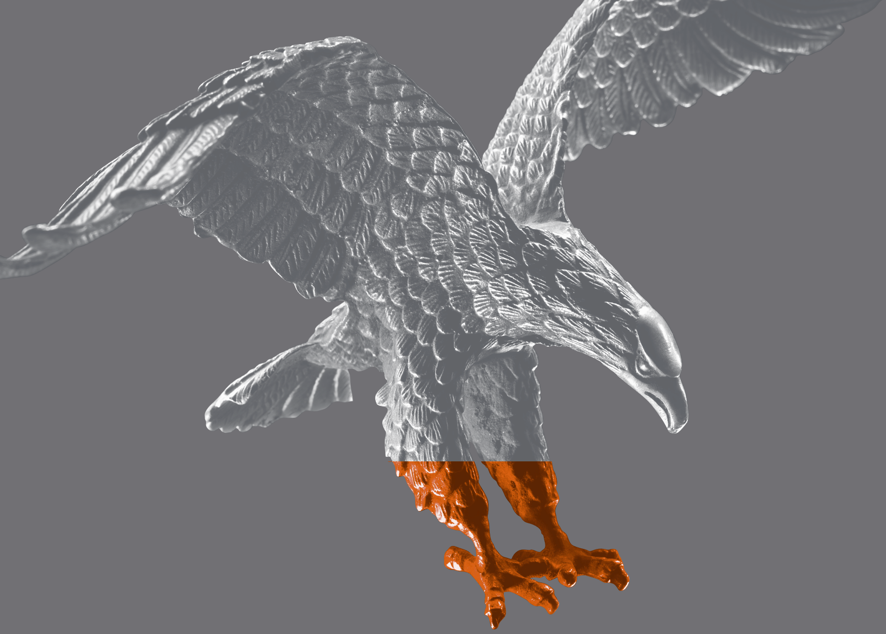

Half Year Report 09

# JPMorgan American Investment Trust plc

Half Year Report & Accounts for the six months ended 30th June 2009

J.P.Morgan
Asset Management

# Features

Contents



## Objective

To achieve capital growth from North American investments by out-performance of the Company's benchmark.

## Investment Policies

- To invest in quoted companies including, when appropriate, exposure to small and micro capitalisation sectors.
- To emphasise capital growth rather than income.
- To use gearing when appropriate to increase potential returns to shareholders.
- To hedge the currency risk only in respect of the geared portion of the portfolio.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

## Benchmark

The S&P 500 Index expressed in sterling total return terms.

## Capital Structure

The Company has an authorised share capital of 90,904,982 ordinary shares of 25p each, of which 42,725,949 were in issue as at 30th June 2009.

The Company has a £50m debenture at a fixed rate of 6.875%, repayable in June 2018.

## Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM' or the 'manager') to manage its assets. The US equity management team consists of 56 investment professionals and manages around US$70 billion for its clients worldwide.

## AIC

The Company is a member of the Association of Investment Companies.

# Half Year Performance

Total Returns (capital plus income)

**-3.6%**
Return to shareholders[1]

**-9.6%**
Return on net assets[2]

**-9.9%**
Benchmark return[1,3]

## Financial Data

| | 30th June 2009 | 31st December 2008 | % change |
|---|---|---|---|
| Shareholders' funds (£'000) | **256,494** | 293,678 | -12.7 |
| Number of shares in issue | **42,725,949** | 42,725,949 | – |
| Net asset value per share with debt at par value[4] | **600.3p** | 687.4p | -12.7 |
| Net asset value per share with debt at fair value[4,5] | **577.6p** | 662.1p | -12.8 |
| Share price | **592.5p** | 626.0p | -5.4 |
| Share price premium/(discount) to net asset value with debt at fair value[4] | **2.6%** | (5.5)% | |
| S&P 500 Index expressed in sterling capital return terms | **558.23** | 628.24 | -11.1 |
| Revenue return per share | **5.13p** | 11.36p | |
| Capital loss per share | **(81.16)p** | (65.40)p | |
| Exchange rate | **£1 = $1.6469** | £1 = $1.4378 | |

A glossary of terms and definitions is provided on page 15.

[1]Source: Morningstar.
[2]Source: J.P. Morgan.
[3]The Company's benchmark is the S&P 500 Index expressed in sterling total return terms.
[4]Includes distributable income earned in the current period.
[5]The fair value of the £50m debenture issued by the Company has been calculated by reference to a similar dated Gilt yield plus a margin based on the 5 year average for the AA Barclay sterling corporate bond spread.

