



Half Year Report **08**
JPMorgan US Discovery
Investment Trust plc

Half Year Report & Accounts for the six months ended 30th June 2008

Features

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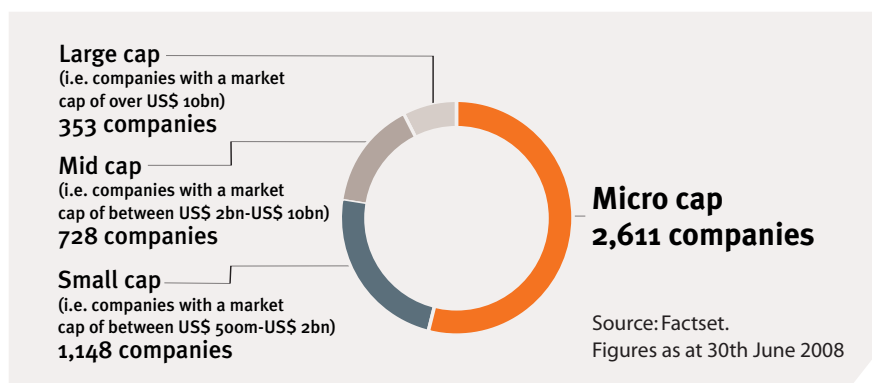
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Objective

Capital growth from investing in US micro cap companies, which are defined as companies with a market capitalisation of between US\$50m and US\$500m, the majority of which are quoted on the NASDAQ exchange. The pie chart below illustrates the significance of the US micro cap universe.



Investment Philosophy

Long-term investments in growth companies with leading competitive positions, run by highly motivated and talented management that can sustain growth over a period of many years. Rigorous investment analysis and disciplined approach to stock picking.

Investment Criteria

- To identify growth companies with a core competitive advantage.
- To focus intensively on the value-added of the business and the competence of management.
- To emphasise predictability and durability of business.
- To invest only in companies where there is a minimum predicted rate of return of 15%.

Portfolio Construction

- Disciplined approach to stock picking.
- 70-100 holdings.
- Stock constraints: no position above 10%, rarely above 3%.
- Stock weightings based on risk-adjusted expected returns.
- No derivatives without Board approval.

Benchmark

The Russell 2000 Index in Sterling terms.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited to manage its assets. The investment team is situated in New York. The investment managers, Christopher Jones and Gary Schnierow, are backed up by a team of ten investment professionals who between them have over 100 years' industry experience.

Half Year Performance

Total Returns (capital plus income)

-16.2%

Share Price¹

-19.5%

Net Asset Value^{2,4}

-9.5%

Benchmark Return³

Financial Data

	30th June 2008	31st Dec 2007	% change
Net asset value per share	695.6p	865.1p	-19.6
Net asset value per share assuming reissue of Treasury shares ⁴	694.3p	862.3p	-19.5
Share price	637.5p	761.0p	-16.2
Discount of share price to net asset value	8.3%	12.0%	
Discount of share price to net asset value assuming reissue of Treasury shares	8.2%	11.7%	
Actual gearing factor	99.5%	103.2%	
Shareholders' funds (£'000)	44,146	67,911	-35.0
Number of shares in issue ⁵	6,346,453	7,850,480	-19.2

A glossary of terms and definitions is provided on page 18.

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

²Source: Fundamental Data – www.funddata.com

³Source: Russell Mellon – www.mellon.com. The Company's benchmark is the Russell 2000 Index (in Sterling terms).

⁴Assumes all Treasury shares held have been reissued in accordance with the Board's current policy on the reissuance of Treasury shares.

⁵Excludes 245,000 (31st December 2007: 541,000) shares held in Treasury.

Chairman's Statement



Performance

This has not been an easy review for me to write as my first communication to shareholders since becoming Chairman. World stock markets are experiencing some of the biggest challenges seen in recent times as inflationary pressures surge globally at the same time as economic activity is falling. Central banks would normally respond by adjusting interest rates to tackle this problem but they are severely hampered by a financial system that is still suffering the consequences of the crisis in credit markets. With this gloomy and uncertain background, investors in the US have been reducing perceived risk in their portfolios which particularly hurt the micro cap sector. In the six months to 30th June 2008, the Company's net asset value ('NAV') fell by 19.5%, lagging our benchmark, the Russell 2000 Index, which fell 9.5% in Sterling terms. Over the same period the newer Russell Microcap Index declined by 15.5%. The £/\$ exchange rate had minimal impact on returns as both currencies were weak over the period.

