JPMorgan Emerging Markets Investment Trust plc

Annual Report & Accounts for the year ended 30th June 2016

J.P.Morgan
Asset Management

Features

Objective

To maximise total return from emerging markets worldwide through a diversified portfolio of underlying investments.

Investment Policies

- To invest in a diversified portfolio, concentrating on countries and shares with the most attractive prospects. To have no more than 50% of the Company's assets invested in any one region.
- To invest no more than 15% of gross assets in other UK listed closed-ended investment funds (including investment trusts).

Further details on investment policies and risk management are given in the Directors' Report on page 18.

Benchmark

The MSCI Emerging Markets Index with net dividends reinvested, in sterling terms.

Capital Structure

At 30th June 2016 the Company's issued share capital comprised 132,363,525 Ordinary shares of 25p each, including 6,188,822 shares held in Treasury. The Company's Subscription shares expired on 31st July 2014 and were all converted to Ordinary shares.

Continuation Vote

At the Annual General Meeting held on 19th November 2014 an ordinary resolution of the shareholders approved the continuation of the Company until the Annual General Meeting in November 2017.

Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager and Company Secretary. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited.

FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

AIC

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

Website

The Company's website, which can be found at www.jpmemergingmarkets.co.uk, includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports.

Contents

Financial Results

TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED) TO 30TH JUNE 2016

+9.3%
Return to shareholders[1]
(2015: +6.6%)

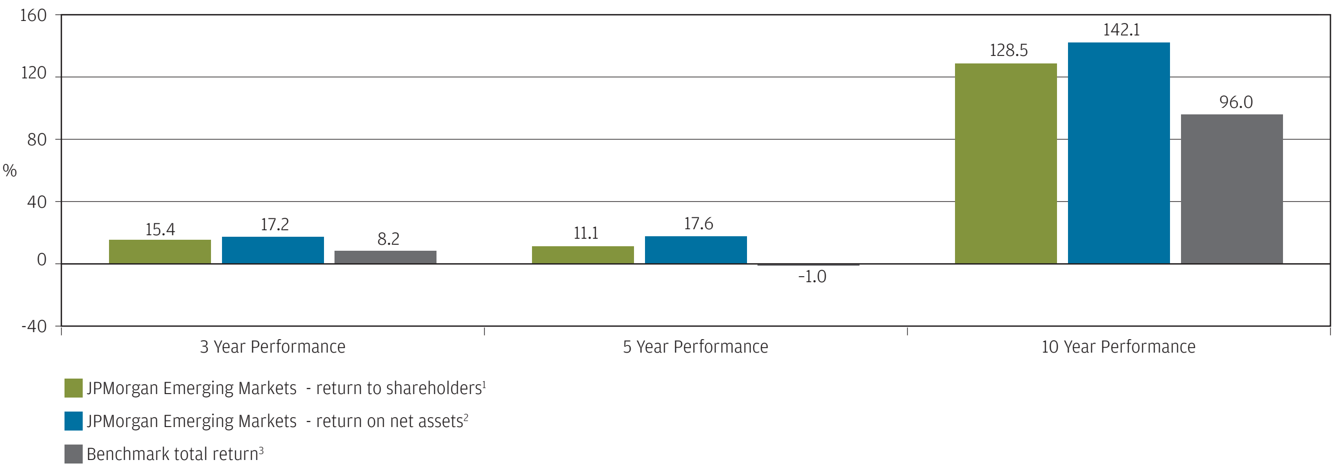
+12.7%
Return on net assets[2]
(2015: +7.4%)

+3.5%
Benchmark[3]
(2015: +3.2%)

9.0p
Dividend
(2015: 6.0p)

Long Term Performance

FOR PERIODS ENDED 30TH JUNE 2016



[1] Change in share price with dividends reinvested. Source: Morningstar.

[2] Source: J.P. Morgan.

[3] Source: MSCI. The Company's benchmark is the MSCI Emerging Markets Index with net dividends reinvested, in sterling terms.

A glossary of terms and definitions is provided on page 66.

CHAIRMAN'S STATEMENT

Performance

After a period of prolonged weakness, emerging markets rallied strongly from January onwards but were still down on the year in local currency terms. However, in sterling terms, investors received a positive return as a result of the sharp fall in sterling in the week after the UK's EU referendum. Taking account of those currency fluctuations, for the year to 30th June 2016, your Company produced a return on net assets of +12.7%. This compares very favourably with the benchmark index, the MSCI Emerging Markets Index (in sterling terms), which returned +3.5%. Stock selection was again the most significant positive factor, adding approximately 7% in relative performance over the past 12 months, thus further enhancing the Company's excellent long term performance record. The graph on page 2 illustrates that the Company is significantly ahead of the benchmark over three, five and ten years. The return to ordinary shareholders was +9.3%, reflecting a widening of the discount over the year, from 10.7% to 13.2%. The post-referendum fall in sterling widened the discount out by increasing net assets in sterling terms. The share price tends to follow these fluctuations with a lag.

