Annual Report 2013

JPMorgan Brazil Investment Trust plc

Annual Report & Accounts for the year ended 30th April 2013

J.P.Morgan Asset Management

Features

Contents

Objective

To provide shareholders with long term total returns, predominantly comprising capital growth but with the potential for income, by investing primarily in Brazilian focused companies.

Investment Policies

- To invest primarily in Brazilian companies and those incorporated or listed outside Brazil whose Brazilian operations constitute a material part of their business. Up to 10% of assets may be invested in companies focused on other Latin American countries.
- There will be no limit placed on the market capitalisation or sector of any investee companies. However, the Company may reduce its equity holdings to a minimum of 60% of its gross assets if it is considered to be beneficial to performance.
- The Company may invest in listed or unlisted securities or equity-linked securities, in addition to fixed income bonds. Unlisted securities will not exceed 10% of gross assets at the time of investment.

Benchmark

The Company's benchmark is the MSCI Brazil 10/40 Index (in sterling terms), with net dividends reinvested. This index limits the maximum weight of an individual stock constituent to 10% and limits the sum of the weights of all stocks representing more than 5% individually to 40%.

Capital Structure

At 30th April 2013, the Company's share capital comprised 61,725,898 Ordinary shares of 1p each including 3,452,955 shares held in Treasury, and 8,213,724 Subscription shares of 1p each.

Continuation Vote

In accordance with the Company's Articles of Association, the Directors are required to propose an ordinary resolution that the Company shall continue in existence at this year's Annual General Meeting and in every third year thereafter.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM' or the 'Manager') to manage its assets.

Financial Results
for the year ended 30th April 2013

Total returns (includes dividends reinvested)

-6.4%
'Unit' return to shareholders[1]
(2012: -15.8%)

+2.7%
Undiluted return on net assets[2]
(2012: -12.0%)

+0.2%
Benchmark[3]
(2012: -13.0%)

-2.7%
Return to Ordinary shareholders
(2012: -15.3%)

+2.7%
Diluted return on net assets[4]
(2012: -11.1%)

1.00p
Dividend
(2012: 1.35p)

A glossary of terms and definitions is provided on page 50.

[1]A Unit comprises 5 Ordinary shares and 1 Subscription share.

[2]Source: J.P. Morgan.

[3]Source: Datastream. The Company's benchmark is the MSCI Brazil 10/40 Index, with net dividends reinvested in sterling terms.

[4]Return on net assets calculated using the diluted net asset value, which assumes that all outstanding Subscription shares were converted into Ordinary shares at the year end. At 30th April 2013, the Subscription shares have no dilutive effect as the Ordinary share price was below the Subscription share conversion price at that date.

Chairman's Statement

Introduction and Performance

The Brazilian equity market performed poorly compared with other emerging markets which in turn lagged the performance of developed markets during the financial year to 30th April 2013. Against this background, it is encouraging to report that the Company recorded a total diluted and undiluted return on net assets for the year of +2.7%, outperforming the benchmark, the MSCI Brazil 10/40 Index which returned +0.2% for the same period. The share price return to Ordinary shareholders of –2.7%, and the return to 'Units' (comprising 5 Ordinary shares and 1 Subscription share) of –6.4% reflected the widening of the share price discount from 2.0% to 7.2% over the year. At the time of writing this report, it stood at 5.4%.

The investment managers provide a detailed commentary on the markets and portfolio activity in their report.

Revenue and Dividends

Gross revenue for the year amounted to £1,605,000 (2012: £2,156,000) and net total revenue, administrative expenses and taxation amounted to £599,000 (2012: £1,080,000).

The Company's dividend policy has been to distribute all, or substantially all, of the available income each year. The Board recommends a dividend of 1.00p per Ordinary share. Subject to shareholders' approval at the forthcoming Annual General Meeting on 13th September 2013, the dividend will be payable on 19th September 2013 to shareholders on the register at 16th August 2013. Whilst this is a reduction on the 1.35p per Ordinary share paid last year, shareholders are reminded that the Company's investment objective, and thus the basis of the investment managers' decisions, is to provide shareholders with returns predominantly in the form of capital.

Asset Allocation

In accordance with the Company's investment policy, the investment managers have continued to be substantially invested in equities. As at 30th April 2013, the Company's portfolio had 2.4% in cash.

Share Repurchases and Issuance

At last year's Annual General Meeting ('AGM'), shareholders granted Directors authority to repurchase the Company's shares. During the financial year, the Company repurchased a total of 2,179,473 Ordinary shares into Treasury at a discount, thereby marginally enhancing NAV per share. The Board's objective remains to use the share repurchase authority to manage imbalances between the supply and demand of the Company's shares, thereby reducing the volatility of the discount. The Board believes this mechanism has been helpful and therefore proposes and recommends that powers to repurchase up to 14.99% of the Company's issued share capital be renewed for a further period.

Challenging market conditions have made it impossible to continue the share issuance at a premium, which the Company achieved in the period following flotation, and which benefits shareholders because it enhances NAV per share and improves liquidity in the market for the Company's shares. The Board intends to resume such issuance when market conditions permit, and therefore resolutions renewing the authorities to issue shares from Treasury and to issue new shares at a premium to NAV, and to disapply pre-emption rights over such issues, will be submitted for approval at the forthcoming AGM.

During the financial year, 700 Ordinary shares were issued upon conversion of Subscription shares. Post year end, a further 3,000 Ordinary shares were issued upon conversion of Subscription shares.

Annual General Meeting

The AGM will be held at Holborn Bars, 138-142 Holborn, London EC1N 2NQ on 13th September 2013 at 2.30 p.m. The meeting will include a presentation from the investment managers on investment policy and performance. There will also be an opportunity for shareholders to meet the Board and representatives of JPMorgan after the meeting.

If you wish to raise any detailed or technical questions at the Meeting, it would be helpful if you could mention them in advance by writing to the Company Secretary at Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ. Shareholders who are unable to attend the Meeting in person are encouraged to use their proxy votes.

General Meeting and Subscription Shareholders Class Meeting

Following the lapse of subscription rights attaching to the Subscription shares on 30th June 2013, a General Meeting and a separate Subscription shareholders Class Meeting will be held on 13th September 2013 following the conclusion of the 2013 AGM to seek shareholder approval for redesignation of the 8,210,724 outstanding Subscription shares as Deferred shares and the subsequent repurchase and cancellation of the Deferred shares immediately following such redesignation. The purpose of the proposals is to enable the Company to continue to be in a position to be approved as a UK investment trust following the lapse of the Subscription share rights. Until such approval is granted, the listing of the outstanding Subscription shares will be maintained, albeit suspended.

Outlook and Continuation Vote

The Company's Articles of Association require that shareholders vote on the continuation of the Company at every third Annual General Meeting ('AGM'). The first of these votes falls this year. The Board has evaluated the performance and progress of the Company over the last year and over the three years since incorporation.

The table on page 6 shows that the Company has outperformed the Company's benchmark across all three years since launch against a backdrop of some very challenging market conditions.

Chairman's Statement continued

The Directors are pleased to report that the Company's net asset value total return of positive 1.8% for the three years since inception in April 2010 comfortably outperformed the benchmark return of negative 8.6%. The Company's share price total return was negative 8.2% for the same period, reflecting the movement of share price from par to 7.2% discount to net asset value over the three years as the optimism surrounding emerging markets and in particular Brazil subsided.

The current rating of the Brazilian equity market reflects expectations of a lower rate of growth over the short and medium term than obtained in earlier years. As Brazil prepares to host two global sporting events over the next three years in the shape of the World Cup for football and the Olympic Games, the Board is mindful that the country's macro-economic uncertainties continue to challenge its near term outlook, as has been highlighted by the recent extensive street demonstrations. In particular, the exchange rate remains relatively high in the context of the slowdown in global rates of growth and the economy suffers from inefficiencies resulting from regulation and 'red tape'. Nevertheless, domestic consumption, an important driver of growth, remains resilient, supported by low levels of unemployment and the government's fiscal and other measures. As a result, current and expected rates of growth should continue to enable well run Brazilian companies to prosper, particularly in the sectors which are the focus of the Company's investment policy. Looking further ahead, recovery in global economic activity and in demand for the natural resources in which Brazil is rich should provide a more favourable background for the Brazilian economy.

The Board believes that the Company benefits from a well resourced and highly experienced investment management team that remains focused on a disciplined long-term investment approach to achieve superior medium to long-term returns for shareholders from a high conviction portfolio. They therefore believe that the proposal for the Company's continuation has merit and recommend that shareholders vote in favour of the resolution at the AGM on 13th September 2013, as they intend to do in respect of their own holdings.

Howard Myles
Chairman

18th July 2013

Investment Managers' Report

Luis Carrillo

Sebastian Luparia

Results

Over the course of the financial year the Brazilian market was almost flat with our benchmark index, the MSCI Brazil 10/40 Index in sterling, delivering a total return of 0.2%. Against this muted background, the Company performed well in relative terms, generating a total return of 2.7% in the year to the end of April 2013, outperforming the benchmark by 2.5%.

In the past year, the Brazilian equity market underperformed relative to its emerging market peers with the broad MSCI Emerging Markets Index, in sterling, producing a return of 9.0% in the period. Domestically, both demand and consumption remained strong but the market struggled with a weak industrial sector and pressure on commodity exports, particularly as a result of economic slowdown in China which is Brazil's largest trading partner. Further headwinds to economic growth and investor sentiment came from rising inflation and the disruptive effects of government intervention in the regulated sectors of the economy.

Since launch the Company's investment approach has focused on domestic demand and consumption. However, we cannot escape the effects of investor sentiment on the Brazilian equity market as a whole. Unfortunately sentiment towards Brazilian equity markets has been responding to corporate earnings which have been weak, particularly from the commodity producers who comprise a significant component of all Brazilian equity market indices, where profitability has been squeezed by softening commodity prices and rising costs.

In the longer term there are concerns that rising interest rates across the globe and a stronger US Dollar may have a further negative impact on these commodity exporters which have in recent years benefited from the trade and capital flows associated with rising commodity demand. Currently, it feels premature to see this scenario as an imminent threat to Brazil. Instead we expect opportunities from attractive valuations.

Details of the factors contributing to the Company's performance are shown on the table on page 6 which reveals that we had a good year in terms of our sector allocation, with underweight positions in the energy and materials sectors providing the greatest contribution to performance. A key contributor to these sectoral underweight positions has been our long term negative views of Vale, the mining and materials company and the partially state-owned energy company Petrobras. Petrobras has seen its return on equity, an important measure of profitability, fall from over 30% to single digits as it embarked on an aggressive capital expenditure programme to develop the deep-water 'pre-salt' reserves below Brazil's continental shelf. However, despite our longer term concerns, we have built a shorter term position in Petrobras reflecting our view that it currently offers good value at current prices.

Investment Managers' Report continued

An overweight position in another energy company, OGX, was the leading detractor from performance. We had seen OGX as a private sector alternative to Petrobras, developing less risky, shallow-water reserves. Unfortunately OGX was not able to meet its production targets and so we sold our position. Countering this, a number of consumer names were among the top contributors to the Company's return for the year. Of note were BR Malls, the leading developer and operator of shopping malls and BRF, a regional food processor.

The investment policy of the Company permits limited investment in Latin America outside of Brazil. Approximately 2% of the portfolio is invested outside Brazil in two holdings, Credicorp, a Peruvian Bank and Mexichem, a Mexican manufacturer of chemical and petrochemical products.