Over the six months the Company's share price fell by 16.2%. At the end of June the discount of the share price to net assets was 8.2% (assuming reissue of Treasury shares) compared with 11.7% at 31st December 2007. This was in line with the Board's aim of employing various measures, including share buy-backs, to maintain a stable discount of around 9%. These measures had the effect of reducing the impact of falling share prices over a period which saw, according to AIC data, the average North American small cap investment trust discount widen to over 16%.

Change of Chairman

Following the AGM in April 2008, the Company's Chairman, Robin Lewis, announced his retirement. The Board would like to wish Robin well and thank him for his contribution. The Board subsequently invited me to take over as Chairman. A review has been undertaken of the balance of the Board and it has been agreed that no new directors will be added in the immediate future.

Share Buybacks

At the Annual General Meeting held in April 2008, the authority to repurchase up to 14.99% of the Company's issued share capital was renewed. Over the six months to 30th June 2008, 1,358,027 shares were repurchased and cancelled at an average discount of 10%. Since the period end, an additional 141,086 shares have been repurchased for cancellation.

Shareholders also gave the Board authority to allot new ordinary shares in the Company and reissue ordinary shares from Treasury. During the reporting period, no shares were issued, but a further 146,000 shares were repurchased to hold in Treasury at an average discount of 9.5%. Where necessary, such Treasury shares will be re-issued at a limited discount to net asset value to manage any imbalance between supply and demand, and hence improve liquidity in the Company's shares. In accordance with the Company's policy that shares held in Treasury be cancelled after one year, 442,000 shares were cancelled from Treasury during the period.

Your Board will continue to monitor the discount and its volatility closely.

Gearing

As reported in the annual statement, the Company's single borrowing facility was renewed at US\$28m in January 2008 to allow our investment managers to manage gearing to enhance returns to shareholders. The Company had drawn down US\$417,000 as at the date of this report.

Management Engagement Committee

Following the recent guidance by the AIC, your Board has established a Management Engagement Committee which will meet annually to review and evaluate the Manager. The conclusions of the Committee's deliberations will be set out in the annual report and accounts.

Outlook

It has been a difficult period for the asset class in which we invest and it has also been a difficult year for our investment managers in picking the best stocks in that universe, as explained in detail in their Investment Managers' Report overleaf. We still believe however that US micro cap companies remain a very exciting and potentially fruitful area in which to invest. There is always a large number of entrepreneurs with good new ideas which can do well, even when the overall US economy is having problems.

Davina Walter

Chairman

27th August 2008

Investment Managers' Report



Christopher Jones



Gary Schnierow

Investment Performance

The first half of 2008 proved to be extremely challenging for investors in US equities, in particular for small and micro cap stocks. The acceleration of the credit and housing crisis, combined with rapidly rising energy and food costs, put severe pressure on markets and investor sentiment. As a result, in the six months to 30th June 2008 the Company's NAV declined 19.5%. This compared unfavourably to the Russell 2000 Index's decline of 9.5% and the Russell Microcap Index's 15.5%, both in Sterling terms.

Not surprisingly, given the scale of investor risk aversion, smaller stocks underperformed larger stocks in a relationship broadly inversely correlated with size. 70% of the Company's portfolio is invested in companies below \$500 million in market capitalisation, and 42% of the portfolio is below \$250 million. During the first half of the year, the Russell 2000 stocks with market capitalisations below \$250 million declined 22%, while those between \$250 million and \$500 million declined 16%.

Performance was also negatively impacted by sector performance. The Energy and Basic Materials sectors dominated market returns, areas where quality is very suspect in the small and microcap universe. The sectors where we have historically found the best longer term investments, including Healthcare, Technology and Consumer Discretionary, were three of the four sectors which posted the greatest declines during the reporting period. The portfolio did, however, benefit from its significant underweight in the Financial Services sector, although not enough to offset these other factors.

Portfolio Highlights

The top three contributors to performance were Wet Seal, Illumina and Approach Resources.