# Chairman's Statement

### Performance

The financial storm that engulfed the global economy during 2008 continued unabated into the early months of 2009. In early March, the US stock market reached a low that was 57% below its peak in October 2007. However, concerted intervention by governments worldwide, an apparent resolution to the banking crisis and growing evidence that the downturn in global economic activity had moderated, steadied investors' nerves and led to a turn around in market sentiment. The rally that began in March continued through April and May and into June. Over the six months to 30th June the Company's net asset value fell by 9.6% in sterling total return terms, marginally outperforming the S&P 500 Index, which fell by 9.9%. The returns were reduced by the weakness of the dollar, which fell from 1.44 against sterling to 1.65.

### Discount Management

Over the course of the half year under review, the Company's shares have moved from a discount of 5.5%, calculated with liabilities held at their fair value and including current year income, to a premium of 2.6% and have traded in a range between a discount of 5.6% and a premium of 6.9%. The company did not issue nor repurchase any of its ordinary shares during the period.

### Revenue and Dividends

At 5.13p (2008: 4.95p), earnings per share for the six months to 30th June 2009 were modestly up on the equivalent period in 2008 despite the swingeing dividend cuts witnessed in the financial services sector as banks sought to bolster their balance sheets. These cuts were offset to some extent by ongoing dividend growth in the health care and energy sectors.

The Company's policy has been to distribute all, or substantially all, of the available income in each year. Shareholders should note that income streams can vary significantly and the Company's dividend payouts are likely to reflect those variations.

### Outlook

We believe that the underpinnings of an economic recovery in the US are in place. Uncertainties remain, however, as to the sustainability and duration of this recovery. Crucial factors include the US government's initiatives with regard to regulation, taxation and healthcare and the strength of the rebound in global trade.

**Hamish Buchan**
Chairman

7th August 2009

# Investment Manager's Report

**Market Review**

The beginning of 2009 was one of worst starts for the US equity markets in recent history. The S&P 500 registered a decline of 18.2% (in dollar terms) during the first two months of the year (the worst performance in the 100 years-plus of available data). Ironically, it was the unveiling of the US Treasury's three-part Financial Stability Plan in mid-February that rattled investor confidence the most. Investor sentiment began slowly to improve in March, as key economic releases, including both new and existing home sales and durable goods orders, showed improvement over the previous month, albeit from depressed levels.

Markets began to advance strongly as investors embraced the realisation that the banking system was not insolvent, economic activity was not in terminal freefall and that policymakers were committed to easing the economic downturn, almost at any cost. The tipping point for investor optimism was when the US Treasury released the much-anticipated bank stress test results; the largest 19 financial institutions were deemed to require a total of $74.6 billion in additional equity capital to be able to withstand an 'adverse' economic scenario. This relatively small capital requirement, plus news of capital raises from private sources by a handful of banks shortly thereafter, greatly reduced systemic fears.

While the markets have advanced from March lows on expectations that the economy may be improving, there continues to be fallout from the current downturn. Layoff announcements continued during the quarter, where the most publicised reductions came from auto manufacturers, General Motors and Chrysler. With expectations of higher unemployment, one of the market's largest concerns is the ability of banks to absorb the anticipated increase in credit card losses. In fact, credit card write-offs for US banks hit a record high of 10.8% in June, up from 4.5% twelve months earlier.

**Performance**

The Company's net asset value decreased by 9.6% in total return terms in the first six months of 2009 as the US dollar declined by 11.6% against sterling during the period. There was a positive relative performance contribution of 1.1% from the large cap portfolio. The key driver of this was strong stock selection within the health care sector, including stocks such as Schering Plough and Wyeth. An exposure to Corning also proved beneficial as the global technology company's share price rose when management reiterated their positive view for the second quarter of 2009. The portfolio's energy and financials exposures, particularly Exxon Mobil and US Bancorp, detracted from relative performance over the time period.

The Company's level of gearing remained relatively stable during the first six months of the year. After starting the year at 113%, we remained at this level despite the volatility within the markets, and ended the period at 114%. The composition of the portfolio changed slightly, as the investment managers reduced exposure to small cap, due to the increasingly attractive outlook for larger cap companies. The large cap

# Investment Manager's Report continued

portion of the portfolio has shifted from a very defensive posture to a more aggressive posture by increasing the weighting in the energy and material/commodity sectors while decreasing exposure to health care and utility sectors. As this transition has been taking place we have increased the number of stocks within the large cap portion of the trust to approximately 95 securities compared to 75 securities a year ago.