Performance attribution

Contributions to total return	12 months to 30th April 2013 %	%	12 months to 30th April 2012 %	%	26th April 2010 to 30th April 2011 %	%
Benchmark return		0.2		-13.0		5.3
Asset allocation	7.1		-0.9		5.0	
Stock selection	-2.6		4.5		3.9	
Gearing/cash	-0.3		-0.6		0.5	
Investment Manager's contribution		4.2		3.0		9.4
Portfolio return		4.4		-10.0		14.7
Management fee/other expenses	-1.6		-1.8		-3.7	
Performance fee	-0.3		–		–	
Share buybacks	0.2		–		–	
Share issues	–		–		1.0	
Other effects		-1.7		-1.8		-2.7
Portfolio return net of fees and expenses		2.7		-11.8		12.0
Exercise of Subscription shares		–		-0.2		-0.3
Undiluted return on net assets		2.7		-12.0		11.7
Dilution effect of potential exercise of remaining Subscription shares	–		0.9		-1.1	
Diluted return on net assets		2.7		-11.1		10.6
Impact of change in discount (-)/premium	-5.4		-4.2		-1.3	
Return to Ordinary shareholders		-2.7		-15.3		9.3

Source: Xamin/Datastream/Morningstar. All figures are on a total return basis.

Performance attribution analyses how the Company achieved its recorded performance relative to its benchmark.

A glossary of terms and definitions is provided on page 50.

Investment Activity

We continue to believe that the greatest investment opportunities can be found in mid-cap businesses with an orientation towards the domestic economy. Following this belief, we have positioned the portfolio to include companies with strong cash-generation that will benefit from the eventual rebound in economic activity.

We have been increasing our exposure to financial stocks since the second half of 2012 building a position in a sector which is a significant component of the portfolio and a large position relative to the benchmark's sector weightings. Earlier in 2012 the government applied pressure on the banking sector to boost lending by lowering margins at a time when there were already concerns over the quality of the loans being made. This lead to a de-rating of the banks which we saw as an attractive opportunity to add to this domestically-focussed sector as we believe that the larger Brazilian banks are well funded by deposits and have strong capital ratios. Hence we are less concerned about the evolution of the credit cycle.

During the year we initiated a position in Embraer, one of the largest aircraft manufacturers in the world, with a focus on the high growth regional and executive aviation sectors. We are encouraged by the earnings outlook and its supportive valuation. On the other hand, we sold our position in MRV, the largest Brazilian real-estate developer, which focussed on mass-market housing.

Outlook

If, for investors in Brazil, the last decade was about commodities, the opportunities in the next decade will lie in consumption and infrastructure investment. This shift within the Brazilian economy reinforces our preference among Brazilian equities for domestically oriented growth businesses, particularly industrials, financials and consumer stocks. We also believe that commodity businesses will continue to face the dual pressures of increased costs and ongoing capital expenditures.

The likely catalyst for change in this attractively valued market will be some combination of less government intervention in the private sector, supply-side reforms to free up the economy, a peak in inflation and a re-acceleration in growth. We believe Brazil will see progress in most of these areas over the course of the next year.

Luis Carrillo
Sebastian Luparia
Investment Managers 18th July 2013

Summary of Results

	2013	2012	
Total returns for the year ended 30th April			
'Unit' return to shareholders[1]	**–6.4%**	–15.8%	
Return to Ordinary shareholders	**–2.7%**	–15.3%	
Undiluted return on net assets[2]	**+2.7%**	–12.0%	
Diluted return on net assets[2,3]	**+2.7%**	–11.1%	
Benchmark[4]	**+0.2%**	–13.0%	
			% change
Net asset value, share price and discount			
Net assets (£'000)	**56,506**	57,966	–2.5
Ordinary shares in issue (excluding shares held in Treasury)	**58,272,943**	60,451,716	–3.6
Subscription shares in issue	**8,213,724**	8,214,424	0.0
Undiluted net asset value per Ordinary share	**97.0p**	95.9p	1.1
Diluted net asset value per Ordinary share[3]	**97.0p**	95.9p	1.1
Ordinary share price	**90.0p**	94.0p	–4.3
Subscription share price	**3.6p**	22.5p	–84.0
Ordinary share price discount to diluted net asset value per Ordinary share	**(7.2)%**	(2.0)%	
Revenue for the year ended 30th April			
Gross revenue attributable to Ordinary shareholders (£'000)	**1,605**	2,156	–25.6
Net revenue attributable to Ordinary shareholders (£'000)	**599**	1,080	–44.5
Return per Ordinary share	**1.01p**	1.76p	–42.6
Dividend per Ordinary share	**1.00p**	1.35p	–25.9
Gearing/(net cash) at 30th April[5]	**(4.2)%**	(5.6)%	
Ongoing charges[6]	**1.67%**	1.56%	

A glossary of terms and definitions is provided on page 50.

[1]A Unit comprises 5 Ordinary shares and 1 Subscription share.

[2]Source: J.P. Morgan.

[3]Return on net assets calculated using the diluted net asset value, which assumes that all outstanding Subscription shares were converted into Ordinary shares at the year end. At 30th April 2013, the Subscription shares have no dilutive effect as the Ordinary share price was below the Subscription share conversion price at that date.

[4]Source: Datastream. The Company's benchmark is the MSCI Brazil 10/40 Index, with net dividends reinvested, in sterling terms.

[5]Gearing represents the excess amount above shareholders' funds of total assets (including net current assets/liabilities) less cash/cash equivalents, expressed as a percentage of the shareholders' funds. If the amount so calculated is negative, this is shown as a 'net cash' position.

[6]Management fee and all other operating expenses excluding performance fee, expressed as a percentage of the average daily net assets during the year.

Ten Largest Holdings

at 30th April 2013

Company	Sector	2013 Valuation £'000	2013 %[1]	2012 Valuation £'000	2012 %[1]
Petroleo Brasileiro ADS[3] Explores for and produces oil and natural gas.	Energy	**5,678**	**10.1**	–	–
Itaú Unibanco ADR Attracts deposits and offer retail, commercial, corporate, and private banking services.	Financials	**5,437**	**9.6**	1,926	3.3
BRF Brasil Foods ADR Food processor in Latin America. The company raises chickens to produce poultry products. Brasil Foods also processes frozen pastas, soybeans and their derivatives, and distributes frozen vegetables.	Consumer Staples	**3,766**	**6.7**	1,797	3.1
Banco Bradesco ADR Attracts deposits and offers commercial banking services.	Financials	**2,772**	**4.9**	2,114	3.6
Valid Soluções e Serviços de Segurança em Meios de Pagamento e Identificação Offers commercial banking services.	Consumer Discretionary	**2,580**	**4.6**	1,983	3.4
BM&F Bovespa SA Bolsa de Valores[2] Combines activities of BOVESPA, the Brazilian Stock Exchange, and BM&F, the futures and commodities exchange.	Financials	**1,985**	**3.5**	1,098	1.9
Gerdau The company produces speciality, rolled, and drawn steel products.	Materials	**1,760**	**3.1**	1,945	3.4
Duratex[2] The company produces wood products and brass and ceramic bathroom fixtures.	Materials	**1,750**	**3.1**	799	1.4
Eternit[2] Manufactures and distributes construction materials in Brazil.	Materials	**1,722**	**3.0**	1,385	2.4
Lojas Renner[2] Designs, develops and sells women's, men's, teen and children's quality and fashionable apparel, footwear and intimate apparel under the eleven private brands of its Lifestyle concept.	Consumer Discretionary	**1,714**	**3.0**	1,721	3.0
Total		**29,164**	**51.6**		

[1]Based on total assets less current liabilities of £56.5m (2012: £58.0m).
[2]Not within ten largest investments at 30th April 2012.
[3]Not held in the portfolio at 30th April 2012.
[4]At 30th April 2012, the value of the ten largest investments amounted to £21.5m representing 37.1% of total assets less current liabilities.

Year-on-year movements in valuation reflect the effect of sales and purchases as well as changes in share prices.

Sector Analysis
at 30th April 2013

	30th April 2013		30th April 2012	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Financials	**31.6**	**28.2**	23.9	25.0
Industrials	**16.4**	**7.1**	15.1	5.0
Consumer Staples	**13.2**	**14.7**	15.8	14.7
Consumer Discretionary	**10.7**	**6.0**	14.1	5.1
Energy	**10.0**	**13.1**	7.0	12.7
Materials	**9.8**	**15.5**	9.6	17.6
Health Care	**1.7**	**1.1**	3.4	1.1
Utilities	**1.5**	**7.4**	4.4	9.3
Information Technology	**1.0**	**3.1**	–	4.3
Telecommunication Services	**–**	**3.8**	0.5	5.2
Liquidity Fund	**1.7**	**–**	–	–
Net current assets	**2.4**	**–**	6.2	–
Total	**100.0**	**100.0**	100.0	100.0

[1]Based on total assets less current liabilities of £56.5m (2012: £58.0m).

List of Investments

at 30th April 2013

Company	Valuation £'000
Financials	
Itaú Unibanco ADR	5,437
Banco Bradesco ADR	2,772
BM&F Bovespa Sa Bolsa de Valores	1,985
BR Properties	1,299
Banco do Estado do Rio Grande do Sul	1,218
Itaúsa Investimentos Itaú	1,073
Brasil Brokers Participações	1,025
Banco do Brasil	983
Credicorp[1] (*Peruvian*)	793
Brasil Insurance Participações	688
Iguatemi Empresa de Shopping	596
Total Financials	**17,869**
Industrials	
Marcopolo	1,563
Embraer ADR	1,307
Eucatex Industria e Comercio	1,271
Iochpe-Maxion	1,089
Localiza Rent a Car	1,007
Multiplus	881
Mills Estruturas e Serviços	796
Randon Implementos e Participações	692
Wilson Sons	644
Total Industrials	**9,250**
Consumer Staples	
BRF Brasil Foods ADR	3,766
Companhia de Bebidas das Américas ADR	1,618
Drogasil	902
Companhia Brasileira de Distribuição ADR	607
Souza Cruz	573
Total Consumer Staples	**7,466**
Consumer Discretionary	
Valid Soluções e Serviços de Segurança em Meios de Pagamento e Identificaçao	2,580
Lojas Renner	1,714
Alpargatas Preference	1,289
Fras-Le	466
Total Consumer Discretionary	**6,049**

Company	Valuation £'000
Energy	
Petroleo Brasileiro ADS	5,678
Total Energy	**5,678**
Materials	
Gerdau	1,760
Duratex	1,750
Eternit	1,722
Mexichem[1] (*Mexican*)	283
Total Materials	**5,515**
Health Care	
Odontoprev	943
Total Health Care	**943**
Utilities	
Cia Energetica Minas Gerais	826
Total Utilities	**826**
Information Technology	
Cielo	592
Total Information Technology	**592**
Liquidity Fund	
JPMorgan US Dollar Liquidity Fund	964
Total Liquidity Fund	**964**
Total Investment Portfolio	**55,152**

[1]Non-Brazilian holdings which total two.

The portfolio comprises investments in equity shares, ADRs, ADS and a liquidity fund.

Board of Directors

Howard Myles

Chairman since 24th February 2010.

Remuneration: £30,000 (with effect from 1 May 2013).

Qualifications for Board Membership: He was a partner in Ernst & Young from 2001 until June 2007 and was responsible for the investment funds corporate advisory team. He was previously with UBS Warburg from 1987 to 2001. Mr. Myles began his career in stockbroking in 1971 as an equity salesman and joined Touche Ross in 1975 where he qualified as a chartered accountant. In 1978 he joined W. Greenwell & Co. in the corporate broking team and in 1987 moved to SG Warburg Securities where he was involved in a wide range of commercial and industrial transactions in addition to leading Warburg's corporate finance function for investment funds. He is a fellow of the Institute of Chartered Accountants in England and Wales and of The Chartered Securities Institute. He is currently a non-executive director of Blackrock Hedge Selector Limited, Aberdeen Private Equity Fund Ltd, Baker Steel Resources Trust, The World Trust Fund, Small Companies Dividend Trust plc and Bilfinger Berger Global Infrastructure SICAV S.A.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: nil.

Mark Bridgeman

Chairman of the Audit Committee.

