

Audit Committee

It was resolved that a Committee of the Board to be known as the Audit Committee be hereby constituted. The Committee shall be governed as follows.

Membership

The Committee shall be appointed by the Board from amongst the independent Directors of the Company and shall consist of not less than three members. A quorum for meetings shall be two members. Membership shall be identified in the Annual Report.

The Chairman of the Committee shall be appointed by the Board.

All members of the committee shall be independent non-executive Directors at least one of whom shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies.

Attendance at Audit Committee Meetings

Any other Board members shall attend if invited by the Committee.

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

The Company Secretary shall be the Secretary of the Committee and shall be responsible for preparing the agenda and producing and circulating the minutes to all Directors.

Frequency of Meetings

The Committee shall meet not less than twice per year to coincide with the half year and year ends and meetings may be held immediately before or after a Board meeting. The Company's Auditors may request a meeting with the Committee at any time if they consider that one is necessary.

Authority

The Committee is authorised by the Board:

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

Responsibilities

The responsibilities of the Committee shall be:

- to review the contract with the Manager.

- to review the Company's compliance with the UK Corporate Governance Code.
- to consider the appointment of the external Auditors and assess their independence, ensuring that key partners are rotated at appropriate intervals and Auditor Firm review is carried out at appropriate intervals;
- to recommend the audit fee to the Board and approve any fees in respect of non audit services provided by the external Auditors and to ensure that the provision of non audit services does not impair the external Auditors' independence or objectivity;
- to discuss with the external Auditors the nature and scope of the audit and to review their quality control procedures and steps taken by the external Auditors to respond to changes in regulatory and other requirements;
- to oversee the process for selecting the external Auditors and make appropriate recommendations through the Board to the shareholders to consider at the AGM ;
- to review the external Auditor's management letter and JPMF's response;
- to review management's and the independent Auditors' reports on the effectiveness of systems of internal control;
- to review half year and year end reports from the Company's depositary, providing information on the custodian's safe keeping of the Company's assets, its cash flows, net asset value calculations, the liquidity of the Company's investments and management of the Company's portfolio in accordance with its investment restrictions, guidelines and borrowing limits;
- to review and challenge where necessary the actions and judgments of management in relation to the half year and annual financial statements before submission to the Board, paying particular attention to:
 - significant accounting policies and practices, and any changes in them
 - whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor
 - the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed
 - the clarity and completeness of disclosures in the Company's financial reports and the context in which statements are made
 - significant adjustments resulting from the audit
 - all material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and to risk management
 - the going concern assumption
 - where requested by the Board, the Committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy
 - to monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgments contained in them
 - compliance with stock exchange and other legal requirements
 - reviewing the Company's statement on internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing risks and the management of those risks by the

Company;

- to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and
- other topics , as defined by the Board.

Compliance, whistleblowing and fraud

The Committee shall:

- review the adequacy and security of the Company's arrangements for JPMF's employees and the Company's contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting and other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
- review the Company's procedures for detecting fraud.

Reporting procedures

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board, and the Chairman of the Committee or, as a minimum, another member of the Committee, shall attend the Board meeting at which the accounts are approved.

The Committee shall report to the Board on how it has discharged its responsibilities.

Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

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

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

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