Specialty retailer **Wet Seal's** shares more than doubled during the period as new management's turnaround started to gain traction and the stock's valuation increased from 0.3x sales to 0.8x sales. Shares of **Illumina** appreciated almost 50% as the company reached a favorable settlement in a key lawsuit and as the company continued to show strong sales growth in its genetic analysis franchise. **Approach Resources**, one of the Company's few energy positions, increased 98% during the first half of 2008. The combination of higher natural gas prices and increased resource potential in its properties drove the stock.

The top three detractors from performance were BluePhoenix Solutions, AmericanWest Bancorporation and Magma Design Automation.

BluePhoenix Solutions, a hybrid software—IT services vendor declined 75% on lower revenue expectations from reduced IT spending and higher expenses due to currency headwinds. We continue to hold the stock as the company's revenue backlog provides a floor to revenue and earnings reductions and shares trade at only 5x forward earnings. **AmericanWest Bancorporation** declined 50% and was sold out of the portfolio after reporting significantly higher loan loss provisions than expected due to the weakening Utah residential real estate market. Shares of **Magma Design Automation**, a chip-design software company, declined 50% after the company cut their growth target in half due to the push-out of a few large deals in the quarter. Despite the economic headwinds, we continue to hold the stock as the company continues to be an industry leader, continues to grow double-digits, and trades at 10x earnings.

Market Outlook

The cause of the current malaise in equity markets, specifically in the US, has been highly visible to all investors. The credit and housing crisis, global commodity price inflation and the continued weakness of the dollar have driven consumer confidence to 25 year lows, while creating a nerve racking balancing act for the Federal Reserve and US Treasury Department.

While there is little immediate likelihood of these issues meaningfully improving, there are some rays of light that are worth noting. First, statistically at some point the writedowns in the credit markets must hit a bottom. Second, again, at some point the market will work through the excess inventory of homes and pricing will stabilise. Housing starts peaked close to 2 years ago and are now at 25 year lows. Third, the weakness of the Dollar is doing wonders for US global competitiveness, a fact that has been obscured in the trade figures by the rapid escalation in the cost of imported oil.

That is not to say that considerable risks and problems do not exist in the market. They obviously do, and should be taken very seriously, but in the event that the market is able to see through these major economic challenges US equities will be an excellent place to be invested.

With fear and uncertainty come investment opportunities and particularly so in the less well followed and illiquid parts of the stockmarket. While we have taken a lot of pain in the recent past in the performance of the Company's investments, many stocks in the portfolio are now trading at extremely attractive valuations both in nominal and relative terms. In certain sectors of the market, particularly primarily tied to the US consumer, we are seeing valuations at levels we have not seen for 20 years. While it is hard to point to any immediate catalyst for this changing, as long as the core competitive strength of the franchises we have invested in remains intact, when markets normalise these valuations will return to their historical averages.

Christopher Jones

Gary Schnierow

Investment Managers

27th August 2008

Ten Largest Investments

at 30th June 2008

Company¹	Sector	Valuation £'000	Portfolio %²	Benchmark %	Active Position* %
IMAX	Consumer Discretionary	1,382	3.1	—	3.1
Wet Seal	Consumer Discretionary	1,297	2.9	—	2.9
Five Star Quality Care	Financial Services	1,185	2.7	—	2.7
PDF Solutions	Technology	1,183	2.7	—	2.7
Cornell Companies	Industrials	1,152	2.6	—	2.6
Callidus	Technology	1,129	2.6	—	2.6
Gaylord Entertainment	Consumer Discretionary	1,091	2.5	—	2.5
Spark Networks	Consumer Discretionary	1,088	2.5	—	2.5
Synergetics	Healthcare	1,088	2.5	—	2.5
Equinix	Technology	1,074	2.4	—	2.4
Total³		11,669	26.5	—	26.5

¹All companies shown are registered in USA.

²Based on total assets less current liabilities of £44.1m.

³As at the 31st December 2007, the value of the ten largest investments amounted to £20.3m, representing 29.6% of total assets less current liabilities.

*See glossary of terms on page 18 for definition.