A Director since 24th February 2010.

Remuneration: £27,000 (with effect from 1 May 2013).

Qualifications for Board Membership: He was Global Head of Research at Schroders PLC until late 2008, when he left to manage his own family farming business. Over the course of 19 years spent at Schroders he worked both as an investment analyst and fund manager in the UK and around the world, where his roles included being an Emerging Markets fund manager and Head of Emerging Markets research. Since leaving Schroders he has taken on a number of non-executive and advisory roles within the investment trust, private equity, land management and charity sectors. He is currently a non-executive director of The Eastern European Trust plc and The Law Debenture Trust Corporation plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 11,396 Ordinary Shares.

Victor Bulmer-Thomas

A Director since 24th February 2010.

Remuneration: £24,000 (with effect from 1 May 2013).

Qualifications for Board Membership: He is currently a non executive director of New India Investment Trust PLC. From 2001 to 2006 he was the Director of Chatham House. From 1992 to 1998 he was the Director of the Institute of Latin American studies at the University of London. He was made a Commander of the Order of the Southern Cross by the Brazilian government in 1998.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 50,500 Ordinary Shares.

All Directors are members of the Audit Committee and are considered independent of the Manager.

Directors' Report

The Directors present their report for the year ended 30th April 2013.

Business Review

JPMorgan Brazil Investment Trust plc was incorporated on 1st February 2010 and launched as an investment trust on 26th April 2010.

Business of the Company

The Company carries on business as an investment trust and was approved by HM Revenue & Customs as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 for the year ended 30th April 2012. In the opinion of the Directors, the Company has subsequently conducted its affairs so that it should continue to qualify as an investment trust under the HM Revenue & Customs' qualifying rules.

Approval in previous years is subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 2 to 4, and in the Investment Managers' Report on pages 5 to 7.

Investment Objective and Policies

The Company's objective is to provide shareholders with long term total returns, predominantly comprising capital growth but with the potential for income, by investing primarily in Brazilian focused companies.

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions.

- The Company invests primarily in Brazilian companies and those incorporated or listed outside Brazil whose Brazilian operations constitute a material part of their business. Up to 10% of assets may be invested in companies focused on other Latin American countries.
- There is no limit placed on the market capitalisation or sector of any investee companies. However, the Company may reduce its equity holdings to a minimum of 60% of its gross assets if it is considered to be beneficial to performance.
- The Company may invest in listed or unlisted securities or equity-linked securities, in addition to fixed income bonds. Unlisted securities will not exceed 10% of gross assets at the time of investment.
- The Company may invest no more than 15% of gross assets in any one company or group at the time of investment.
- The Company may invest no more than 10% of gross assets in other UK listed investment companies (including investment trusts) at the time of investment.

Compliance with the Board's investment restrictions and guidelines is monitored continuously by the Manager and is reported to the Board on a monthly basis.

Performance

In the year to 30th April 2013, the Company produced a portfolio return of 4.4% pre-expenses and share buy backs, compared with the return on the Company's benchmark index of 0.2%. Portfolio return net of fees and expenses was 2.7%. At 30th April 2013, the value of the Company's investment portfolio was £55.2 million (2012: £54.4 million). The Investment Managers' Report on pages 5 to 7 includes a review of developments during the period as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross total return amounted to £2.3 million (2012: £7.0 million loss) and net total return after deducting administrative expenses and taxation, amounted to £1.2 million (2012: £8.1 million loss). Distributable income for the year amounted to £0.6 million (2012: £1.1 million).

The Directors recommend a final dividend of 1.00p (2012: 1.35p) per Ordinary share payable on 19th September 2013 to holders on the register at the close of business on 16th August 2013. This dividend will cost £583,000 (2012: £816,000) and the revenue reserve after allowing for the dividend will amount to £438,000 (2012: £399,000).

Key Performance Indicators ('KPIs')

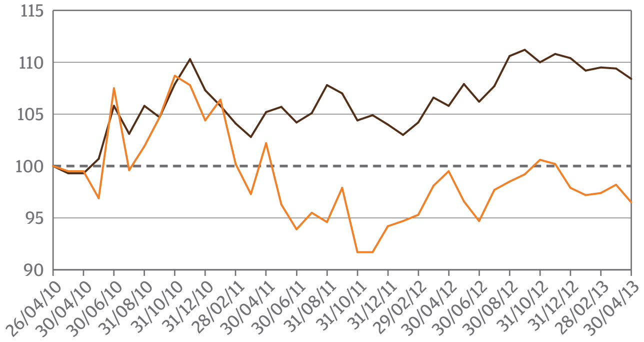
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

- **Performance against the benchmark**
  This is the most important KPI by which performance is judged.

Directors' Report continued

Performance Relative to Benchmark

Figures have been rebased to 100 at 26th April 2010



Source: Morningstar/MSCI.

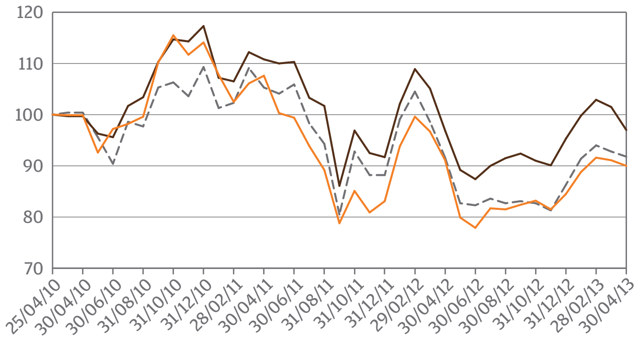
JPMorgan Brazil – Ordinary share price.

JPMorgan Brazil – diluted net asset value per Ordinary share.

The Company's benchmark (represented by the grey dotted line) is the MSCI Brazil 10/40 Index, with net dividends reinvested, in sterling terms.

Performance since Inception

Figures have been rebased to 100 at 25th April 2010



Source: Morningstar/MSCI.

JPMorgan Brazil – Ordinary share price.

JPMorgan Brazil – diluted net asset value per Ordinary share.

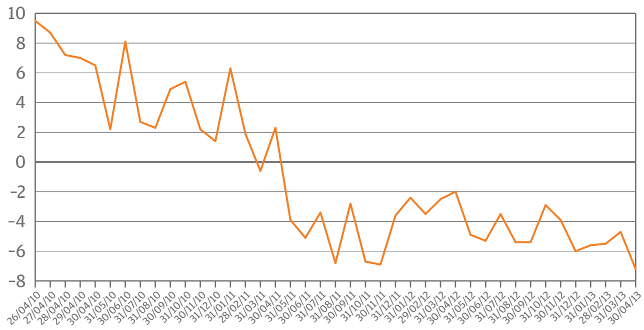
Benchmark.

- **Performance against the Company's peers**
  The principal objective is to achieve capital growth relative to the benchmark. However, the Board also monitors performance compared with a broad range of competitor funds.

- **Share price premium/(discount) to net asset value ('NAV') per share**
  The Board has adopted a share repurchase policy that seeks to address imbalances in supply of and demand for the Company's shares in the market and thereby seeks to manage the volatility and absolute level of the premium or discount to NAV per share at which the Company's shares trade. The Board's intention is to use its share repurchase and issuance powers with the aim of establishing a reasonably stable long term level of premium or discount. In the year to 30th April 2013, the shares traded between a premium of 1.2% and a discount of 7.9%.

  In addition, a tender offer may be triggered if the Ordinary shares have traded on average at a discount of more than 5% to the Net Asset Value per Ordinary share in the 30 calendar days ending on 31st July and 31st January in each year. If such a discount arises in any calculation period, the Board, subject to its overriding discretion not to proceed with a tender offer at any time and to the satisfaction of any relevant conditions, will seek to procure that there will be a tender offer for 15% of the then outstanding issued ordinary share capital on each such occasion. The price at which the Ordinary shares will be acquired will be determined by the Board at the time but it is currently intended to reflect the costs of realising the Company's investments in order to generate cash proceeds for exiting investors less an additional exit charge of 2% of this price.

Premium (+)/Discount (–)



Source: Datastream.

JPMorgan Brazil – Ordinary share price premium/(discount) to diluted net asset value per Ordinary share.

- **Ongoing Charges**
  The Ongoing Charges represents the Company's management fee and all other operating expenses excluding performance fee, expressed as a percentage of the average daily net assets during the year. The Ongoing Charges for the year were 1.67% (2012: 1.56%). The Board pays close attention to the level of expenses.

Share Capital

The Company has authority to issue new shares, to repurchase shares into Treasury and to repurchase shares for cancellation.

During the year, the Company repurchased a total of 2,179,473 Ordinary shares into Treasury, this represented 3.61% of the issued share capital. The Company will reissue shares held in Treasury only at a premium to NAV. There were nil shares repurchased for cancellation.

During the year the Company issued 700 Ordinary shares following the conversion of Subscription shares for a total consideration of £700. Details of the Subscription shares, including the apportionment of base cost for capital gains tax purposes and how they may be exercised, are given on page 37 of this report.

Resolutions to renew the authority to repurchase shares and issue new shares will be put to shareholders at the forthcoming Annual General Meeting. More details are given on page 47 and the full text of the resolutions is set out in the Notice of Meeting on pages 47 and 49.

Principal Risks

With the assistance of the Manager, JPMorgan Asset Management (UK) Limited ('JPMAM'), the Board has drawn up a risk matrix, which identifies the key risks to the Company. These key risks fall broadly into the following categories:

- Investment and Strategy: An inappropriate investment strategy, for example asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments through its investment restrictions and guidelines, which are monitored and reported on. JPMAM provides the Directors with timely and accurate management information, including performance data and attribution analysis, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the investment managers who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The investment managers would be free to employ the Company's gearing tactically, within a strategic range set by the Board. The Board holds a separate meeting devoted to strategy each year. In addition to the regular Board meetings, the Board visits Brazil on an annual basis to discuss strategy and consider all relevant aspects of investment in Brazil.
- Financial: The financial risks faced by the Company include foreign currency risk, interest rate risk, other price risk, liquidity risk and credit risk. Further details are disclosed in note 21 on pages 40 to 45 .
- Accounting, Legal and Regulatory: In order to qualify as an investment trust, the Company must comply with Section 1158. Details of the Company's approval are given under 'Business of the Company' above. Were the Company to breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio could be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by JPMAM and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules. A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, JPMAM to ensure compliance with the Companies Act 2006 and the UKLA Listing Rules and DTRs.
- Corporate Governance and Shareholder Relations: Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out on pages 18 to 19.
- Operations: Disruption to, or failure of, JPMAM's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by JPMAM and its associates and the key elements designed to provide effective risk management and internal control are included on pages 21 and 22.
- Political and Economic: Changes in financial or tax legislation, including in Brazil, may adversely affect the Company. The Manager makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. In addition, the Company is subject to administrative risks, such as the imposition of restrictions on the free movement of capital.

Directors' Report continued

Future Developments

The future development of the Company depends on the success of the Company's investment strategy. The investment managers discuss the outlook in their report on page 7.

Management of the Company

The Manager and Secretary is JPMAM. JPMAM is a wholly owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides banking, dealing and custodial services to the Company.

The Board conducts a formal evaluation of the Manager on an annual basis. The evaluation includes consideration of the investment strategy and process of the Manager, performance against the benchmark over the long term and the support that the Company receives from JPMAM. As a result of the evaluation process, the Board is of the opinion that the continuing appointment of the Manager is in the interests of the shareholders.

Management Fee

JPMAM is employed under a contract which is subject to six months' notice of termination. If the Company wishes to terminate the contract on less than six months' notice, the balance of the six months' remuneration is payable by way of compensation.

Under the terms of the Management Agreement, the management fee is charged at the rate of 1.0% per annum of the Company's total assets less current liabilities. The fee is calculated and paid monthly in arrears. Investments made by the Company in investment funds on which the Manager or a member of its group earns a fee are excluded from the calculation and therefore attract no management fee.