**Market Outlook**

The recent rally has been about the market's relief at avoiding a complete collapse of the financial system. A continuation of the market's strong advances in the second half of 2009 will need investors to anticipate an outright recovery. It is probable that a 'statistical recovery' is currently unfolding. Low inventory to new orders ratios should continue to boost production activity. However, without the effects of job creation producing higher levels of income and spending, manufacturing activity could again decline as the year wears on. Additional production needs are likely to be met through boosting the output of existing workers rather than increasing headcount.

Corporate operating leverage has been reduced by the drastic inventory reductions and aggressive cost-cutting that has taken place via headcount reduction over the last six to nine months. Even a modest improvement in demand should have a meaningful impact on profitability. It is also hard to bet against the determination of policymakers in the near-term. We believe that the economic data is likely to improve as we move into the second half of the year; but the, as yet, unanswered question remains as to whether or not the recovery will prove to be sustainable.

**Garrett Fish**
Investment Manager 7th August 2009

# Twenty Five Largest Equity Investments

at 30th June 2009

| Company | Sector | Valuation £'000 | %[1] |
|---|---|---|---|
| Exxon Mobil | Integrated Oils | 15,406 | 5.0 |
| Microsoft | Technology | 7,939 | 2.6 |
| IBM | Technology | 7,359 | 2.4 |
| Oracle | Technology | 7,104 | 2.3 |
| McDonald's | Consumer Discretionary | 7,045 | 2.3 |
| Hewlett Packard | Technology | 6,455 | 2.1 |
| Procter & Gamble | Consumer Staples | 5,909 | 1.9 |
| United Technologies | Producer Durables | 5,269 | 1.7 |
| Wells Fargo | Financial Services | 5,194 | 1.7 |
| Merck | Health Care | 4,869 | 1.6 |
| Abbott Laboratories | Health Care | 4,862 | 1.6 |
| CVS | Consumer Staples | 4,711 | 1.5 |
| Chevron | Integrated Oils | 4,452 | 1.4 |
| Philip Morris International | Consumer Staples | 4,341 | 1.4 |
| Occidental Petroleum | Energy | 4,254 | 1.4 |
| Apple | Technology | 4,193 | 1.4 |
| Schering-Plough | Health Care | 4,153 | 1.3 |
| Pfizer | Health Care | 3,979 | 1.3 |
| Cisco Systems | Technology | 3,603 | 1.2 |
| Medco Health Solutions | Health Care | 3,599 | 1.2 |
| Wellpoint | Health Care | 3,557 | 1.2 |
| Boeing | Producer Durables | 3,420 | 1.1 |
| Wal-Mart Stores | Consumer Discretionary | 3,416 | 1.1 |
| Verizon Communications | Utilities | 3,287 | 1.1 |
| General Dynamics | Producer Durables | 3,258 | 1.1 |
| **Total[2]** | | **131,634** | **42.9** |

[1]Based on total assets less current liabilities of £306.8m.

[2]As at 31st December 2008, the value of the twenty five largest equity investments amounted to £169.7m representing 49.3% of total assets less current liabilities.

# Portfolio Analyses

## Sector Analysis

| | at 30th June 2009 | | at 31st December 2008 | |
|---|---|---|---|---|
| | Portfolio[1] % | Benchmark % | Portfolio % | Benchmark % |
| Technology | **17.5** | **16.4** | 15.4 | 14.3 |
| Financial Services | **13.4** | **12.6** | 15.4 | 14.3 |
| Health Care | **11.9** | **14.3** | 15.2 | 15.2 |
| Consumer Discretionary | **9.8** | **11.6** | 8.8 | 10.8 |
| Integrated Oils | **8.2** | **7.9** | 10.7 | 9.2 |
| Consumer Staples | **7.0** | **9.8** | 6.6 | 9.8 |
| Utilities | **5.1** | **7.6** | 6.6 | 8.0 |
| Producer Durables | **5.1** | **5.9** | 5.7 | 4.7 |
| Energy | **3.3** | **4.9** | 1.1 | 4.0 |
| Materials & Processing | **3.3** | **4.1** | – | 3.6 |
| Auto & Transportation | **1.3** | **2.6** | 1.0 | 2.6 |
| Other | **0.5** | **2.3** | 1.5 | 3.5 |
| Other/miscellaneous[1] | **7.7** | **–** | 8.2 | – |
| Net current assets[2] | **5.9** | **–** | 3.8 | – |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** |

[1]This includes small companies of 7.4% and unquoted companies of 0.3%.