Portfolio Analysis

Sector Analysis

	at 30th June 2008			at 31st December 2007		
	Portfolio %	Benchmark %	Active Position* %	Portfolio %	Benchmark %	Active Position* %
Technology	27.6	17.6	10.0	25.4	18.2	7.2
Consumer Discretionary	24.3	12.1	12.2	21.3	13.6	7.7
Healthcare	15.6	13.4	2.2	16.4	14.6	1.8
Industrials	11.1	16.7	(5.6)	13.9	15.4	(1.5)
Financial Services	8.3	18.4	(10.1)	14.4	18.9	(4.5)
Consumer Staples	5.9	3.1	2.8	3.3	3.0	0.3
Oils & Other Energy	4.2	9.3	(5.1)	3.5	6.3	(2.8)
Materials & Processing	1.7	4.5	(2.8)	0.7	5.5	(4.8)
Telecommunication Services	1.3	1.4	(0.1)	1.1	1.5	(0.4)
Utilities	—	3.5	(3.5)	—	3.0	(3.0)
Total	100.0	100.0		100.0	100.0	

Based on investments at fair value of £43.9m (2007: £70.1m)

*See glossary of terms on page 18 for definition.

Income Statement

for the six months ended 30th June 2008

	(Unaudited) Six months ended 30th June 2008			(Unaudited) Six months ended 30th June 2007			(Audited) Year ended 31st December 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains from investments held at fair value through profit or loss	—	(13,652)	(13,652)	—	3,238	3,238	—	(5,703)	(5,703)
Net foreign currency (losses)/gains	—	(12)	(12)	—	254	254	—	442	442
Income from investments	80	—	80	171	—	171	264	—	264
Other interest receivable and similar income	6	—	6	5	—	5	21	—	21
Gross return/(loss)	86	(13,664)	(13,578)	176	3,492	3,668	285	(5,261)	(4,976)
Management fee	(27)	(244)	(271)	(46)	(419)	(465)	(86)	(773)	(859)
Performance fee writeback	—	431	431	—	115	115	—	472	472
Other administrative expenses	(151)	—	(151)	(137)	—	(137)	(271)	—	(271)
Net (loss)/return on ordinary activities before finance costs and taxation	(92)	(13,477)	(13,569)	(7)	3,188	3,181	(72)	(5,562)	(5,634)
Finance costs	(3)	(26)	(29)	(33)	(295)	(328)	(47)	(425)	(472)
Net (loss)/return on ordinary activities before taxation	(95)	(13,503)	(13,598)	(40)	2,893	2,853	(119)	(5,987)	(6,106)
Taxation	(12)	—	(12)	(25)	—	(25)	(39)	—	(39)
Net (loss)/return on ordinary activities after taxation	(107)	(13,503)	(13,610)	(65)	2,893	2,828	(158)	(5,987)	(6,145)
(Loss)/return per share (note 3)	(1.52)p	(192.30)p	(193.82)p	(0.67)p	29.96p	29.29p	(1.72)p	(65.12)p	(66.84)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 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 30th June 2008

	(Unaudited)				Total £'000
	Called up share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	
Six months ended 30th June 2008					
At 31st December 2007	2,098	1,044	69,630	(4,861)	67,911
Repurchase and cancellation of shares	(450)	450	(9,100)	—	(9,100)
Purchase of shares into Treasury	—	—	(1,055)	—	(1,055)
Net loss from ordinary activities	—	—	(13,503)	(107)	(13,610)
At 30th June 2008	1,648	1,494	45,972	(4,968)	44,146

	(Unaudited)				Total £'000
	Called up share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	
Six months ended 30th June 2007					
At 31st December 2006	2,540	602	94,753	(4,703)	93,192
Repurchase and cancellation of shares	(272)	272	(9,412)	—	(9,412)
Purchase of shares into Treasury	—	—	(3,315)	—	(3,315)
Net return/(loss) from ordinary activities	—	—	2,893	(65)	2,828
At 30th June 2007	2,268	874	84,919	(4,768)	83,293

	(Audited)				Total £'000
	Called up share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	
Year ended 31st December 2007					
At 31st December 2006	2,540	602	94,753	(4,703)	93,192
Repurchase and cancellation of shares	(442)	442	(14,492)	—	(14,492)
Purchase of shares into Treasury	—	—	(4,644)	—	(4,644)
Net loss from ordinary activities	—	—	(5,987)	(158)	(6,145)
At 31st December 2007	2,098	1,044	69,630	(4,861)	67,911