In addition, the Manager is entitled to receive a performance fee equivalent to 10% of any outperformance of the Company's Net Asset Value per Ordinary share (on a total return basis) over the Company's benchmark index, the MSCI Brazil 10/40 Index (in sterling terms) with net dividends reinvested, over a performance fee measurement period. A performance fee measurement period ends, and restarts, at a financial year end when outperformance of the Company's benchmark has been achieved and a performance fee earned. That is, the period may be more than one year. The maximum performance fee that can be paid to the Manager in any one year is capped at 1.0% of the Company's average monthly total assets less current liabilities, and in a year when the Company produces a negative net asset value total return per share, this amount will be accrued but not paid. Any amount earned in excess of this cap will be carried forward and will be offset against any underperformance in future years. During the year ended 30th April 2013, the Company produced a positive net asset value total return per share, and outperformed its benchmark index. As a result, a performance fee amounting to £145,000 has been earned in the current year which, when added to the balance brought forward of £70,000, gives a performance fee payable in the current year of £215,000.

Going Concern

The Directors believe, having considered the Company's investment objective (see page 13), risk management policies (see pages 40 to 45), capital management policies and procedures (see page 46), the nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

A resolution that the Company continues in existence will be put to shareholders at the forthcoming Annual General Meeting on 13th September 2013. Based on soundings from shareholders, the Directors have no reason to believe that the proposed resoution will not be passed.

Payment Policy

It is the Company's policy to obtain the best terms for all business and therefore there are no standard payment terms. In general, the Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by these terms. As at 30th April 2013, the Company had no outstanding trade creditors (2012: None).

Directors

The Directors of the Company who held office during the year, together with their beneficial interests in the Company's shares are shown below.

Ordinary Shares

Directors	30th April 2013	30th April 2012
Howard Myles	–	–
Mark Bridgeman	11,396	11,396
Victor Bulmer-Thomas	50,500	13,500
	61,896	**24,896**

Subscription Shares

Directors	30th April 2013	30th April 2012
Howard Myles	–	–
Mark Bridgeman	–	–
Victor Bulmer-Thomas	–	–
	–	–

No changes in the above holdings have been recorded by any Director to the date of this report.

Mark Bridgeman will stand for reappointment at the forthcoming Annual General Meeting.

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity, as defined by Section 234 of the Companies Act 2006. The indemnities were in place during the period and as at the date of this report.

An insurance policy is maintained by the Company which indemnifies the Directors of the Company against potential liabilities arising in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

Disclosure of information to the Auditor

In the case of each of the persons who are Directors of the Company at the time when this report was approved:

(a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware, and

(b) each of the Directors has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

The above confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Section 992 Companies Act 2006

The following disclosures are made in accordance with Section 992 of the Companies Act 2006.

Capital Structure
The Company's capital structure is summarised on the 'Features' page.

Voting Rights in the Company's shares
Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of Meeting on page 49.

Environmental Matters, Social and Community Issues

Information on environmental matters, social and community issues is set out on page 22. The Company has no employees.

Notifiable Share Interests
At the financial year-end, the following had declared a notifiable interest in the Company's voting rights:

Ordinary shares Shareholders	Number of shares held	%
JPMorgan Chase & Co	9,446,659	15.3
Rathbone Investment Management Ltd	3,534,190	5.7
Brewin Dolphin Limited	2,647,156	4.3
Investec Wealth & Investment Ltd	2,045,992	3.3

Subscription shares Shareholders	Number of shares held	%
JPMorgan Chase & Co	666,328	8.1
Rathbone Investment Management Ltd	644,222	7.8
Investec Wealth & Investment Ltd	204,530	2.5

The Company is also aware that approximately 18% of the Company's total voting rights are held by individuals through savings products managed by JPMAM and registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under most circumstances JPMAM has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

The rules concerning the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements known to the Company between holders of securities regarding their transfer;

Directors' Report continued

no agreements which the Company is party to that affect its control following a takeover bid; and no agreements between the Company and its directors concerning compensation for loss of office.

Independent Auditor

Ernst & Young LLP have expressed their willingness to continue in office as auditor to the Company and a resolution proposing their reappointment and to authorise the Directors to agree their remuneration for the ensuing year will be put to shareholders at the forthcoming Annual General Meeting.

Annual General Meeting

NOTE: THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

(i) Authority to allot relevant Securities (resolution 6)
The Directors will seek authority at the Annual General Meeting to issue new shares equivalent to 30% of the present issued share capital. This authority will remain in effect until the Annual General Meeting in 2014 unless renewed at an earlier general meeting. The full text of the resolution is set out in the Notice of Meeting on page 47.

The Directors intend to use this authority when they consider that it is in the best interests of shareholders to do so and to satisfy continuing demand for the Company's Ordinary shares. It is also advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to participants purchasing shares through the JPMorgan savings products. As such issues are only made at prices greater than the NAV, they are not dilutive. They increase the assets underlying each share and spread the Company's administrative expenses, other than the management fee which is charged on the value of the Company's assets, over a greater number of shares.

(ii) Disapplication of pre-emption rights (resolution 7)
Resolution 7 seeks authority to disapply statutory pre-emption rights on any issues of new shares. This avoids the legal requirement to offer them pro rata to all shareholders. The full text of the resolution is set out in the Notice of Meeting on page 47.

(iii) Authority to repurchase the Company's shares (resolution 8)
A resolution will be proposed at the Annual General Meeting that the Company be authorised to purchase in the market up to 14.99% of the Company's issued share capital as at the date of the passing of this resolution using its distributable reserves.

The decision as to whether the Company repurchases any shares will be at the discretion of the Board and purchases will be made in the market and at prices below the prevailing net asset value per share. Under the rules of the London Stock Exchange, the maximum price that may be paid on a purchase by a company of its shares under a general authority is 105% of the average of the middle market quotations of the shares for the five business days immediately before the day on which the purchase is made. The minimum price that the Company will pay for a share will be one pence (the nominal value of each share). The Company will utilise the authority to purchase shares on an ad hoc basis by either a single purchase or a series of purchases as and when market conditions are appropriate.

The authority to purchase shares will last until the Annual General Meeting in 2014 or until the whole of the 14.99% has been acquired, whichever is the earlier. The authority may be renewed by shareholders at any time at a general meeting.

(iv) Continuation vote (resolution 9)
The Directors recommend that the Company continues in existence as an investment trust for a further three year period.

Recommendation
The Board considers that resolutions 6 to 9 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommended that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

Corporate Governance

Compliance
The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 24, indicates how the Company has applied the principles of good governance of the Financial Reporting Council's UK Corporate Governance Code (the 'UK Corporate Governance') and the AIC's Code of Corporate Governance (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

The Board is responsible for corporate governance and considers that the Company has complied with the best practice provisions of the UK Corporate Governance Code, insofar as they are relevant to the Company's business, and the AIC Code throughout the period under review and up to the date of approval of the annual report and accounts.

Role of the Board

A management agreement between the Company and JPMAM sets out the matters which have been delegated to the Manager. This includes management of the Company's assets and the provision of accounting, company secretarial, administration, and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements.

The Board has procedures in place to deal with potential conflicts of interest and, following the introduction of the Bribery Act 2010, has adopted appropriate procedures designed to prevent bribery. It confirms that the procedures have operated effectively during the period under review.

The Board meets on at least four occasions during the year and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, JPMAM, which is responsible to the Board for ensuring that Board procedures are followed and for compliance with applicable rules and regulations.

Board Composition

The Board consists of three non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager and Secretary. The Directors have a breadth of investment, business and financial skills and experience relevant to the Company's business. Brief biographical details of each Director are set out on page 12.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which may be found below. The Board has considered whether a senior independent director should be appointed and has concluded that, as the Board is composed entirely of non-executive directors, this is unnecessary at present. However, the Chairman of the Audit Committee leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter, a Director's appointment runs for a term of three years. In the light of the performance evaluation carried out each year, the Board will decide whether it is appropriate for the Director to seek an additional term. A Director's continuing appointment is subject to re-election by shareholders on retirement by rotation in accordance with the Company's Articles of Association.

The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees.

The Company's Articles of Association require that Directors stand for re-election at least every three years.

The Board recommends the reappointment of Howard Myles following a performance review conducted by the Audit Committee which concluded that he continues to add value to the Board.

The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the Annual General Meeting.

Meetings and Committees

The Board delegates certain responsibilities and functions to a Committee. Details of membership of the Committee are shown with the Directors' profiles on page 12.

Directors' Report continued

The table below details the number of Board and Audit Committee meetings attended by each Director. During the period under review there were four Board meetings, as well as a private meeting of the Directors to evaluate the Manager and three Audit Committee meetings.

Director	Board Meetings Held (Attended)	Audit Committee Meetings Held (Attended)
Mark Bridgeman	4 (4)	3 (3)
Victor Bulmer-Thomas	4 (4)	3 (3)
Howard Myles	4 (4)	3 (3)

In addition, there were a number of other ad hoc meetings for administrative purposes.

Training and Appraisal
On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter regular briefings are provided on changes in regulatory requirements that affect the Company and Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts.

The Board has agreed procedures for the formal evaluation of the Manager, its own performance and that of the Audit Committee and individual Directors. Questionnaires, drawn up by the Board, are completed by each Director. The responses are collated and then discussed at a private meeting of the Audit Committee. The evaluation of individual Directors is led by the Chairman, on the basis of the questionnaires, and the Audit Committee Chairman leads the evaluation of the Chairman's performance.

Board Committee

Audit Committee
The Audit Committee, chaired by Mark Bridgeman, and comprising all the independent Directors, meets at least three times each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual accounts and the Company's compliance with the UK Corporate Governance Code. It reviews the terms of the management agreement and examines the effectiveness of the Company's risk management and internal control systems, receives information from the Manager's Compliance department and reviews the scope and results of the external audit, its cost effectiveness, the balance of audit and non-audit services, and the independence and objectivity of the external Auditor. Representatives of the Company's Auditor attend the Committee meeting at which the draft annual report and accounts are considered. The Directors' statement on the Company's system of risk management and internal control is set out on pages 21 and 22.

The Committee fulfils the role of a Nomination Committee in ensuring that the Board has an appropriate balance of skills to carry out its fiduciary duties and to select and propose suitable candidates when necessary for appointment. A variety of sources, including external search consultants, may be used to ensure that a wide range of candidates is considered.

The Committee undertakes an annual performance evaluation to ensure that all its members have devoted sufficient time and contributed adequately to the work of the Board. In the light of these evaluations, the Committee makes recommendations to the Board concerning the reappointment by shareholders of any Director under the 'retirement by rotation' provisions in the Company's Articles of Association. The Committee also reviews Directors' fees and makes recommendations to the Board as and when required.

On an annual basis each Director submits a list of potential conflicts of interest for approval. These are considered carefully, taking into account the circumstances surrounding them and, if considered appropriate, are approved for a period of one year.

Terms of Reference
The Audit Committee has written terms of reference which define clearly its responsibilities. Copies are available for inspection on request at the Company's registered office and at the Annual General Meeting.

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders twice a year by way of the Annual Report and Accounts and the Half Year Report. This is supplemented by daily publication, through the London Stock

Exchange, of the net asset value of the Company's shares. Shareholders may also visit the Company's website at www.jpmbrazil.co.uk, where the share price is updated every 15 minutes during trading hours.

All shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting, at which the Directors and representatives of the Manager are available in person to meet shareholders and answer their questions, and a presentation is given by the investment managers, who review the Company's performance. During the year the Company's brokers, the investment managers, and JPMAM hold regular discussions with larger shareholders and make the Board fully aware of their views. The Chairman and Directors make themselves available as and when required to support these meetings and to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 53.