[2]Includes investments in liquidity funds.

Based on total assets less current liabilities of £306.8m (2008: £344.2m).

## Asset Analysis

| | 30th June 2009 % | 31st December 2008 % |
|---|---|---|
| Large Companies | **86.4** | 88.0 |
| Small Companies | **7.4** | 7.8 |
| Unquoted Investments | **0.3** | 0.4 |
| Net current assets[1] | **5.9** | 3.8 |
| **Total** | **100.0** | **100.0** |

[1]Includes investments in liquidity funds.

Based on the total assets less current liabilities of £306.8m (2008: £344.2m).

# Income Statement

## for the six months ended 30th June 2009

| | (Unaudited) Six months ended 30th June 2009 | | | (Unaudited) Six months ended 30th June 2008 | | | (Audited) Year ended 31st December 2008 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| **Losses on investments held at fair value through profit or loss** | **–** | **(40,071)** | **(40,071)** | – | (37,843) | (37,843) | – | (10,732) | (10,732) |
| Net foreign currency gains/(losses) | **–** | **6,889** | **6,889** | – | (1,108) | (1,108) | – | (12,726) | (12,726) |
| Income from investments | **3,711** | **–** | **3,711** | 3,498 | – | 3,498 | 7,846 | – | 7,846 |
| Other interest receivable and similar income | **14** | **–** | **14** | 170 | – | 170 | 310 | – | 310 |
| **Gross return/(loss)** | **3,725** | **(33,182)** | **(29,457)** | 3,668 | (38,951) | (35,283) | 8,156 | (23,458) | (15,302) |
| Management fee | **(157)** | **(628)** | **(785)** | (175) | (700) | (875) | (351) | (1,406) | (1,757) |
| Performance fee writeback/(charge) | **–** | **240** | **240** | – | – | – | – | (1,257) | (1,257) |
| VAT recoverable | **–** | **–** | **–** | – | – | – | 100 | 85 | 185 |
| Other administrative expenses | **(217)** | **–** | **(217)** | (189) | – | (189) | (423) | – | (423) |
| **Net return/(loss) on ordinary activities before finance costs and taxation** | **3,351** | **(33,570)** | **(30,219)** | 3,304 | (39,651) | (36,347) | 7,482 | (26,036) | (18,554) |
| Finance costs | **(347)** | **(1,389)** | **(1,736)** | (346) | (1,385) | (1,731) | (694) | (2,774) | (3,468) |
| **Net return/(loss) on ordinary activities before taxation** | **3,004** | **(34,959)** | **(31,955)** | 2,958 | (41,036) | (38,078) | 6,788 | (28,810) | (22,022) |
| Taxation | **(810)** | **281** | **(529)** | (843) | 378 | (465) | (1,935) | 870 | (1,065) |
| **Net return /(loss) on ordinary activities after taxation** | **2,194** | **(34,678)** | **(32,484)** | 2,115 | (40,658) | (38,543) | 4,853 | (27,940) | (23,087) |
| **Return/(loss) per share** (note 3) | **5.13p** | **(81.16)p** | **(76.03)p** | 4.95p | (95.16)p | (90.21)p | 11.36p | (65.40)p | (54.04)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

| Six months ended 30th June 2009 (Unaudited) | Called up share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Capital reserves £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **At 31st December 2008** | 10,682 | 18,906 | 8,151 | 241,075 | 14,864 | **293,678** |
| Net (loss)/return on ordinary activities | – | – | – | (34,678) | 2,194 | **(32,484)** |
| Dividends appropriated in the period | – | – | – | – | (4,700) | **(4,700)** |
| **At 30th June 2009** | 10,682 | 18,906 | 8,151 | 206,397 | 12,358 | **256,494** |

| Six months ended 30th June 2008 (Unaudited) | Called up share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Capital reserves £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **At 31st December 2007** | 10,682 | 18,906 | 8,151 | 269,020 | 14,711 | **321,470** |
| Shares bought back and cancelled[1] | – | – | – | (5) | – | **(5)** |
| Net (loss)/return on ordinary activities | – | – | – | (40,658) | 2,115 | **(38,543)** |
| Dividends appropriated in the period | – | – | – | – | (4,700) | **(4,700)** |
| **At 30th June 2008** | 10,682 | 18,906 | 8,151 | 228,357 | 12,126 | **278,222** |