Balance Sheet

as at 30th June 2008

	(Unaudited) 30th June 2008 £'000	(Unaudited) 30th June 2007 £'000	(Audited) 31st December 2007 £'000
Fixed assets			
Investments at fair value through profit or loss	43,915	96,674	70,093
Current assets			
Debtors	547	6,652	806
Cash at bank and in hand	139	245	982
Derivative financial instrument: forward currency contract at fair value through profit or loss	—	13	—
	686	6,910	1,788
Creditors: amounts falling due within one year	(455)	(20,185)	(3,518)
Derivative financial instrument: forward currency contract at fair value through profit or loss	—	—	(21)
Net current assets/(liabilities)	231	(13,275)	(1,751)
Total assets less current liabilities	44,146	83,399	68,342
Provisions for liabilities and charges	—	(106)	(431)
Total net assets	44,146	83,293	67,911
Capital and reserves			
Called up share capital	1,648	2,268	2,098
Capital redemption reserve	1,494	874	1,044
Capital reserve	45,972	84,919	69,630
Revenue reserve	(4,968)	(4,768)	(4,861)
Shareholders' funds	44,146	83,293	67,911
Net asset value per share (note 4)	695.6p	958.3p	865.1p

Cash Flow Statement

for the six months ended 30th June 2008

	(Unaudited) Six months ended 30th June 2008 £'000	(Unaudited) Six months ended 30th June 2007 £'000	(Audited) Year ended 31st December 2007 £'000
Net cash outflow from operating activities (note 5)	(194)	(1,195)	(1,538)
Net cash outflow from returns on investments and servicing of finance	(29)	(329)	(473)
Net cash inflow from capital expenditure and financial investment	12,356	4,916	29,231
Net cash outflow from financing	(12,856)	(3,521)	(26,833)
(Decrease)/increase in cash for the period	(723)	(129)	387
Reconciliation of net cash flow to movement in net (debt)/funds			
Net cash movement	(723)	(129)	387
Loans (drawn down)/repaid in the period	(440)	(2,367)	10,838
Exchange movements	(33)	242	463
Movement in net (debt)/funds in the period	(1,196)	(2,254)	11,688
Net funds/(debt) at the beginning of the period	982	(10,706)	(10,706)
Net (debt)/funds at the end of the period	(214)	(12,960)	982
Represented by:			
Cash at bank and in hand	139	245	982
Debt falling due within one year	(353)	(13,205)	—
Net (debt)/funds at the end of the period	(214)	(12,960)	982

Notes to the Accounts

for the six months ended 30th June 2008

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 December 2007 are extracted from the latest published accounts of the Company and do not constitute statutory accounts (as defined in section 434(3) of the Companies Act 2006) 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 (as amended).

2. Accounting Policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice 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 2007.

3. (Loss)/return per share

	(Unaudited) Six months ended 30th June 2008 £'000	(Unaudited) Six months ended 30th June 2007 £'000	(Audited) Year ended 31st December 2007 £'000
(Loss)/return per share is based on the following:			
Revenue loss	(107)	(65)	(158)
Capital (loss)/return	(13,503)	2,893	(5,987)
Total (loss)/return	(13,610)	2,828	(6,145)
Weighted average number of shares in issue	7,021,963	9,657,538	9,194,230
Revenue loss per share	(1.52)p	(0.67)p	(1.72)p
Capital (loss)/return per share	(192.30)p	29.96p	(65.12)p
Total (loss)/return per share	(193.82)p	29.29p	(66.84)p

4. Net asset value per share

Net asset value per share is based on the net assets attributable to the ordinary shareholders of £44,146,000 (30th June 2007: £83,293,000 and 31st December 2007: £67,911,000) and on the 6,346,453 (30th June 2007: 8,691,480 and 31st December 2007: 7,850,480) shares in issue at the period end, excluding shares held in Treasury.