The Company's Annual Report and Accounts is published in time to give shareholders at least 21 days' notice of the Annual General Meeting. Shareholders who cannot attend the meeting but wish to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 53.

Details of the proxy voting position on each resolution will be published on the Company's website shortly after the Annual General Meeting.

Risk Management and Internal Control

The UK Corporate Governance Code requires the Directors, at least annually, to review the effectiveness of the Company's system of risk management and internal control and to report to shareholders that they have done so. This encompasses a review of all controls, which the Board has identified as including business, financial, operational, compliance and risk management controls.

The Directors are responsible for the Company's system of risk management and internal control, which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material mis-statement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by JPMAM and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by JPMAM and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. The Company does not have an internal audit function of its own, but relies on the internal audit department of JPMAM, and the Board keeps this arrangement under review. The key elements designed to provide effective risk management and internal control are as follows:

Financial Reporting – Regular and comprehensive review by the Board of key investment and financial data, including management accounts, revenue projections, analysis of transactions and performance comparisons.

Management Agreement – Appointment of a manager and custodian regulated by the Financial Conduct Authority (FCA), whose responsibilities are clearly defined in a written agreement.

Management Systems – The Manager's system of risk management and internal control includes organisational agreements which clearly define the lines of responsibility, delegated authority, control procedures and systems. These are monitored by JPMAM's Compliance Department which regularly monitors compliance with FCA rules.

Investment Strategy – Authorisation and monitoring of the Company's investment strategy and exposure limits by the Board.

The Board, either directly or through the Audit Committee, keeps under review the effectiveness of the Company's system of risk management and internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

- the Board, through the Audit Committee, reviews the terms of the management agreement and regular reports from JPMAM's Compliance department;
- the Board reviews the report on the risk management and internal controls and operations of its custodian, JPMorgan Chase Bank, which is itself independently reviewed; and
- the Directors review every six months an independent report on the risk management and internal controls and the operations of JPMAM.

Directors' Report continued

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 30th April 2013, and to the date of approval of this Annual Report and Accounts.

The Board confirms that any failings or weaknesses identified during the course of its review of the system of risk management and internal control were not significant and did not impact the Company.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM. The following is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board.

Corporate Governance

JPMAM believes that corporate governance is integral to our investment process. As part of our commitment to delivering superior investment performance to our clients, we expect and encourage the companies in which we invest to demonstrate the highest standards of corporate governance and best business practice. We examine the share structure and voting structure of the companies in which we invest, as well as the board balance, oversight functions and remuneration policy. These analyses then form the basis of our proxy voting and engagement activity.

Proxy Voting

JPMAM manages the voting rights of the shares entrusted to it as it would manage any other asset. It is the policy of JPMAM to vote in a prudent and diligent manner, based exclusively on our reasonable judgement of what will best serve the financial interests of our clients. So far as is practicable, we will vote at all of the meetings called by companies in which we are invested.

Stewardship/Engagement

JPMAM recognises its wider stewardship responsibilities to its clients as a major asset owner. To this end, we support the introduction of the FRC Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies. Under the Code, managers should:

- *publicly disclose their policy on how they will discharge their stewardship responsibilities to their clients;*
- *disclose their policy on managing conflicts of interest;*
- *monitor their investee companies;*
- *establish clear guidelines on how they escalate engagement;*
- *be willing to act collectively with other investors where appropriate;*
- *have a clear policy on proxy voting and disclose their voting record; and*
- *report to clients.*

JPMAM endorses the Stewardship Code for its UK investments and supports the principles as best practice elsewhere. We believe that regular contact with the companies in which we invest is central to our investment process and we also recognise the importance of being an 'active' owner on behalf of our clients.

Social & Environmental

JPMAM believes that companies should act in a socially responsible manner. Although our priority at all times is the best economic interests of our clients, we recognise that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists within JPMAM's environmental, social and governance ('ESG') team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their industry.

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our detailed approach to how we implement the principles is available on request. JPMAM is also a signatory to Carbon Disclosure Project. JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website: http://www.jpmorganinvestmenttrusts.co.uk/governance, which also sets out its approach to the seven principles of the FRC Stewardship Code, its policy relating to conflicts of interest and its detailed voting record.

By order of the Board
Divya Amin, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary

18th July 2013

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Section 421 of the Companies Act 2006. An ordinary resolution to approve this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited they are indicated as such. The auditor's opinion is included in their report on page 25.

Directors' Remuneration[1]

Director's Name	2013 £	2012 £
Howard Myles	**25,000**	25,000
Mark Bridgeman	**23,000**	23,000
Victor Bulmer-Thomas	**20,000**	20,000
Total	**68,000**	68,000

[1]Audited information.

The total Directors' fees of £68,000 (2012: £68,000) were all paid to Directors and £nil (2012: £nil) paid to third parties for making available the services of Directors.

The level of Directors' fees since launch of the Company in April 2010 had remained unchanged. Following the Audit Committee's review of the Directors' fees, with effect from 1st May 2013, Directors' fees were raised to £30,000 per annum for the Chairman, £27,000 per annum for the Chairman of the Audit Committee and £24,000 per annum for each other Director.

The Board's policy for this and subsequent years is that Directors' fees should properly reflect the time spent by the Directors on the Company's business and should be at a level to ensure that candidates of a high calibre are recruited to the Board. The Chairman of the Board and the Chairman of the Audit Committee are paid higher fees than the other Director, reflecting the greater time commitment involved in fulfiling these roles.

As all of the Directors are non-executive, the Board has not established a Remuneration Committee or a Nomination Committee. Instead, the Audit Committee reviews Directors' fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on information provided by the Manager, JPMAM, and relevant third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The Directors' fees are not performance-related. Any increase in the present permitted aggregate fee level of £175,000 per annum requires both Board and shareholder approval.

The terms and conditions of Directors' appointments are set out in formal letters of appointment. Details of the Board's policy on tenure is set out on page 19.

The Company does not operate any type of incentive or pension scheme and therefore no Directors receive bonus payments or pension contributions from the Company or hold options to acquire shares in the Company. Directors are not paid compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in attending to the Company's business.

A graph showing the Company's Ordinary share price return compared with its benchmark index since the date the Company began investing is shown below.

Ordinary share price and benchmark performance for the year ended 30th April 2013

Source: Morningstar/MSCI.

Ordinary share price.

Benchmark total return.

By order of the Board
Divya Amin, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary

18th July 2013

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts are published on the www.jpmbrazil.co.uk website, which is maintained by the Company's Manager, JPMorgan Asset Management (UK) Limited ('JPMAM'). The maintenance and integrity of the website maintained by JPMAM is, so far as it relates to the Company, the responsibility of JPMAM. The work carried out by the auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. The accounts are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

Statement under the Disclosure & Transparency Rules 4.1.12

The Directors each confirm to the best of their knowledge that:

(a) the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

(b) this Annual Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board
Victor Bulmer-Thomas
Director
18th July 2013

Independent Auditor's Report

Independent Auditor's Report to the members of JPMorgan Brazil Investment Trust plc

We have audited the financial statements of JPMorgan Brazil Investment Trust plc (the 'Company') for the year ended 30th April 2013 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 24, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30th April 2013 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 16, in relation to going concern;
- the part of the Corporate Governance Statement on pages 18 to 22 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on Directors' remuneration.

Michael-John Albert (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London

18th July 2013

Income Statement

for the year ended 30th April 2013

	Notes	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Gains/(losses) on investments held at fair value through profit or loss	2	**–**	**911**	**911**	–	(9,060)	(9,060)
Net foreign currency losses		**–**	**(177)**	**(177)**	–	(95)	(95)
Income from investments	3	**1,605**	**–**	**1,605**	2,155	–	2,155
Other interest receivable and similar income	3	**–**	**–**	**–**	1	–	1
Gross return/(loss)		**1,605**	**734**	**2,339**	2,156	(9,155)	(6,999)
Management fee	4	**(543)**	**–**	**(543)**	(616)	–	(616)
Performance fee	4	**–**	**(145)**	**(145)**	–	(70)	(70)
Other administrative expenses	5	**(361)**	**–**	**(361)**	(342)	–	(342)
Net return/(loss) on ordinary activities before taxation		**701**	**589**	**1,290**	1,198	(9,225)	(8,027)
Taxation	6	**(102)**	**–**	**(102)**	(118)	–	(118)
Net return/(loss) on ordinary activities after taxation		**599**	**589**	**1,188**	1,080	(9,225)	(8,145)
Return/(loss) per Ordinary share							
– undiluted	8	**1.01p**	**1.00p**	**2.01p**	1.76p	(15.05)p	(13.29)p
– diluted	8	**1.01p**	**1.00p**	**2.01p**	1.78p	(15.18)p	(13.40)p

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

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.

The notes on pages 30 to 46 form an integral part of these accounts.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30th April 2013

	Called up share capital £'000	Capital redemption reserve £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	**Total £'000**
At 30th April 2011	699	13	16,039	45,246	5,102	444	**67,543**
Repurchase of shares into Treasury	–	–	–	(1,147)	–	–	**(1,147)**
Issue of Ordinary shares on exercise of Subscription shares	–	–	25	–	–	–	**25**
Share issue expenses	–	–	(1)	–	–	–	**(1)**
Total (loss)/return from ordinary activities	–	–	–	–	(9,225)	1,080	**(8,145)**
Dividends appropriated in the year	–	–	–	–	–	(309)	**(309)**
At 30th April 2012	699	13	16,063	44,099	(4,123)	1,215	**57,966**
Repurchase of shares into Treasury	–	–	–	(1,856)	–	–	**(1,856)**
Issue of Ordinary shares on exercise of Subscription shares	–	–	1	–	–	–	**1**
Total return from ordinary activities	–	–	–	–	589	599	**1,188**
Dividends appropriated in the year	–	–	–	–	–	(793)	**(793)**
At 30th April 2013	699	13	16,064	42,243	(3,534)	1,021	**56,506**

The notes on pages 30 to 46 form an integral part of these accounts.

Balance Sheet

at 30th April 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	**54,188**	54,416
Investments in liquidity funds at fair value through profit or loss		**964**	–
Total Investments		**55,152**	54,416
Current assets			
Debtors	10	**1,452**	381
Cash and short term deposits		**1,409**	3,328
		2,861	3,709
Creditors: amounts falling due within one year	11	**(1,507)**	(89)
Net current assets		**1,354**	3,620
Total assets less current liabilities		**56,506**	58,036
Provisions for liabilities and charges			
Performance fees	12	**–**	(70)
Net assets		**56,506**	57,966
Capital and reserves			
Called up share capital	13	**699**	699
Capital redemption reserve	14	**13**	13
Share premium	14	**16,064**	16,063
Other reserve	14	**42,243**	44,099
Capital reserves	14	**(3,534)**	(4,123)
Revenue reserve	14	**1,021**	1,215
Shareholders' funds		**56,506**	57,966
Net asset value per Ordinary share			
– **undiluted**	15	**97.0p**	95.9p
– **diluted**	15	**97.0p**	95.9p

The accounts on pages 26 to 46 were approved by the Directors and authorised for issue on 18th July 2013 and are signed on their behalf by:

Victor Bulmer-Thomas
Director

The notes on pages 30 to 46 form an integral part of these accounts.

Company registration number: 7141630

Cash Flow Statement

for the year ended 30th April 2013

	Notes	2013 £'000	2012 £'000
Net cash inflow from operating activities	16	**657**	543
Capital expenditure and financial investment			
Purchases of investments		**(36,123)**	(29,952)
Sales of investments		**36,390**	29,442
Other capital charges[1]		**(18)**	(55)
Net cash inflow/(outflow) from capital expenditure and financial investment		**249**	(565)
Dividend paid		**(793)**	(309)
Net cash inflow/(outflow) before financing		**113**	(331)
Financing			
Share issue expenses		**–**	(1)
Shares issued		**1**	25
Repurchase of shares into Treasury		**(1,856)**	(1,147)
Net cash outflow from financing	16	**(1,855)**	(1,123)
Decrease in cash for the year	17	**(1,742)**	(1,454)

[1]2012: The balance includes taxation charged on the conversion of cash balances into Brazilian Reals and handling fees arising from investment activity.