[1]Comprises stamp duty on shares repurchased for cancellation.

| Year ended 31st December 2008 (Audited) | Called up share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Capital reserves £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **At 31st December 2007** | 10,682 | 18,906 | 8,151 | 269,020 | 14,711 | **321,470** |
| Shares bought back and cancelled[1] | – | – | – | (5) | – | **(5)** |
| Total (loss)/return on ordinary activities | – | – | – | (27,940) | 4,853 | **(23,087)** |
| Dividends appropriated in the year | – | – | – | – | (4,700) | **(4,700)** |
| **At 31st December 2008** | 10,682 | 18,906 | 8,151 | 241,075 | 14,864 | **293,678** |

[1]Comprises stamp duty on shares repurchased for cancellation.

# Balance Sheet

at 30th June 2009

| | (Unaudited) 30th June 2009 £'000 | (Unaudited) 30th June 2008 £'000 | (Audited) 31st December 2008 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments held at fair value through profit or loss | **288,715** | 291,342 | 331,144 |
| Investments in liquidity funds held at fair value through profit or loss | **10,713** | 16,854 | 14,369 |
| | **299,428** | 308,196 | 345,513 |
| **Current assets** | | | |
| Derivative instrument (note 4) | **5,494** | 10,672 | – |
| Debtors | **653** | 1,282 | 627 |
| Cash and short term deposits | **1,665** | 8,880 | 2,899 |
| | **7,812** | 20,834 | 3,526 |
| **Creditors:** amounts falling due within one year | **(410)** | (1,098) | (2,480) |
| Derivative instrument (note 4) | **–** | – | (2,319) |
| **Net current assets/(liabilities)** | **7,402** | 19,736 | (1,273) |
| **Total assets less current liabilities** | **306,830** | 327,932 | 344,240 |
| **Creditors:** amounts falling due after more than one year | **(49,738)** | (49,710) | (49,724) |
| **Provisions for liabilities and charges** | **(598)** | – | (838) |
| **Total net assets** | **256,494** | 278,222 | 293,678 |
| **Capital and reserves** | | | |
| Called up share capital | **10,682** | 10,682 | 10,682 |
| Share premium | **18,906** | 18,906 | 18,906 |
| Capital redemption reserve | **8,151** | 8,151 | 8,151 |
| Capital reserves | **206,397** | 228,357 | 241,075 |
| Revenue reserve | **12,358** | 12,126 | 14,864 |
| **Shareholders' funds** | **256,494** | 278,222 | 293,678 |
| **Net asset value per share** (note 5) | **600.3p** | 651.2p | 687.4p |

# Cash Flow Statement

for the six months ended 30th June 2009

| | (Unaudited) Six months ended 30th June 2009 £'000 | (Unaudited) Six months ended 30th June 2008 £'000 | (Audited) Year ended 31st December 2008 £'000 |
|---|---|---|---|
| **Net cash inflow from operating activities** (note 6) | **1,874** | 2,189 | 4,982 |
| **Returns on investments and servicing of finance** | | | |
| Interest paid | **(1,722)** | (1,716) | (3,439) |
| **Capital expenditure and financial investment** | | | |
| Purchases of investments | **(52,369)** | (49,186) | (98,970) |
| Sales of investments | **56,615** | 39,131 | 80,500 |
| Other capital charges | **(8)** | – | (7) |
| **Net cash inflow/(outflow) from capital expenditure and financial investment** | **4,238** | (10,055) | (18,477) |
| **Dividends paid** | **(4,700)** | (4,700) | (4,700) |
| **Net cash outflow before financing** | **(310)** | (14,282) | (21,634) |
| **Financing** | | | |
| Repurchase and cancellation of the Company's shares | **–** | (671) | (671) |
| **Net cash outflow from financing** | **–** | (671) | (671) |
| **Decrease in cash for the period** | **(310)** | (14,953) | (22,305) |
| **Reconciliation of net cash flow to movement in net debt** | | | |
| Net cash movement | **(310)** | (14,953) | (22,305) |
| Other movements | **(14)** | (14) | (29) |
| Exchange movements | **(924)** | 84 | 1,456 |
| Movement in net debt in the period | **(1,248)** | (14,883) | (20,878) |
| Net debt at the beginning of the period | **(46,825)** | (25,947) | (25,947) |
| **Net debt at the end of the period** | **(48,073)** | (40,830) | (46,825) |
| **Represented by:** | | | |
| Cash and short term deposits | **1,665** | 8,880 | 2,899 |
| Debt falling due within one year | **(49,738)** | (49,710) | (49,724) |
| **Net debt at the end of the period** | **(48,073)** | (40,830) | (46,825) |

# Notes to the Accounts

for the six months ended 30th June 2009

**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 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 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' issued in January 2009.