5. Reconciliation of total (loss)/return on ordinary activities before finance costs and taxation to net cash outflow from operating activities

	(Unaudited) Six months ended 30th June 2008 £'000	(Unaudited) Six months ended 30th June 2007 £'000	(Audited) Year ended 31st December 2007 £'000
Total (loss)/return on ordinary activities before finance costs and taxation	(13,569)	3,181	(5,634)
Add back/(deduct) capital loss/(return) before finance costs and taxation	13,477	(3,188)	5,562
Decrease/(increase) in net debtors and accrued income	154	(61)	29
Performance fee paid	—	(683)	(683)
Overseas taxation	(12)	(25)	(39)
Expenses charged to capital	(244)	(419)	(773)
Net cash outflow from operating activities	(194)	(1,195)	(1,538)

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 the following broad categories: investment and strategy; market; accounting, legal and regulatory; corporate governance and shareholder relations; operational; foreign currency; 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 December 2007.

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 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 ('DTR') 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by DTR 4.2.7R and 4.2.8R.

Davina Walter
Chairman

27th August 2008

Information about the Company

Financial Calendar

Financial year end	31st December
Final results announced	March
Half year end	30th June
Half year results announced	August
Interim Management Statements announced	April and October
Annual General Meeting	April

History

JPMorgan US Discovery Investment Trust plc was incorporated in 1955 as Atomic Securities Trust Limited. It was dormant until 1962 when it changed its name to Fledgeling Investments Limited and began operations as an unquoted investment company.

The trust was wholly owned by a number of Fleming investment trusts and invested in listed and unlisted companies in the UK and US which for reasons of small size, illiquidity or risk, were unsuitable for direct investment. In 1982, with assets of £9.2 million, it obtained a listing on the London Stock Exchange and gained investment trust status. At that time it changed its name to The Fleming Fledgeling Investment Trust plc and gradually broadened its investment scope into Europe and the Asian markets. In April 1998, the Company changed its name to The Fleming US Discovery Investment Trust plc (and adopted its present investment policy), and then to JPMorgan Fleming US Discovery Investment Trust plc in May 2002. The Company adopted its present name in April 2006.

Directors

Davina Walter (*Chairman*)
 Mark Ansell
 Christopher Galleymore
 Alan Kemp

Company Numbers

Company registration number: 552775
 London Stock Exchange code: JPU LN
 ISIN: GB0003417101
 Bloomberg Code: JPU.LN
 Reuters: JPU.L

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 and are quoted daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman, The Independent and on the JPMorgan Internet site at www.jpimusdiscovery.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpimusdiscovery.co.uk

Share Transactions

The 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 JPMorgan Investment Trust Share Plan, 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 Lucy Dina.

Registrars

Equiniti
 Reference 1084
 Aspect House
 Spencer Road
 Lancing
 West Sussex BN99 6DA
 Telephone number: 0871 384 2326

Notifications of changes of address and enquiries regarding certificates or dividend cheques should be made in writing to the Registrar quoting reference 1084. Registered shareholders can obtain further details on individual holdings on the internet by visiting www.shareview.co.uk.

Auditors

Ernst & Young LLP,
 One More London Place,
 London SE1 2AF

Brokers

Cenkos Securities plc,
 6, 7, 8 Tokenhouse Yard,
 London EC2R 7AS

Savings Products Administrators

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

aic

The Association of
 Investment Companies A member of the AIC

Glossary of Terms

Share Price

Share price return to the investor, on a mid-market price to mid-market price basis, assuming that any dividends received (net of tax) 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.

Net Asset Value

Net asset value ('NAV') return per share, on a bid value to bid value basis, assuming that any dividends paid by the Company (net of tax) were reinvested in the NAV of the Company at time the shares were quoted ex-dividend.

This assumes that any shares held in Treasury were reissued at the period end in accordance with the Board's current policy on the reissuance of Treasury shares.

Benchmark Return

Total return on the Russell 2000 Index, 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 Russell 2000 Index 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/Premium

If the share price of the Company is lower than its NAV per share, the Trust 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 investment companies to trade at a discount than at a premium.

Actual Gearing Factor

Investments expressed as a percentage of shareholders' funds. This shows the effect of gearing on the NAV if the market value of the portfolio was to increase by 100%.

Active Position

The active position shows the difference between the Company's holding of an individual stock or sector compared with that stock or sector's weighting in the Company's benchmark index. A positive number indicates an active decision by the Manager to own more of (i.e. be overweight in) a particular stock or sector versus the benchmark and a negative number indicates a decision to hold less of (i.e. be underweight in) a particular stock or sector versus the benchmark.

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