The notes on pages 30 to 46 form an integral part of these accounts.

Notes to the Accounts

for the year ended 30th April 2013

1. Accounting policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the AIC in January 2009.

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

The accounts have been prepared on a going concern basis.

(b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as 'held at fair value through profit or loss'. They are included initially at fair value which is taken to be their cost, after deducting expenses incidental to purchase which are written off to capital in the income statement at the time of acquisition. Subsequently the investments are valued at fair value which are quoted bid market prices for investments traded in active markets.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves

Gains and losses on sales of investments, including any related foreign exchange gains and losses, realised gains and losses on foreign currency, performance fee and any other capital charges are included in the Income Statement and dealt with in capital reserves within 'Gains and losses on sales of investments'. Increases and decreases in the valuation of investments held at the year end, including the related foreign exchange gains and losses, are included in the Income Statement and dealt with in capital reserves within 'Investment holding gains'.

(d) Income

Dividends receivable from equity shares are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

Overseas dividends are included gross of any withholding tax.

Interest receivable on deposits and debt instruments is taken to revenue on an accruals basis using the effective interest rate method.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to revenue with the following exceptions:

- Performance fees are allocated 100% to capital. The maximum performance fee that can be paid to the Manager in any one year is capped at 1.0% of the Company's average monthly total assets less current liabilities, and in a year when the Company produces a negative net asset value total return per share, this amount will be accrued but not paid. Any amount earned in excess of this cap will be carried forward and will be offset against any underperformance in future years.
- Expenses incidental to the purchase of an investment are written off to capital at the time of acquisition and those incidental to the sale are deducted from the sales proceeds. These expenses are commonly referred to as transaction costs and mainly comprise brokerage commissions. Details of transaction costs are given in note 9 on page 36.

(f) Other financial instruments

Cash and short term deposits may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at nominal value as reduced by appropriate allowances for estimated irrecoverable debtor amounts. The carrying value of all debtors and creditors approximates to their fair value.

(g) Foreign currency

In accordance with FRS 23: 'The effects of changes in Foreign Exchange Rates', the Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined the functional currency to be sterling. Sterling is also the currency in which the accounts are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Monetary assets, liabilities and equity investments held at fair value, denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

Any gain or loss arising on monetary assets from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature. Gains and losses on investments arising from a change in exchange rates are included in the Income Statement within 'Gains or losses on investments held at fair value through profit or loss' and charged or credited to capital reserves.

(h) Taxation

Tax expense represents the sum of tax currently payable and deferred tax. Any tax payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

For the Company, any allocation of tax relief to capital is based on the marginal basis, such that tax allowable capital expenses are offset against taxable income.

As an investment trust which has received approval under the appropriate tax regulations, the Company is not liable for taxation on capital gains.

Deferred taxation is accounted for in accordance with FRS 19: 'Deferred Tax'.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred taxation liabilities are recognised for all taxable timing differences but deferred taxation assets are only recognised to the extent that it is more likely than not that taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates which have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Dividends payable

Final dividends are included in the accounts in the year in which they are approved by shareholders.

(j) Value Added Tax ('VAT')

Irrecoverable VAT is included in the expense on which it has been suffered. VAT recoverable is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

(k) Share issue costs

The costs of issuing shares are charged against any premium received on those shares. If no premium is receivable, the costs are included in the Income Statement and charged to capital reserves.

(l) Conversion of Subscription shares

When the holders of Subscription shares exercise their right to convert their shares into Ordinary shares, the nominal value of those Subscription shares is transferred to the credit of share premium. The nominal value of the Ordinary shares into which the Subscription shares convert is credited to called up share capital and the balance of the consideration received is credited to share premium.

Notes to the Accounts continued

1. Accounting policies continued

(m) Repurchase of shares to hold in Treasury

The cost of repurchasing shares into Treasury, including the related stamp duty and transaction costs, is charged to 'Other reserve' and dealt with in the Reconciliation of Movements in Shareholders' Funds. Share repurchase transactions are accounted for on a trade date basis. Where shares held in Treasury are subsequently cancelled, the nominal value of those shares is transferred out of called up share capital and into the capital redemption reserve.

Should shares held in Treasury be reissued, the sales proceeds will be treated as a realised profit up to the amount of the purchase price of those shares and will be transferred to capital reserves. The excess of the sales proceeds over the purchase price will be transferred to share premium.

	2013 £'000	2012 £'000
2. Gains/(losses) on investments held at fair value through profit or loss		
Losses on sales of investments held at fair value through profit or loss based on historical cost	**(4,448)**	(2,601)
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	**1,102**	(9,827)
Realised losses on sales of investment based on carrying value at the previous balance sheet date	**(3,346)**	(12,428)
Net movement in investment holding gains	**4,270**	3,416
Taxation on foreign exchange[1]	**–**	(38)
Handling fees	**(13)**	(10)
Total gains/(losses) on investments held at fair value through profit or loss	**911**	(9,060)

[1]This balance represents taxation charged on the conversion of cash balances into Brazilian Reals.

	2013 £'000	2012 £'000
3. Income		
Income from investments		
Overseas dividends	**1,602**	2,153
Dividends from liquidity fund	**3**	2
	1,605	2,155
Other interest receivable and similar income		
Deposit interest	**–**	1
Total income	**1,605**	2,156

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
4. Management and performance fees						
Management fee	**543**	**–**	**543**	616	–	616
Performance fee	**–**	**145**	**145**	–	70	70
	543	**145**	**688**	616	70	686

Details of the management fee and performance fee are given in the Directors' Report on page 16.

	2013 £'000	2012 £'000
5. Other administrative expenses		
Administration expenses	**235**	213
Directors' fees[1]	**68**	68
Savings scheme costs[2]	**35**	39
Auditor's remuneration for audit services[3]	**23**	22
	361	342

[1]Full disclosure is given in the Directors' Remuneration Report on page 23.

[2]These amounts were payable to the Manager for the marketing of savings scheme products.

[3]Fees payable to the Company's auditor for the audit of the Company's annual accounts. Includes £4,600 (2012: £4,400) irrecoverable VAT.

6. Taxation

(a) Analysis of tax charge in the year

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
UK corporation tax at 23.92% (2012: 25.84%)	**–**	**–**	**–**	–	–	–
Overseas withholding tax	**102**	**–**	**102**	118	–	118
Current tax charge for the year	**102**	**–**	**102**	118	–	118

Certain components of dividend distributions paid by Brazilian companies are subject to withholding tax.

Notes to the Accounts continued

6. Taxation continued

(b) Factors affecting current tax charge for the year

The tax charge for the year is lower (2012: higher) than the Company's applicable rate of corporation tax of 23.92% (2012: 25.84%). The difference is explained below:

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Net return/(loss) on ordinary activities before taxation	**701**	**589**	**1,290**	1,198	(9,225)	(8,027)
Net return/(loss) on ordinary activities before taxation multiplied by the applicable rate of corporation tax of 23.92% (2012: 25.84%)	**168**	**141**	**309**	309	(2,384)	(2,075)
Effects of:						
Non taxable overseas dividends	**(233)**	**–**	**(233)**	(354)	–	(354)
Non taxable UK dividends	**–**	**–**	**–**	(1)	–	(1)
Non taxable capital gains/(losses)	**–**	**(176)**	**(176)**	–	2,366	2,366
Unutilised capital expenses	**–**	**35**	**35**	–	18	18
Overseas withholding tax	**102**	**–**	**102**	118	–	118
Unutilised expenses carried forward to future periods	**65**	**–**	**65**	46	–	46
Current tax charge for the year	**102**	**–**	**102**	118	–	118

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £378,000 which comprises unutilised expenses of £1,642,000 (2012: £292,000, unutilised expenses £1,216,000) based on a prospective corporation tax rate of 23% (2012: 24%). The reduction in the standard rate of corporation tax was substantively enacted on 12th July 2012 and is effective from 1st April 2013. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that the Company will be able to utilise this asset in the foreseeable future and therefore no asset has been recognised in the accounts.

Given the Company's intention to meet the conditions required to obtain approval as an investment trust company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

7. Dividends

(a) Dividends paid and proposed

	2013 £'000	2012 £'000
2012 Final dividend of 1.35p (2011: 0.50p)	**793**	309
Total dividends paid in the year	**793**	309
Final dividend proposed of 1.00p (2012: 1.35p)	**583**	816

The final dividend proposed in respect of the year ended 30th April 2012 amounted to £816,000. However, the actual payment amounted to £793,000 due to shares repurchased and held in Treasury, between the date at which the financial statements were issued and the date on which the dividend was paid.

The final dividend proposed in respect of the year ended 30th April 2013 is subject to shareholder approval at the forthcoming Annual General Meeting. This dividend will be reflected in the accounts for the year ending 30th April 2014.

(b) Dividend for the purposes of Section 1158 of the Income and Corporation Tax Act 2010 ('Section 1158')

The requirement of Section 1158 of the Income and Corporation Tax Act 2010 are considered on the basis of dividends proposed in respect of the financial year, as follows:

	2013 £'000	2012 £'000
Final dividend proposed of 1.00p (2012: 1.35p)	**583**	816
Total dividends for s1158 purposes	**583**	816

The revenue available for distribution by way of dividend for the year is £599,000 (2012: £1,080,000).

8. Return/(loss) per Ordinary share

	2013 £'000	2012 £'000
Return/(loss) per Ordinary share		
Revenue return	**599**	1,080
Capital return/(loss)	**589**	(9,225)
Total return/(loss)	**1,188**	(8,145)
Weighted average number of Ordinary shares (excluding shares held in Treasury) in issue during the period used for the purpose of the undiluted calculation	**59,032,266**	61,304,757
Weighted average number of Ordinary shares (excluding shares held in Treasury) in issue during the period used for the purpose of the diluted calculation	**59,032,266**	60,775,626
Undiluted		
Revenue return per share	**1.01p**	1.76p
Capital return/(loss) per share	**1.00p**	(15.05)p
Total return/(loss) per share	**2.01p**	(13.29)p
Diluted		
Revenue return per share	**1.01p**	1.78p
Capital return/(loss) per share	**1.00p**	(15.18)p
Total return/(loss) per share	**2.01p**	(13.40)p

The diluted return/(loss) per Ordinary share represents the return on ordinary activities after taxation divided by the weighted average number of Ordinary shares in issue during the period as adjusted in accordance with the requirements of Financial Reporting Standard 22 'Earnings per share'.

Notes to the Accounts continued

	2013 £'000	2012 £'000
9. Investments held at fair value through profit or loss		
Investments listed on a recognised stock exchange	**54,188**	54,416
Investments in liquidity funds	**964**	–
	55,152	54,416
Opening book cost	**53,317**	56,139
Opening investment holding gains	**1,099**	7,510
Opening valuation	**54,416**	63,649
Movements in the period:		
Purchases at cost	**37,320**	29,221
Sales – proceeds	**(37,508)**	(29,442)
Realised losses on sales of investment based on the carrying value at the previous balance sheet date	**(3,346)**	(12,428)
Net movement in investment holding gains and losses	**4,270**	3,416
	55,152	54,416
Closing book cost	**48,681**	53,317
Closing investment holding gains	**6,471**	1,099
Total investments held at fair value	**55,152**	54,416

During the year, prior year investment holding gains amounting to £1,102,000 were transferred to gains on sales of investments as disclosed in notes 2 and 14.