As I explained in the Company's half year report, the Board had always emphasised capital growth as its investment objective. Given that the benchmark we aim to beat is a total return benchmark (i.e. capital gains plus income reinvested), we restated that policy to a total return objective. I would reiterate that this has not, and will not, result in any change in the way in which the portfolio is managed.

Revenue and Dividends

Historically, the Company allocated 100% of its management fees and finance costs to the Company's revenue account. As disclosed in the half year report, the Board reconsidered this policy in the light of the investment returns from the Company's portfolio and the expected split of returns between capital and income in the coming years. As a result, it decided to charge 70% of the Company's management fees and finance expenses to capital with effect from 1st July 2015.

On this revised basis, the revenue return per share for the year was 9.49p (on the old basis it would have been 5.1p). This change in expense allocation will increase the potential for dividend increases over time, but of course dividends will still fluctuate in line with underlying earnings.

As a result of the increased earnings per share, we propose to increase the dividend from 6.0p to 9.0p. This is subject to shareholder approval at the forthcoming AGM. This increase reflects, on a one-off basis, the change in allocation policy. Our earnings are affected by currency fluctuations and future dividends will be in line with earnings.

Discount and Share Repurchases

We continue to monitor closely the share price and therefore the discount of our share price to the net asset value. The share price rose 5.6% over the year, from 587.0p to 635.0p at the year end. The discount ranged between 8.5% and 14.7%, averaging 11.4% through the year.

The Board's policy on discount management remains unchanged – it is prepared to take action to try to ensure that the discount does not exceed 10% for an extended period, but only if the discount is out of line with our peer group and market conditions are orderly. As we have done in the past, we are prepared to buy shares in at discounts of between 8% and 10% in order to achieve this, subject to those caveats.

During the first six months of the financial year, the Company repurchased a total of 200,000 shares into Treasury. However, as reported at the half year, volatility then picked up and sentiment deteriorated, markets were far from orderly and we stepped back from further purchases.

CHAIRMAN'S STATEMENT *CONTINUED*

After the turn of the calendar year, the discount widened out some way further in volatile markets. As we indicated in the half year report, so that we did not drift too far away from our targeted discount range, the Board increased the amount of buy backs significantly in the second half of the year and 2,073,673 shares were bought back into Treasury. We had some success in narrowing the discount, but this was overwhelmed by the sharp rise in the net asset value in the last days of the financial year, caused solely by sterling's depreciation. Since the year end, the discount has started to narrow in again and we believe that our buyback policy has moderated the volatility of the discount, which shareholders have informed us is important.

The Board

Nigel Kenny will retire from the Board at the conclusion of the forthcoming AGM. He joined the Board in 2008 and, on behalf of the Board, I would like to thank him for his contribution, in particular in bringing his financial experience to bear in chairing the Audit Committee. Richard Laing will succeed Nigel as Chairman of the Audit Committee and Anatole Kaletsky will become Senior Independent Director.

I have indicated my intention to step down from the Board at the conclusion of the 2017 AGM. In order to plan for that and to ensure appropriate succession planning and continuity, the Board has engaged an independent third party, Trust Associates, to assist with the recruitment of a new director. We expect to make an appointment with effect from January 2017.

The Manager

The Board monitors the performance of our Manager through the Management Engagement Committee. Last year's performance continued the strong long term performance record. Thus we remain satisfied with the Manager's overall performance, not only in terms of investment performance but also in terms of risk management, administration, controls and compliance, where we continue to be well served.

AGM

This year's AGM will be held at JPMorgan's office at 60 Victoria Embankment, London EC4Y 0JP on Wednesday 16th November 2016 at 3.00 p.m. Austin Forey will give a presentation to shareholders, reviewing the past year and giving his view on the outlook for emerging markets for the current year. The meeting will be followed by afternoon tea, which will provide shareholders with the opportunity to meet the Directors and the Investment Manager. We look forward to seeing as many shareholders as possible at the AGM.

Outlook

As our Investment Manager indicates in his report, some of the downward forces affecting emerging markets over the last two or three years appear to be moderating. Sentiment is no longer one way and some flows are going back into emerging markets. The economic fundamentals in Asia appear to be improving but that is not always the case elsewhere. Much will depend upon what happens in the developed world where economic growth is still below trend, but the period of underperformance of emerging markets seems to be near its end. Given that we still expect superior long term results in the emerging world, that provides some reason for optimism. Volatility will remain, of course, but your Company, with its excellent long term record, will be well placed to take advantage of the opportunities ahead.

