although the portfolio produced a return of 1.8% over the six month period, the weighted average annualised seven day yield at the end of February was only 1.6% per annum. This will decline further as the effects of the most recent cut in bank base rates work their way through.

At the end of the period, we were invested in funds managed by Standard Life, Western Asset Management (the Citi Institutional Liquidity Fund), JPMorgan, Barclays Global Investors, Fidelity and Scottish Widows. Since the beginning of the financial year, we have only made one major change to our holdings: we sold out of the Aviva Sterling Liquidity Fund on the day it changed to variable net asset value pricing. We invested the proceeds of this sale into the Scottish Widows Sterling Liquidity Fund.

Given the recent cut in base rates by the Bank of England to 0.5% and the adoption of "quantitative easing" measures, we do not anticipate more than a minimal return from our liquidity fund holdings for the foreseeable future. However we are encouraged by the policy measures undertaken to improve market liquidity and recapitalise financial institutions and firmly believe the point of greatest systemic risk has passed.

Katy Thorneycroft
Jonathan Lowe
Investment Managers

30th April 2009

MANAGED CASH

List of Investments

at 28th February 2009

Company	Yield %[1]	Rating[2]	Value £'000	%[3]
Scottish Widows Global Liquidity Fund	4.35	AAA	4,258	19.3
JPMorgan Sterling Liquidity Fund	4.62	AAA	4,258	19.3
Fidelity Institutional Sterling Cash Fund	4.61	AAA	3,647	16.5
Citi Institutional Sterling Liquidity Fund	4.76	AAA	3,627	16.4
Standard Life Sterling Liquidity Fund	4.81	AAA	3,494	15.9
Barclays Global Investors Sterling Liquidity Fund	4.42	AAA	2,776	12.6
TOTAL[4]			22,060	100.0

[1]1 year return to 28th February 2009. Source: IMMFA Money Fund Report, iMoneyNet.

[2]Ratings are given by recognised credit rating agencies.

[3]Based on total assets less current liabilities of £22.1m.

[4]As at 31st August 2008, the value of investments represented 100.8% of total assets less current liabilities.

Portfolio Analysis

Company	28th February 2009 %	31st August 2008 %
Sterling Liquidity Funds	99.8	100.8
Net current assets/(liabilities)	0.2	(0.8)
TOTAL[1]	100.0	100.0

[1]Based on total assets less current liabilities of £22.1m (2008: £24.2m).

Income Statement

for the six months ended 28th February 2009

	(Unaudited) Six months ended 28th February 2009 Revenue £'000	Capital £'000	Total £'000	(Unaudited) Six months ended 29th February 2008 Revenue £'000	Capital £'000	Total £'000	(Audited) Year ended 31st August 2008 Revenue £'000	Capital £'000	Total £'000
Losses from investments held at fair value through profit or loss	–	(2)	(2)	–	(2)	(2)	–	(4)	(4)
Income from investments	458	–	458	762	–	762	1,452	–	1,452
Other interest receivable and similar income	8	–	8	2	–	2	3	–	3
Gross return/(loss)	466	(2)	464	764	(2)	762	1,455	(4)	1,451
Other administrative expenses	(25)	–	(25)	(20)	–	(20)	(40)	–	(40)
Net return/(loss) on ordinary activities before finance costs and taxation	441	(2)	439	744	(2)	742	1,415	(4)	1,411
Finance costs	(1)	–	(1)	–	–	–	–	–	–
Net return/(loss) on ordinary activities after finance costs and taxation	440	(2)	438	744	(2)	742	1,415	(4)	1,411
Taxation	(123)	–	(123)	(198)	–	(198)	(376)	–	(376)
Net return/(loss) on ordinary activities after taxation	317	(2)	315	546	(2)	544	1,039	(4)	1,035
Return/(loss) per Managed Cash share	1.38p	(0.01)p	1.37p	2.16p	(0.01)p	2.15p	4.17p	(0.02)p	4.15p

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

as at 28th February 2009

	(Unaudited) 28th February 2009 £'000	(Unaudited) 29th February 2008 £'000	(Audited) 31st August 2008 £'000
Fixed assets			
Investments at fair value through profit or loss	22,060	25,480	24,354
Current assets			
Debtors	165	270	132
Cash and short term deposits	2	23	–
	167	293	132
Creditors: amounts falling due within one year	(123)	(290)	(329)
Net current assets/(liabilities)	44	3	(197)
Total assets less current liabilities	22,104	25,483	24,157
Total net assets	22,104	25,483	24,157
Net asset value per Managed Cash share	101.0p	101.4p	101.5p