Transaction costs on purchases during the year amounted to £69,000 (2012: £58,000) and on sales during the year amounted to £66,000 (2012: £55,000). These costs comprise mainly brokerage commission.

	2013 £'000	2012 £'000
10. Debtors		
Securities sold awaiting settlement	**1,118**	–
Dividends and interest receivable	**302**	338
Other debtors	**32**	43
	1,452	381

The Directors consider that the carrying amount of debtors approximates to their fair value. No balances are considered to be past due or impaired as at 30th April 2013 (2012: None)

Cash and short term deposits

Cash and short term deposits comprises bank balances and cash held by the Company, including short-term bank deposits. The carrying amount of these balances approximates to their fair value. Cash balances in excess of a predetermined amount are placed on short term deposit at market rates of interest.

	2013 £'000	2012 £'000
11. Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	**1,197**	–
Performance fee	**215**	–
Other creditors and accruals	**95**	89
	1,507	89

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

	2013 £'000	2012 £'000
12. Provisions for liabilities and charges		
Performance fee		
Provision brought forward at the beginning of the year	**70**	–
Performance fee provision for the year – charge	**145**	70
Amount payable at the year end	**(215)**	–
Provision carried forward at the end of the year	**–**	70

Details of the performance fee are given in the Directors' Report on page 16.

	2013 £'000	2012 £'000
13. Called up share capital		
Ordinary shares – allotted and fully paid		
Opening balance of 60,451,716 (2012: 61,700,214) shares excluding shares held in Treasury	**604**	617
Issue of 700 (2012: 24,984) Ordinary shares of 1p each on conversion of Subscription shares	**–**	–
Repurchase of 2,179,473 (2012: 1,273,482) shares into Treasury	**(22)**	(13)
Subtotal	**582**	604
3,452,955 (2012: 1,273,482) shares held in Treasury	**35**	13
Closing balance[1]	**617**	617
Subscription shares – allotted and fully paid		
Opening balance 8,214,424 (2012: 8,239,408) Subscription shares	**82**	82
Conversion of 700 (2012: 24,984) Subscription shares into Ordinary shares	**–**	–
Closing balance 8,213,724 (2012: 8,214,424) Subscription shares of 1p each	**82**	82

[1]Represents 61,725,898 (2012: 61,725,198) Ordinary shares of 1p each, including 3,452,955 (2012: 1,273,482) shares held in Treasury.

Share capital transactions

During the year, the Company repurchased 2,179,473 shares into Treasury for a total consideration of £1,856,000. The reason for the purchases was to seek to manage the volatility and absolute level of the share price discount to net asset value per share.

During the year, the holders of 700 (2012: 24,984) Subscription shares exercised their right to convert those shares into Ordinary shares for a total consideration of £700 (2012: 24,984) gross of issue cost of £nil (2012: £1,000).

Notes to the Accounts continued

	Called up share capital £'000	Capital redemption reserve £'000	Share premium £'000	Other reserve[1] £'000	Capital reserves: Gains on sales of investments £'000	Capital reserves: Investment holding gains £'000	Revenue reserve £'000
14. Reserves							
Opening balance	699	13	16,063	44,099	(5,152)	1,029	1,215
Issue of Ordinary shares on exercise of Subscription shares	–	–	1	–	–	–	–
Net foreign currency losses on cash and short term deposits	–	–	–	–	(177)	–	–
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	(3,346)	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	4,270	–
Transfer on disposal of investments				–	(1,102)	1,102	
Repurchase of shares into Treasury	–	–	–	(1,856)	–	–	–
Performance fee for the year	–	–	–	–	–	(145)	–
Performance fee now realised	–	–	–	–	(215)	215	–
Handling charges	–	–	–	–	(13)	–	–
Dividend appropriated in the year	–	–	–	–	–	–	(793)
Retained revenue for the year	–	–	–	–	–	–	599
Closing balance	**699**	**13**	**16,064**	**42,243**	**(10,005)**	**6,471**	**1,021**

[1]The share premium account was cancelled in July 2010 and the 'Other reserve' created for the purposes of financing share buybacks.

15. Net asset value per Ordinary share

The net asset value per share is based on the net assets attributable to the Ordinary shareholders of £56,506,000 (2012: £57,966,000) and on the 58,272,943 (2012: 60,451,716) Ordinary shares in issue at the year end excluding 3,452,955 (2012: 1,273,482) shares held in Treasury.

At 30th April 2013 there are no dilutive Subscription shares in issue, as the Ordinary share price was below the Subscription share conversion price at that date (2012: same).

	2013 £'000	2012 £'000
16. Reconciliation of total return/(loss) on ordinary activities before taxation to net cash inflow from operating activities		
Total return/(loss) on ordinary activities before taxation	**1,290**	(8,027)
Less: capital (return)/loss on ordinary activities before taxation	**(589)**	9,225
Decrease/(increase) in accrued income	**36**	(118)
Decrease in other debtors	**11**	8
Increase/(decrease) in accrued expenses	**11**	(24)
Overseas withholding tax	**(102)**	(118)
Performance fee paid	**–**	(403)
Net cash inflow from operating activities	**657**	543

	At 30th April 2012 £'000	Cash flow £'000	Exchange movement £'000	At 30th April 2013 £'000
17. Analysis of changes in net funds				
Cash and short term deposits	3,328	(1,742)	(177)	**1,409**
Net funds	3,328	(1,742)	(177)	**1,409**

18. Capital commitments and contingent liabilities

At the balance sheet date there were no capital commitments or contingent liabilities (2012: nil).

19. Transactions with the Manager and affiliates of the Manager

The management fee payable to JPMorgan Asset Management (UK) Limited ('JPMAM') for the period was £543,000 (2012: £616,000) of which £nil (2012: £nil) was outstanding at the year end.

Based on the performance of the Company over the year, a performance fee of £145,000 (2012: £70,000) has been earned under the terms of the Management Agreement and £215,000 (2012: £nil) was payable at the year end.

Expenses amounting to £35,000 (2012: £39,000) were payable to JPMAM for the marketing of savings scheme products during the year, of which £2,000 (2012: £nil) was outstanding at the year end.

Included in administration expenses in note 5 are safe custody fees amounting to £39,000 (2012: £55,000) payable to JPMorgan Investor Services Limited of which £6,000 (2012: £14,000) was outstanding at the year end.

JPMAM may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length.

At the year end, a bank balance of £1,409,000 (2012: £3,328,000) was held with JPMorgan Chase. A net amount of interest of £nil (2012: £1,000) was receivable by the Company during the year from JPMorgan Chase, of which £nil (2012: £nil) was outstanding at the year end.

20. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments that are held at fair value comprise its investment portfolio.

The investments are categorised into a hierarchy consisting of the following three levels.

Level 1 – valued using quoted prices in active markets;

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Details of the valuation techniques used by the Company are given in note 1(b) on page 30.

Notes to the Accounts continued

20. Disclosures regarding financial instruments measured at fair value continued

The following table sets out the fair value measurements using the hierarchy above at 30th April:

	2013			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments	**54,188**	**–**	**–**	**54,188**
Liquidity fund	**964**	**–**	**–**	**964**
Total	**55,152**	**–**	**–**	**55,152**

	2012			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments	54,416	–	–	54,416

There have been no transfers between Levels 1, 2 or 3 during the year (2012: nil).

21. Financial instruments' exposure to risk and risk management policies

As an investment trust, the Company invests in equities and other securities for the long term so as to secure its investment objective stated on the 'Features' page. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends. These risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company Secretary, in close co-operation with the Board and the Manager, co-ordinates the Company's risk management strategy.

The objectives, policies and processes for managing these risks and the methods used to measure these risks are set out below.

The Company's financial instruments may comprise the following:

- investments in equity shares, ADRs, ADS of Brazilian focused companies and a US Dollar liquidity fund which are held in accordance with the Company's investment objective; and
- short term debtors, creditors and cash arising directly from its operations.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these three elements of market price risk is given in parts (i) to (iii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk

Most of the Company's assets, liabilities and accrued income entitlements are denominated in currencies other than sterling (the Company's functional currency and the currency in which it reports). As a result, movements in exchange rates may affect the sterling value of those items.

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Foreign currency borrowing may be used to limit the Company's exposure to anticipated changes in exchange rates which might otherwise adversely affect the sterling value of the portfolio of investments. This borrowing would be limited to currencies and amounts commensurate with the asset exposure to those currencies. Income denominated in foreign currencies is converted to sterling on receipt. The Company may use short term forward currency contracts to manage working capital requirements. It is currently not the Company's policy to hedge against foreign currency risk.

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure at 30th April 2013 are shown below. Where the Company's equity investments (which are not monetary items) are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2013				2012		
	US Dollar £'000	Brazilian Real £'000	Mexican Peso £'000	Total £'000	US Dollar £'000	Brazilian Real £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	**964**	**–**	–	**964**	–	–	–
Current assets	**499**	**2,332**	**1**	**2,832**	233	3,461	3,694
Foreign currency exposure on net monetary items	**1,463**	**2,332**	**1**	**3,796**	233	3,461	3,694
Investments held at fair value through profit or loss that are equities	**21,274**	**32,631**	**283**	**54,188**	11,265	42,707	53,972
Total net foreign currency exposure	**22,737**	**34,963**	**284**	**57,984**	11,498	46,168	57,666

In the opinion of the Directors, the above year end amounts are broadly representative of the exposure to foreign currency risk during the current and prior year.

Foreign currency sensitivity

The following tables illustrate the sensitivity of the return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at the balance sheet date and assumes a 10% (2012: 10%) appreciation or depreciation in sterling against the US dollar and the Brazilian Real, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

Notes to the Accounts continued

21. Financial instruments' exposure to risk and risk management policies continued

(a) Market risk continued

(i) Currency risk continued

Foreign currency sensitivity continued

If sterling had weakened by 10% this would have had the following effect:

	2013 £'000	2012 £'000
Income statement return after taxation		
Revenue return	**160**	216
Capital return	**380**	369
Total return after taxation for the year	**540**	585
Net assets	**540**	585

Conversely, if sterling had strengthened by 10% this would have had the following effect:

	2013 £'000	2012 £'000
Income statement return after taxation		
Revenue return	**(160)**	(216)
Capital return	**(380)**	(369)
Total return after taxation for the year	**(540)**	(585)
Net assets	**(540)**	(585)

In the opinion of the Directors, the above sensitivity analysis is broadly representative of the whole year.

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits, the interest payable on variable rate cash borrowings and the fair value of fixed interest rate financial instruments during the year and at year end.

Management of interest rate risk

The Company aims to be fully invested in normal market conditions, so exposure to interest rate risk will be limited. Short term borrowings may be used if required.

Interest rate exposure

The Company had no exposure to fixed interest rate financial instruments at the year end.

The exposure of financial assets and liabilities to floating interest rates using the year end figures, giving cash flow interest rate risk when rates are re-set, is shown below.

	2013 £'000	2012 £'000
Amounts exposed to floating interest rates:		
Cash and short term deposits	**1,409**	3,328
JPMorgan US Dollar Liquidity Fund	**964**	–
Total exposure	**2,373**	3,328

Interest receivable on cash balances is at a margin below LIBOR.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1% (2012: 1%) increase or decrease in interest rates with regard to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date, with all other variables held constant.

	2013		2012	
	1% Increase in rate £'000	1% Decrease in rate £'000	1% Increase in rate £'000	1% Decrease in rate £'000
Income statement – return after taxation				
Revenue return	**24**	**(24)**	33	(33)
Capital return	**–**	**–**	–	–
Total return after taxation for the year	**24**	**(24)**	33	(33)
Net assets	**24**	**(24)**	33	(33)

In the opinion of the Directors, the above sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances. The maximum and minimum balance of cash and short term deposits held during the year amounted to £5,858,000 and £463,000 respectively.