Alan Saunders
Chairman
4th October 2016

INVESTMENT MANAGERS' REPORT

Results

In June, with a week to go until the end of your Company's financial year end, I was preparing to write a report explaining why emerging markets had been a tough place to be invested, for anyone who measures returns in sterling. But the referendum on the UK's EU membership led to a sharp fall in the pound, so all foreign assets became suddenly more valuable; in the end emerging markets finished the twelve months to 30th June 2016 with a modest gain, the benchmark index producing a return of +3.5%.

By comparison, the Company's total return on net assets was +12.7%. The total return on the share price was a little less, at +9.3%, because the discount to NAV widened during the year, in spite of periodic repurchases of shares. The 'investment manager contribution', which describes the return from the portfolio before all costs relative to the return of the benchmark index, was +10.2%. This is a good result from our perspective. More than two thirds of this difference in returns came from our choices of individual stocks within countries. Some of those companies in banking and IT services which I highlighted in last year's report were among the contributors to this year's performance, but other good outcomes came from a diverse range of investments in companies engaged in activities from fuel distribution in Brazil to the production of shampoo and washing powder in Indonesia, with many other things in between.

The past year

This was a year with plenty of macroeconomic noise, but few consistent trends. Commodity prices fell and then later rallied; the Chinese stock market, which had soared in the first half of 2015, fell sharply from the summer onwards; the US raised interest rates, but only once and only by a little; emerging market currencies weakened and then recovered. If I were a football commentator I might say that it has been a year of two halves. The first six months were marked by ever-increasing gloom about the prospects for emerging markets, for reasons which I set out in the interim report written at the half-year stage. And yet as so often, the more pessimistic everyone becomes, the more the markets already reflect their fears, so any change for the better immediately drives prices higher. From their low point in mid-January, emerging markets rose by more than 30% in sterling by the end of June. Admittedly this was partly due to the decline of sterling, but other things gradually improved: commodity prices stopped falling; emerging market currencies recovered; even in the political arena, things began to shift and change in countries like Argentina and Brazil. China remained something of a laggard during this rebound, but some Chinese companies have seen their share prices reach all-time highs in the last few months and the general divergence between 'new' industries like internet services and 'old' industries like cement and construction has become ever more marked.

Against this background the results from the portfolio were really too diverse to capture succinctly. Good companies often prosper when times are difficult and many of the businesses owned in the portfolio reported excellent results during the last year regardless of the general economic context in which they operated. This is exactly what we had hoped for, so it was encouraging to see it playing out in practice. We like investments that are very specific stories, where our investment case rests on a belief that a company enjoys a sustainable advantage over its competitors and can grow its intrinsic value over time by outperforming or displacing others. Such opportunities exist in many industries and many countries, but to capture them we need a particular mind-set, which prioritises certain

INVESTMENT MANAGERS' REPORT *CONTINUED*

factors in the decision-making process; and we also need to keep explaining what we do, which is the subject of the next part of this commentary.

What you can expect

Our clients cannot choose the products that suit them unless we can tell them, before they make their choice, what to expect. I hope that shareholders are familiar with the investment approach that we have applied to your Company's portfolio, but even so, it is worth restating very simply three things that you can expect from the portfolio that we manage on your behalf.

First, you can expect low turnover of investments; we do not trade the portfolio aggressively and we own the same stocks for long periods of time. I think this approach makes sense for two reasons. The first reason is that all transactions carry a cost, so the more we change the portfolio, the bigger the drag on investment returns and in the long run this really matters: I do not think that passing ever-greater amounts of money to intermediaries is in your interests as shareholders. The second and more positive reason is that we want to capture the power of compounding, which in the long run dwarfs everything; so we have to stay invested in companies long enough to benefit from it: this means years and sometimes even decades, not months or weeks. I never start the year with a level of investment turnover in mind and I do not expect it to be the same every year either; this past year the portfolio was very stable, even by our past standards.

Second, you can expect that we will often own the same kinds of businesses. Because we are always looking for the same attributes in our investments, we tend to find them repeatedly in some areas and rarely if ever in others. We like companies with good *economics* (return on capital, cash generation), good *duration* (strong competitive position, low risk of obsolescence) and good *governance* (good capital allocation, protective of shareholders' interests). More simply, you could say that we want be able to answer 'yes' to three questions: does a company generate value? can it go on generating value? and will the value accrue to the shareholders? Because we are always looking for these characteristics, your portfolio has had very persistent biases towards certain industries and countries, and is likely to do so in the future. I comment in more detail below about the kinds of investments we typically like.