Income Statement

for the six months ended 28th February 2009

	(Unaudited) Six months ended 28th February 2009			(Unaudited) Six months ended 29th February 2008			(Audited) Year ended 31st August 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses from investments held at fair value through profit or loss	–	(63,511)	(63,511)	–	(23,697)	(23,697)	–	(37,643)	(37,643)
Net foreign currency losses	–	–	–	–	–	–	–	(24)	(24)
Income from investments	3,255	–	3,255	3,606	–	3,606	7,396	–	7,396
Other interest receivable and similar income	245	–	245	275	–	275	591	–	591
Gross return/(loss)	3,500	(63,511)	(60,011)	3,881	(23,697)	(19,816)	7,987	(37,667)	(29,680)
Management fee	(82)	(146)	(228)	(151)	(278)	(429)	(258)	(463)	(721)
VAT recoverable	215	528	743	–	–	–	–	–	–
Other administrative expenses	(492)	–	(492)	(255)	–	(255)	(505)	–	(505)
Net return/(loss) on ordinary activities before finance costs and taxation	3,141	(63,129)	(59,988)	3,475	(23,975)	(20,500)	7,224	(38,130)	(30,906)
Finance costs	(1)	–	(1)	–	–	–	–	–	–
Net return/(loss) on ordinary activities after finance costs and taxation	3,140	(63,129)	(59,989)	3,475	(23,975)	(20,500)	7,224	(38,130)	(30,906)
Taxation	(178)	(107)	(285)	(226)	53	(173)	(479)	91	(388)
Net return/(loss) on ordinary activities after taxation	2,962	(63,236)	(60,274)	3,249	(23,922)	(20,673)	6,745	(38,039)	(31,294)
Return/(loss) per share (note 4):									
Managed Growth	3.87p	(105.46)p	(101.59)p	2.94p	(27.88)p	(24.94)p	5.65p	(48.45)p	(42.80)p
Managed Income	1.66p	(28.84)p	(27.18)p	2.34p	(19.12)p	(16.78)p	5.52p	(27.71)p	(22.19)p
Managed Cash	1.38p	(0.01)p	1.37p	2.16p	(0.01)p	2.15p	4.17p	(0.02)p	4.15p

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

for the six months ended 28th February 2009

Six months ended 28th February 2009	Called up share capital £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
	(Unaudited)					
At 31st August 2008	24	60,858	142,375	26,358	3,251	232,866
Shares bought back and cancelled	–	–	(2,336)	–	–	(2,336)
Shares issued	–	970	–	–	–	970
Shares redeemed during the period	–	–	(1,732)	–	–	(1,732)
Share conversion during the period	–	906	(906)	–	–	–
Net (loss)/return from ordinary activities	–	–	–	(63,236)	2,962	(60,274)
Dividends appropriated in the period	–	–	–	–	(3,070)	(3,070)
At 28th February 2009	24	62,734	137,401	(36,878)	3,143	166,424

Six months ended 29th February 2008	Called up share capital £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
	(Unaudited)					
At 31st August 2007	24	57,861	159,262	64,397	3,367	284,911
Shares bought back and cancelled	–	–	(6,459)	–	–	(6,459)
Shares issued	–	242	–	–	–	242
Share conversion during the period	–	1,843	(1,843)	–	–	–
Net (loss)/return from ordinary activities	–	–	–	(23,922)	3,249	(20,673)
Dividends appropriated in the period	–	–	–	–	(3,222)	(3,222)
At 29th February 2008	24	59,946	150,960	40,475	3,394	254,799

Year ended 31st August 2008	Called up share capital £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
	(Audited)					
At 31st August 2007	24	57,861	159,262	64,397	3,367	284,911
Shares bought back and cancelled	–	–	(14,134)	–	–	(14,134)
Shares issued	–	244	–	–	–	244
Share conversions during the year	–	2,753	(2,753)	–	–	–
Net (loss)/return from ordinary activities	–	–	–	(38,039)	6,745	(31,294)
Dividends appropriated in the year	–	–	–	–	(6,861)	(6,861)
At 31st August 2008	24	60,858	142,375	26,358	3,251	232,866