(iii) Other price risk

Other price risk includes changes in market prices, other than those arising from interest rate risk or currency risk, which may affect the value of equity investments related securities.

Management of other price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objectives and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

The Company's total exposure to changes in market prices at 30th April 2013 comprises its holdings in equity investments and related securities as follows:

	2013 £'000	2012 £'000
Equity investments held at fair value through profit or loss	**54,188**	54,416

In the opinion of the Directors, the above year end amounts are broadly representative of the expected exposure to other price risk during the current and prior year.

Notes to the Accounts continued

21. Financial instruments' exposure to risk and risk management policies continued

(iii) Other price risk continued

Concentration of exposure to other price risk

The Company's investments are listed on page 11. This shows that substantially all of the investments' value is in Brazil. Accordingly there is a concentration of exposure to that country. However, it should be noted that an investment may not be wholly exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2012: 10%) in the fair value of the Company's equities and other related securities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities and adjusting for change in the management fee, but with all other variables held constant.

	2013		2012	
	10% Increase £'000	10% Decrease £'000	10% Increase £'000	10% Decrease £'000
Income statement – return after taxation				
Revenue return	**(54)**	**54**	(55)	55
Capital return	**5,419**	**(5,419)**	5,442	(5,442)
Total return after taxation for the year and net assets	**5,365**	**(5,365)**	5,387	(5,387)

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset during the year and at year end.

Management of the risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, the liquidity of which in normal markets is frequently tested by the investment managers and which can be sold to meet funding requirements if necessary.

Short term flexibility is achieved through the use of overdraft facilities.

Liquidity risk exposure

Contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required are as follows:

	2013		2012	
	Three months or less £'000	Total £'000	Three months or less £'000	Total £'000
Creditors: amounts falling due within one year				
Securities purchased awaiting settlement	**1,197**	**1,197**	–	–
Performance fee	**215**	**215**	–	–
Other creditors and accruals	**95**	**95**	89	89
	1,507	**1,507**	89	89

(c) Credit risk

Credit risk is the risk that the counterparty to a transaction fails to discharge its obligations under that transaction which could result in loss to the Company.

Management of credit risk

Portfolio dealing

The Company invests in markets that operate Delivery Versus Payment ('DVP') settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. The Manager continuously monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparty lists are maintained and adjusted accordingly.

Cash

Counterparties are subject to daily credit analysis by the Manager and trades can only be placed with counterparties that have a minimum rating of A1/P1 (2012: A1/P1) from Standard & Poor's and Moody's respectively.

Exposure to JPMorgan Chase

The Company's assets are ring-fenced in client designated accounts. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading. However, no absolute guarantee can be given to investors on the protection of all of the assets of the Company.

Credit risk exposure

The following table shows amounts extracted from the balance sheet and the related maximum exposure to credit risk at the current and comparative year end.

	2013		2012	
	Balance sheet £'000	Maximum exposure £'000	Balance sheet £'000	Maximum exposure £'000
Fixed assets – investments held at fair value through profit or loss	**55,152**	**964**	54,416	–
Current assets				
Debtors	**1,452**	**1,452**	381	381
Cash and short term deposits	**1,409**	**1,409**	3,328	3,328
	58,013	**3,825**	58,125	3,709

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either included in the balance sheet at fair value or the carrying amount in the balance sheet is a reasonable approximation of fair value.

Notes to the Accounts continued

22. Capital management policies and procedures

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise total return to shareholders.

The Company's capital comprises the following:

	2013 £'000	2012 £'000
Equity		
Equity share capital	**699**	699
Reserves	**55,807**	57,267
Total capital	**56,506**	57,966

The Board's policy is to utilise gearing when the Manager believes it appropriate to do so, up to a maximum of 20% geared at the time of drawdown. Gearing for this purpose is defined as the excess amount above shareholders' funds of total assets (including net current assets/liabilities) less cash/cash equivalents, expressed as a percentage of the shareholders' funds. If the amount so calculated is negative, this is shown as a 'net cash' position.

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Manager's views on the market;
- the need to buy back equity shares, either for cancellation or to hold in Treasury, which takes into account the share price discount or premium; and
- the need for issues of new shares, including issues from Treasury.

Notice of Annual General Meeting

Notice is hereby given that the third Annual General Meeting of JPMorgan Brazil Investment Trust plc will be held at Holborn Bars, 138-142 Holborn, London EC1N 2NQ on Friday, 13th September 2013 at 2.30 p.m. for the following purposes:

1. To receive the Directors' Report & Accounts and the Auditor's Report for the year ended 30th April 2013.
2. To approve the Directors' Remuneration Report for the year ended 30th April 2013.
3. To approve a final dividend of 1.00p per Ordinary share.
4. To reappoint Mark Bridgeman as a Director of the Company.
5. To reappoint Ernst & Young LLP as auditor of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new ordinary shares – Ordinary Resolution

6. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot relevant securities (in the Company and to grant rights to subscribe for, or to convert any security into shares in the Company ('Rights')) up to an aggregate nominal amount of £169,631, representing approximately 30% of the Company's issued Ordinary share capital (excluding treasury shares) at the date of the passing of this resolution provided that this authority shall expire at the Company's Annual General Meeting in 2014, save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

Authority to disapply pre-emption rights on allotment of shares – Special Resolution

7. THAT subject to the passing of Resolution 6 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 6 or by way of sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £169,631, representing approximately 30% of the Ordinary issued share capital (excluding treasury shares) as at the date of the passing of this resolution at a price of not less than the Net Asset Value per share and shall expire at the Company's Annual General Meeting in 2014, save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

8. THAT the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693 of the Act) of its issued Ordinary shares, Subscription shares and Units on such terms and in such manner as the Directors may from time to time determine.

   PROVIDED ALWAYS THAT

   (i) the maximum number of Ordinary shares and Subscription shares hereby authorised to be purchased shall be 8,475,934 and 1,230,787 respectively, or if less, that number of Ordinary shares or Subscription shares which is equal to 14.99% of the issued share capital of the relevant share class as at the date of the passing of this Resolution or such number as is equal to 14.99% of the issued Ordinary shares (including in the form of Units) as at the date of the passing of its Resolution;

   (ii) the minimum price which may be paid for any Ordinary share or Subscription share shall be 1p;

Notice of Annual General Meeting continued

(iii) the maximum price which may be paid for a share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for a an Ordinary share, a Subscription share or a Unit, taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

(iv) any purchase of shares will be made in the market for cash at prices below the prevailing net asset value per share (as determined by the Directors);

(v) the authority hereby conferred shall expire on 1st February 2015 unless the authority is renewed at any other general meeting prior to such time; and

(vi) the Company may make a contract to purchase Ordinary shares under the authority and may make a purchase of ordinary shares pursuant to any such contract notwithstanding such expiry.

Continuation Vote – Ordinary Resolution

9. THAT the Company continues in existence as an investment trust for a further three year period.

By order of the Board
Divya Amin, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary

22nd July 2013

Notes

These notes should be read in conjunction with the notes on the reverse of the proxy form.

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person. If you attend the Meeting in person, your proxy appointment will automatically be terminated.
3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.
4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.

6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
10. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmbrazil.co.uk.
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). it will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
15. As an alternative to completing a hard copy Form of Proxy/Voting Instruction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Instruction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
16. As at 17th July 2013 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 56,543,926 Ordinary shares (excluding treasury shares) carrying one vote each and 8,210,724 Subscription shares, which do not have voting rights. Therefore the total voting rights in the Company are 56,543,926.

Electronic appointment CREST members

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. See further instructions on the proxy form.

Glossary of Terms and Definitions

Unit return to shareholders
Return to the 'Unit' holder on a mid-market price to mid-market price basis. A Unit comprises 5 Ordinary shares and 1 Subscription share.

Return to Ordinary shareholders
Return to the investor based on the change in the mid-market share price during the year.

Undiluted return on net assets
Return to the investor based on the change in the diluted net asset value per Ordinary share during the year.

Diluted net asset value ('NAV') per Ordinary share
The diluted NAV per Ordinary share assuming that all outstanding Subscription shares were converted into Ordinary shares at the year end.

Diluted return on net assets
Return to the investor based on the change in the diluted net asset value per Ordinary share during the year.

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, without transaction costs, in the shares of the underlying companies at the time the share 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 will be some divergence between the Company's performance and that of the benchmark.

Ordinary share price discount/premium to net asset value ('NAV') per Ordinary share
If the share price of an investment trust is lower than the 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 an investment trust's shares to trade at a discount than at premium.

Gearing/(net cash)
Gearing represents the excess amount above shareholders' funds of total assets (including net current assets/liabilities) less cash/cash equivalents, expressed as a percentage of the shareholders' funds. If the amount so calculated is negative, this is shown as a 'net cash' position.

Ongoing Charges
Management fees and all other operating expenses excluding performance fee, expressed as a percentage of the average daily net assets during the year.

Performance Attribution
Analysis of how the Company achieved its recorded performance relative to its benchmark.

Performance Attribution Definitions:

Asset Allocation
Measures the impact of allocating assets differently from those in the benchmark, via the portfolio's weighting in different countries, sectors or asset types.

Stock Selection
Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark, or of investing in securities which are not included in the benchmark.

Gearing/Cash
Gearing represents the excess amount above shareholders' funds of total assets (including net current assets/liabilities) less cash/cash equivalents, expressed as a percentage of the shareholders' funds. If the amount so calculated is negative, this is shown as a 'net cash' position.

Management Fees/Other Expenses
The payment of fees and expenses reduces the level of total assets, and therefore has a negative effect on relative performance.

Exercise of Subscription shares
Measures the negative impact on the net asset value (NAV) per share arising from the exercise of Subscription shares into Ordinary shares at a price less than the NAV per share.

Subscription share dilution
Measures the dilutive impact on the net asset value (NAV) per share arising from the potential exercise of all the outstanding Subscription shares into Ordinary shares at a price less than the NAV per share.

Notes

Warning to shareholders – Boiler Room Scams

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you receive unsolicited investment advice or requests:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the FCA before getting involved by visiting **www.fca.org.uk/consumers**
- Report the matter to the FCA by calling **0800 111 6768**
- If the calls persist, hang up.

More detailed information on this can be found on the Money Advice Service website **www.moneyadviceservice.org.uk**

Information about the Company

Financial Calendar

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

History

JPMorgan Brazil Investment Trust plc is an investment trust which was launched in April 2010 to provide investors with exposure to Brazilian invested equities through a closed-ended structure. The assets of the Company are managed by JPMorgan Asset Management (UK) Limited.

Company Numbers

Company registration number: 7141630

Ordinary Shares

London Stock Exchange ISIN code: GB00B602HS43
Bloomberg code: JPB
SEDOL B602HS4

Subscription Shares

London Stock Exchange ISIN code: GB00B3NYCF82
Bloomberg code: JPBS
SEDOL B3NYCF8

Market Information

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

The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman, The Independent and on the JPMorgan website at www.jpmbrazil.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmbrazil.co.uk

Share Transactions

The Company's 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 J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP. These products are all available on the online wealth manager service, J.P. Morgan WealthManager+ available at www.jpmorganwealthmanagerplus.co.uk

The Association of Investment Companies A member of the AIC

Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone number: 020 7742 4000

For company secretarial and administrative matters please contact Divya Amin at the above address.

Custodian

JPMorgan Chase Bank, N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Registrars

Equiniti Limited
Reference 3533
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0871 384 2814

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 3533. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Independent Auditor

Ernst & Young LLP
Statutory Auditor
1 More London Place
London SE1 2AF

Brokers

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Savings Product Administrators

For queries on the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP, call the JPMorgan Helpline on Freephone 0800 20 40 20 or +44 (0)20 7742 9995.

J.P. Morgan Helpline
Freephone 0800 20 40 20 or +44 (0)20 7742 9995

Your telephone call may be recorded for your security

www.jpmbrazil.co.uk