

JPMorgan Brazil Investment Trust plc

Audit Committee –Terms of Reference **Terms of Reference adopted on 26 February 2010**

Purpose

The Audit Committee is a committee of the Board of JPMorgan Brazil Investment Trust plc, established to review the principles, policies and practices adopted in the preparation of the accounts of the Company and with the aim of ensuring that the half year and annual financial statements of the Company and any other announcement relating to the Company's financial performance comply with all statutory requirements.

The Audit Committee shall also review the work of the Company's external auditors and of the internal controls of JPMorgan Asset Management (JPMAM) Limited, in so far as they impact on the Company to receive comfort on the adequacy and effectiveness of their financial, operating, compliance and risk management controls.

The Audit Committee shall also review the management of corporate governance, risk and regulatory compliance as it relates to the Company, and report its findings to the Board.

Membership

The Committee shall be appointed by the Board from amongst the independent Directors of the Company and shall consist of not less than 2 members. At least one member of the Committee shall have recent and relevant financial experience. A quorum for meetings shall be 2 members. Membership shall be identified in the Annual Report.

The Chairman of the Committee shall be appointed by the Board and shall be an independent Director.

Membership of the Committee shall be for a period of up to three years, which may be extended for two further 3 year periods, provided the Director remains independent.

Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.

Attendance at Audit Committee Meetings

Only members of the Committee have the right to attend Committee meetings. However any other Board members shall attend if invited by the Committee.

Any of the Head of JPMAM Investment Trusts, the Company's external Auditors, the head of JPMAM internal audit, JPMAM's Compliance Officer, or any of their representatives shall attend at the invitation of the Committee. The Committee shall meet with the external Auditors at least once a year (without management present, if required). That meeting shall take place around the time of finalisation of the Report and Accounts but frequency of Board meetings may dictate the date.

The Company Secretary shall be the Secretary of the Committee and shall be responsible for preparing the agenda, producing and circulating the minutes to all Directors and drafting of material about its activities for the annual report.

Annual General Meeting

The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

Frequency of Meetings

The Committee shall meet not less than twice per year to coincide with the half year and year ends and meetings may be held immediately before or after a Board meeting. The Committee should meet prior to the approval of the annual report and accounts to consider whether or not directors retiring by rotation should stand for re-appointment at the next Annual General Meeting (AGM). Directors being considered should not be present for the discussion. The Company's Auditors and representatives from JPMAM may request a meeting with the Committee at any time if they consider that one is necessary.

The notice of each meeting together with an agenda of items to be discussed, shall be forwarded to each member, and any other person required to attend, no later than five working days before the date of the meeting.

Authority

The Committee is authorised by the Board:

- to investigate any activity within its terms of reference;
- to seek any information it requires in order to perform its duties. JPMAM and its employees shall co-operate with any request made by the Committee; and
- to obtain outside legal or other independent professional advice at the Company's expense on any matter within its terms of reference and such advisers may attend meetings as necessary.

Responsibilities

The responsibilities of the Committee shall be:

- **Management Agreement** - to review the performance of JPMAM in providing company secretarial, accounting, administration and support services to the Company and the fee paid to JPMAM for the services that it provides under the management contract, together with the terms of such contract. Investment performance is reviewed by the Board.
- **Additional Fees** - to consider the nature of any extra charges imposed by JPMAM over and above the management fee and any additional benefits received from managing the Company.
- **Custodian Agreement** - to review the agreement with JPMorgan Chase for the provision of custodian services to the Company.
- to examine the effectiveness of the Company's internal control systems, and receive information from the Manager's compliance department.

- to review the Company's compliance with the Combined Code, the Listing Rules and the AIC Code for the purpose of financial reporting and reviewing the financial statements.
- to consider the appointment of the external Auditors and assess their independence, ensuring that key partners are rotated at appropriate intervals;
- to recommend the audit fee to the Board and approve any fees in respect of non audit services provided by the external Auditors and to ensure that the provision of non audit services does not impair the external Auditors' independence or objectivity;
- to discuss with the external Auditors the nature and scope of the audit and to review their quality control procedures and steps taken by the external Auditors to respond to changes in regulatory and other requirements;
- to oversee the process for selecting the external Auditors and make appropriate recommendations through the Board to the shareholders to consider at the AGM ;
- to review and approve the external Auditor's management letter and JPMAM's response;
- to review the scope and results of the external Auditor's audit report and its cost effectiveness;
- to review JPMAM's and the external Auditors' reports on the effectiveness of systems of internal control and risk management;
- to assess annually the external Auditor's independence and objectivity;
- to review and challenge where necessary the actions and judgments of JPMAM in relation to the half year and annual financial statements, interim management statements and any other formal announcement relating to its financial performance before submission to the Board, paying particular attention to:
 - critical accounting policies and practices, and any changes in them
 - significant financial reporting judgments and estimates contained in them
 - the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed
 - the clarity of disclosures in the Company's financial reports
 - significant adjustments or unadjusted differences resulting from the audit
 - the going concern assumption
 - compliance with accounting standards
 - compliance with stock exchange and other legal requirements
 - reviewing the Company's statement on internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the Company;
- other topics as defined by the Board;

- to review JPMAM's procedures, to the extent that they may impact on the Company, for handling allegations from whistleblowers to ensure that there is a proportionate and independent investigation of such matters and appropriate follow-up action.
- undertake an annual performance evaluation to ensure that all its members have devoted sufficient time and contributed adequately to the work of the Board;
- regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes that are deemed necessary;
- prepare a description of the role and capabilities required for a particular appointment;
- be responsible for identifying, from a variety of sources including the possible use of search consultants, and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- satisfy itself with regard to succession planning, that appropriate processes and plans are in place with regard to Board appointments;
- assess and articulate the time needed to fulfil the roles of Chairman and non executive director;
- ensure on appointment that a candidate has sufficient time to undertake the role, and if applicable, review his commitments and training; and
- ensure that the Secretary on behalf of the Board writes formally to any appointees, detailing the role and proposing an induction plan.

It shall also make recommendations to the Board:

- with regard to the Chairman, having assessed at least every three years whether the present incumbent shall continue in post, taking into account the needs of continuity versus freshness of approach;
- as regards the re-appointment of any non-executive director at the conclusion of his or her specified term of office; especially when they have concluded their second term;
- concerning the re-election by shareholders of any director under the 'retirement by rotation' provisions in the Company's Articles of Association;
- concerning any matters relating to the continuation in office as a director of any director at any time; and
- detailing items that should be published in the Company's Annual Report relating to the activities of the Committee.

Directors' Fees

To consider Directors' Fees on an annual basis, or as and when required, for a recommendation to be put to the Board.

This can be done with reference, for example, to research conducted by JPMAM on competitor trusts and on its other managed trusts, as well as any available independent research.

Reporting procedures

Minutes of Committee Meetings shall be circulated to all Board members.

The Committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board.

The Committee's duties and activities during the year shall be disclosed in the annual financial statements.

The Chairman of the Committee shall attend the AGM and shall answer questions, through the Chairman of the Board, on the Committee's activities and their responsibilities.