Balance Sheet

as at 28th February 2009

	(Unaudited) 28th February 2009 Growth £'000	Income £'000	Cash £'000	Total £'000	(Unaudited) 29th February 2008 Total £'000	(Audited) 31st August 2008 Total £'000
Fixed assets						
Investments at fair value through profit or loss	107,301	29,326	22,060	158,687	240,595	224,282
Current assets						
Debtors	606	399	165	1,170	1,022	1,904
Cash and short term deposits	6,116	2,078	2	8,196	13,615	7,404
	6,722	2,477	167	9,366	14,637	9,308
Creditors: amounts falling due within one year	(408)	(1,098)	(123)	(1,629)	(433)	(724)
Net current assets	6,314	1,379	44	7,737	14,204	8,584
Total assets less current liabilities	113,615	30,705	22,104	166,424	254,799	232,866
Total net assets	113,615	30,705	22,104	166,424	254,799	232,866
Capital and reserves						
Called up share capital	18	4	2	24	24	24
Share premium	19,551	27,690	15,493	62,734	59,946	60,858
Other reserve	114,669	16,285	6,447	137,401	150,960	142,375
Capital reserves	(22,269)	(14,602)	(7)	(36,878)	40,475	26,358
Revenue reserve	1,646	1,328	169	3,143	3,394	3,251
Shareholders' funds	113,615	30,705	22,104	166,424	254,799	232,866

Net asset value per share (note 5):	28th February 2009 Net asset value (pence)	Net assets £'000	29th February 2008 Net asset value (pence)	Net assets £'000	31st August 2008 Net asset value (pence)	Net assets £'000
Managed Growth	251.9	113,615	376.6	176,430	356.0	161,940
Managed Income	57.0	30,705	94.5	52,886	86.4	46,769
Managed Cash	101.0	22,104	101.4	25,483	101.5	24,157

Cash Flow Statement

for the six months ended 28th February 2009

	(Unaudited) Six months ended 28th February 2009 £'000	(Unaudited) Six months ended 29th February 2008 £'000	(Audited) Year ended 31st August 2008 £'000
Net cash inflow from operating activities (note 6)	3,359	3,244	6,898
Taxation paid	(191)	(204)	(470)
Net cash inflow from capital expenditure and financial investment	3,928	14,860	16,285
Dividends paid	(3,070)	(3,222)	(6,861)
Net cash outflow from financing	(3,225)	(6,353)	(13,725)
Increase in cash for the period	801	8,325	2,127
Reconciliation of net cash flow to movement in net funds			
Increase in cash for the period	801	8,325	2,127
Exchange movements	(5)	–	(24)
Cash inflow from changes in debt	–	(11)	(4)
Changes in net funds arising from cash flows	796	8,314	2,099
Net funds at the beginning of the period	7,400	5,301	5,301
Net funds at the end of the period	8,196	13,615	7,400
Represented by:			
Cash and short term deposits	8,196	13,615	7,404
Bank overdraft	–	–	(4)
	8,196	13,615	7,400

Notes to the Accounts

1. Financial Statements

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

The figures and financial information for the year ended 31st August 2008 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' issued by the AIC 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 2008.

3. Dividends

Dividends paid	(Unaudited) Six months ended 28th February 2009 £'000	(Unaudited) Six months ended 29th February 2008 £'000	(Audited) Year ended 31st August 2008 £'000
Managed Growth shares 4th interim of 1.17p (2007:1.60p)[1]	528	763	763
Managed Growth shares 1st interim of 1.87p (2008: 1.15p)	845	548	548
Managed Growth shares 2008 2nd interim of 1.78p	–	–	848
Managed Growth shares 2008 3rd interim of 1.55p	–	–	694
Managed Income shares unclaimed dividends refunded	–	(3)	(3)
Managed Income shares 4th quarterly dividend of 1.20p (2007: 1.18p)[1]	650	661	661
Managed Income shares special dividend of 0.25p (2007: 0.18p)	135	101	100
Managed Income shares 1st quarterly dividend of 0.85p (2008: 1.10p)	459	611	611
Managed Income shares 2008 2nd quarterly dividend of 1.00p	–	–	559
Managed Income shares 2008 3rd quarterly dividend of 1.00p	–	–	550
Managed Income shares 2008 special dividend of 0.90p	–	–	495
Managed Cash shares 4th quarterly dividend of 1.00p (2007: 1.02p)	239	261	261
Managed Cash shares 1st quarterly dividend of 0.90p (2008: 1.10p)	214	280	280
Managed Cash shares 2008 2nd quarterly dividend of 1.12p	–	–	281
Managed Cash shares 2008 3rd quarterly dividend of 0.85p	–	–	213
Total dividends paid in the period	3,070	3,222	6,861
Dividends declared			
Managed Growth shares 2008 4th interim of 1.17p	–	–	532
Managed Growth shares 2nd interim of 2.00p (2008: 1.27p)	902	595	–
Managed Income shares 2nd quarterly dividend of 0.90p (2008: 1.00p)	485	559	–
Managed Income shares 2008 4th quarterly dividend of 1.20p	–	–	649
Managed Income shares 2008 special dividend of 0.25p	–	–	135
Managed Cash shares 2nd quarterly dividend of 0.60p (2008: 1.12p)	131	281	–
Managed Cash shares 2008 4th quarterly dividend of 1.00p	–	–	239
Total dividends declared	1,518	1,435	1,555