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

The accounting policies applied to these interim accounts are consistent with those applied in the accounts for the year ended 31st December 2008.

**3. Return/(loss) per share**

| | (Unaudited) Six months ended 30th June 2009 £'000 | (Unaudited) Six months ended 30th June 2008 £'000 | (Audited) Year ended 31st December 2008 £'000 |
|---|---|---|---|
| Return/(loss) per share is based on the following: | | | |
| Revenue return | **2,194** | 2,115 | 4,853 |
| Capital loss | **(34,678)** | (40,658) | (27,940) |
| Total loss | **(32,484)** | (38,543) | (23,087) |
| Weighted average number of shares in issue | **42,725,949** | 42,725,949 | 42,725,949 |
| Revenue return per share | **5.13p** | 4.95p | 11.36p |
| Capital loss per share | **(81.16)p** | (95.16)p | (65.40)p |
| Total loss per share | **(76.03)p** | (90.21)p | (54.04)p |

**4. Derivative instrument**

The Company has hedged against the currency risk arising from its £50 million debenture liability. The Company has purchased sterling against US$ for settlement on 5th October 2011, matching the principal amount but not the maturity date of the debenture.

**5. Net asset value per share**

Net asset value per share is calculated by dividing shareholders' funds by the number of shares in issue at 30th June 2009 of 42,725,949 (30th June 2008: 42,725,949 and 31st December 2008: 42,725,949).

# Notes to the Accounts continued

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

| | **(Unaudited) Six months ended 30th June 2009 £'000** | (Unaudited) Six months ended 30th June 2008 £'000 | (Audited) Year ended 31st December 2008 £'000 |
|---|---|---|---|
| Total loss on ordinary activities before finance costs and taxation | **(30,219)** | (36,347) | (18,554) |
| Less capital loss before finance costs and taxation | **33,570** | 39,651 | 26,036 |
| Decrease/(increase) in net debtors and accrued income | **99** | 79 | (85) |
| Expenses charged to capital | **(628)** | (700) | (1,406) |
| Performance fee paid | **(419)** | – | – |
| Discount on debt security allocated to income | **–** | (29) | (29) |
| Overseas taxation | **(529)** | (465) | (1,065) |
| VAT recovered and credited to capital | **–** | – | 85 |
| Net cash inflow from operating activities | **1,874** | 2,189 | 4,982 |

# Interim Management Report

The Company is required to make the following disclosures in its half year report.

**Principal Risks and Uncertainites**

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 on page 19 of the Annual Report and Accounts for the year ended 31st December 2008.

During the market turmoil in the second half of 2008, JPMAM reacted with heightened management scrutiny of counterparty risk. In addition, reviews were initiated of exposures, policies, procedures and legal arrangements applicable to the major sources of counter party exposure.

**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' Reponsibilities**

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 half year 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

**Hamish Buchan**
Chairman

7th August 2009

# 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 |
| Dividend on Ordinary shares | May |
| Annual General Meeting | April/May |

**History**

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

**Directors**

Hamish Buchan (Chairman)
Sarah Bates
Kate Bolsover
James Fox
James Williams

**Company Numbers**

Company registration number: 15543
London Stock Exchange code: 08456505
ISIN: GB0008465055
Bloomberg code: JAM LN

**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.jpmamerican.co.uk, where the share price is updated every fifteen minutes during trading hours.

**Website**

www.jpmamerican.co.uk

**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 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 Andrew Norman.

**Registrars**

Equiniti
Reference 1077
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
Telephone: 0871 384 2316

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1077.

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

**Auditors**

Deloitte LLP
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

**Brokers**

Collins Stewart Europe Limited
88 Wood Street
London EC2V 7QR

**Savings Product 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

### Total 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.

### Total 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 the time the shares were quoted ex-dividend.

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV when calculating the total return on net assets.

### Benchmark Total Return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received 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/Premium

If the share price of an investment company is lower than the net asset value (NAV) per share, the shares are 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 the shares of an investment company to trade at a discount than at a premium.

# Notes

JPMorgan Helpline
Freephone 0800 20 40 20 or 020 7742 9999
9.00 am to 6.00 pm Monday to Friday

Your telephone call may be recorded for your security

www.jpmamerican.co.uk