[1] The actual dividend paid differs from the amount shown in the accounts due to changes in the share register between the year end date and the record date.

4. Return/(loss) per share

Managed Growth	(Unaudited) Six months ended 28th February 2009 £'000	(Unaudited) Six months ended 29th February 2008 £'000	(Audited) Year ended 31st August 2008 £'000
Return/(loss) per Managed Growth share is based on the following:			
Revenue return	1,748	1,397	2,650
Capital loss	(47,667)	(13,252)	(22,708)
Total loss	(45,919)	(11,855)	(20,058)
Weighted average number of shares in issue	45,200,445	47,528,367	46,868.163
Revenue return per share	3.87p	2.94p	5.65p
Capital loss per share	(105.46)p	(27.88)p	(48.45)p
Total loss per share	(101.59)p	(24.94)p	(42.80)p

4. Return/(loss) per share (continued)

Managed Income	(Unaudited) Six months ended 28th February 2009 £'000	(Unaudited) Six months ended 29th February 2008 £'000	(Audited) Year ended 31st August 2008 £'000
Return/(loss) per Managed Income share is based on the following:			
Revenue return	897	1,306	3,056
Capital loss	(15,567)	(10,665)	(15,327)
Total loss	(14,670)	(9,359)	(12,271)
Weighted average number of shares in issue	53,965,328	55,766,031	55,321,748
Revenue return per share	1.66p	2.34p	5.52p
Capital loss per share	(28.84)p	(19.12)p	(27.71)p
Total loss per share	(27.18)p	(16.78)p	(22.19)p

Managed Cash	(Unaudited) Six months ended 28th February 2009 £'000	(Unaudited) Six months ended 29th February 2008 £'000	(Audited) Year ended 31st August 2008 £'000
Return/(loss) per Managed Cash share is based on the following:			
Revenue return	317	546	1,039
Capital loss	(2)	(2)	(4)
Total return	315	544	1,035
Weighted average number of shares in issue	22,971,325	25,312,521	24,911,971
Revenue return per share	1.38p	2.16p	4.17p
Capital loss per share	(0.01)p	(0.01)p	(0.02)p
Total return per share	1.37p	2.15p	4.15p

5. Net asset value per share

The net asset values per share are calculated as follows:

		(Unaudited) 28th February 2009	
	JPM Elect Managed Growth	JPM Elect Managed Income	JPM Elect Managed Cash
Net assets attributable (£'000)	113,615	30,705	22,104
Ordinary shares in issue	45,109,898	53,877,600	21,886,339
Net asset value per share	251.9p	57.0p	101.0p

		(Unaudited) 29th February 2008	
	JPM Elect Managed Growth	JPM Elect Managed Income	JPM Elect Managed Cash
Net assets attributable (£'000)	176,430	52,886	25,483
Ordinary shares in issue	50,460,432	55,950,566	25,132,439
Net asset value per share	376.6p	94.5p	101.4p

		(Audited) 31st August 2008	
	JPM Elect Managed Growth	JPM Elect Managed Income	JPM Elect Managed Cash
Net assets attributable (£'000)	161,940	46,769	24,157
Ordinary shares in issue	45,484,800	54,126.517	23,801.941
Net asset value per share	356.0p	86.4p	101.5p

6. Reconciliation of total loss on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	(Unaudited) Six months ended 28th February 2009 £'000	(Unaudited) Six months ended 29th February 2008 £'000	(Audited) Year ended 31st August 2008 £'000
Net loss on ordinary activities before finance costs and taxation	(59,988)	(20,500)	(30,906)
Add back capital loss before finance costs and taxation	63,129	23,975	38,130
(Increase)/decrease in accrued income	(84)	36	72
(Increase)/decrease in other debtors	(8)	42	56
(Decrease)/increase in accrued expenses	(39)	(31)	13
Scrip Dividends received as income	(24)	–	–
Expenses charged to capital	(146)	(278)	(463)
VAT recoverable included in capital	528	–	–
Taxation on unfranked income	(9)	–	(4)
Net cash inflow from operating activities	3,359	3,244	6,898

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 fall into five broad categories: investment and strategy; 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 2008.

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 during the period.

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

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
Simon Miller
Chairman

30th April 2009

Information about the Company

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 a high return, predominantly in the form of long term capital growth by investing in a range of closed and open-ended funds managed principally by JPMorgan.
- **Managed Income Shares**
Designed to provide a growing income together with the potential for long term capital growth by investing in equities and higher yielding shares of investment trusts and fixed income securities.
- **Managed Cash Shares**
Designed to preserve capital and deliver a yield based on short term interest rates by investing in five or more AAA rated sterling liquidity funds.

Repurchase of Managed Cash shares

In order to mitigate the impact of the market spread on the Managed Cash shares it is also 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 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 six months on 30th November and 31st May (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, currently makes no administrative charge for any of the above conversions.

Conversion between the share classes

Those who hold shares through the JPMorgan Investment Trust Share Plan, ISA or Pension Account must 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.

Instructions must be received no earlier than 45 and no later than 14 days before a 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 JPMorgan Investment Trust Share Plan, ISA or Pension Account, the minimum number of shares of any class which may be converted is 1,000 shares (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. Please note that shareholders cannot convert into Managed Cash shares within the Pension Account.

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

Information about the Company

Financial Calendar

Financial year end	31st August
Final results announced	November
Half year end	February
Half year results announced	April
Interim Management Statements	June/December
Dividends payable (if any)	
Managed Growth	June and December
Managed Income and Managed Cash	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 £28m. 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
Simon Miller (Chairman)
Angus Macpherson
Robert Ottley
Nigel Sidebottom (Chairman of the Audit Committee)

Company Numbers
Company registration number: 3845060
London Stock Exchange Sedol numbers:
Managed Growth 0852814, Managed Income 3408021, Managed Cash 3408009
Bloomberg codes:
Managed Growth JPE LN, Managed Income JPEI LN, Managed Cash JPEC LN
Reuters codes:
Managed Growth JPE.L, Managed Income JPEI.L, Managed Cash JPEC.L

Market Information
The Company's net asset values ('NAVs') are published daily, via the London Stock Exchange.
The Company's shares are listed on the London Stock Exchange. The market prices are shown daily in the Financial Times, The Times, The Daily Telegraph, The Independent, The Scotsman, on BBC Ceefax and on the JPMorgan website at www.jpmelect.co.uk, where the share prices are updated every fifteen minutes during trading hours.

Website
www.jpmelect.co.uk

The Association of Investment Companies A member of the AIC

Share Transactions
The Company's shares may be dealt in directly through a stockbroker or through a professional adviser acting on an investor's behalf. They may also be purchased and held through the Investment Trust Share Plan and Individual Savings Account (ISA) and Pension Account.

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 Alison Vincent.

Registrar
Equiniti
Reference 2018
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2530
Notifications of changes of address and enquiries regarding certificates or dividend cheques should be made in writing to the Registrar quoting reference 2018. Registered shareholders can obtain further details on individual holdings on the internet by visiting www.shareview.co.uk

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Brokers
Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA
Telephone: 020 3100 0000

Savings Product Administrators
For queries on the JPMorgan ISA, Share Plan or Pension Account, see contact details on the back cover of this report.

Glossary of Terms

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 in the shares of the Company at the time the shares were quoted ex-dividend. Transaction costs of reinvestment are not taken into account.

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 in the shares of the Company at the NAV per share at time the shares were quoted ex-dividend.

Benchmark return
Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received (net of tax) were reinvested in 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 follow or "track" this index and consequently, there may be some divergence between the Company's performance and that of the stated index.

Discount
If the share price of an investment company is lower than the net asset value (NAV) per share, the company is said to be trading at a discount. The discount is shown as a percentage of the NAV. The opposite of a discount is a premium. It is more common for an investment company to trade at a discount than a premium.

Notes

JPMorgan Helpline
Freephone 0800 40 30 30 or 0207 742 9999
9.00 am to 5.30 pm Monday to Friday

JPMorgan Pension Helpline
Freephone 0800 41 31 76 or 0172 241 4888
9.00 am to 5.00 pm Monday to Friday
Please use this number if you have any queries relating to the Pension Account.

Your telephone call may be recorded for your security

www.jpmelect.co.uk