Third, and perhaps most important, you can expect that the portfolio's results will not be the same as the benchmark index. Sometimes they will be worse; but we cannot take a long term view of investments while simultaneously worrying about the short term and we are always going to choose the long term over the short term, because we think that in the end we will provide better outcomes this way. I believe we should always reiterate this point, and the most important time to communicate it is not when performance has been bad, but when it has been good. So although it is great to be able to report a year of solid outperformance, you should not expect that we can match the last year's relative performance every year, though of course we will do our best; and we won't change our approach when short term performance is more difficult, any more than we would when it is going well.

What we have invested in

In last year's commentary I wrote about some of the clusters of investments that we have in the portfolio, including IT services and certain bank shares. There are other similar exposures that form important parts of the portfolio: we have roughly a quarter of the

PERFORMANCE ATTRIBUTION
FOR THE YEAR ENDED 30TH JUNE 2016

	%	%
Contributions to total returns		
Benchmark		3.5
Asset allocation	2.9	
Stock selection	7.0	
Gearing/Cash	0.3	
Investment Manager contribution		10.2
Portfolio return		13.7
Management fee/Other expenses	-1.2	
Share buyback	0.2	
Return on net assets		12.7
Return to ordinary shareholders		9.3

Source: B-One/JPMAM/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 66.

portfolio invested in the consumer sector, mostly in companies producing or selling staple products like food and beverages. Successful consumer brand companies are one of the best fits against our investment criteria: they tend to be cash generative, they tend to last a long time and they are relatively immune both to inflation and to interference by governments. It is not an accident that in both the developed world and in emerging markets, consumer staples as a sector has consistently delivered better results than broader market indices and you can expect that we will continue to have plenty of money invested in this area. Of course no industry stands still and the companies we invest in have to adapt to the effects of technology and competition; but the ability to create brand value and produce pricing power is an unusual and valuable feature in a business and the portfolio contains several investments with dominant market positions and long brand heritage which should be able to translate these strengths into cash flows for many years to come. Among other things, the portfolio holds shares in the leading beer companies in both Latin America and India; both Ambev and United Breweries can trace their roots back to the nineteenth century, a good sign of corporate durability. They also both have a market share in their home country which is bigger than all their competitors combined. In both cases, management still needs to deliver and stay ahead of the pack; but companies like these have a formidably strong base from which to face the future.

INVESTMENT MANAGERS' REPORT *CONTINUED*

While the future looks good for consumer product companies, life is becoming more complicated for retail companies; over the years we have successfully owned retail businesses in several countries – including Mexico, South Africa and Turkey – where the formal retail industry has emerged over the last couple of decades to dominate a previously informal and highly fragmented retail landscape. But the internet is opening up new ways of delivering products as well as services and we can expect more change to come. For some kinds of retail business this is not a serious threat; the basis of a convenience store business is convenience: consumers who need to pick up a couple of items on the way home are not going to order a pint of milk or a loaf of bread online for delivery later. We have been invested for several years in the leading convenience store operators in Taiwan (President Chain Store) and Russia (Magnit), believing them to be very cash-generative and stable businesses with large and growing competitive advantages. Fast food chains (the portfolio owns shares in the leading companies in both Hong Kong and the Philippines) are also relatively resilient, but there are other parts of the retail industry where the challenges will be harder to deal with; so it would not be surprising in the long run to see our consumer exposure more heavily slanted towards products rather than services.

What we are thinking about

There are also areas we are very interested in but which do not feature heavily in the portfolio today: one obvious example is healthcare. This is an industry which, like consumer staples, has delivered much better returns over the long run than overall equity markets, whether you look at the developed world or at emerging markets. Given demographic trends and ageing populations, demand growth seems very likely to continue for a long time; the challenge for us is only at the individual stock level – can we find businesses making good returns and can we navigate the policy uncertainty and political sensitivities which beset the industry in many countries? Nowhere is this more relevant than in China, where fundamental reforms of the healthcare system are required, which may create both big winners and big losers; at the moment, most companies in the Chinese healthcare sector combine significant policy risk with relatively high valuations, but this can always change. Innovation continues to change the landscape of the pharmaceutical industry too and countries like Korea are becoming serious players in the biotechnology industry, with a lot of entrepreneurial activity evident. So there is plenty to interest us here and if we can find compelling individual stocks, we could have significantly more exposure to this industry in the future.

Entrepreneurial activity in the biotech sector brings me to the last thing that I want to mention, which is the need to make sure that we have exposure to entrepreneurial value creation in the portfolio. Entrepreneurs build businesses and entrepreneurial wealth creation is different from the activity of maintaining and developing an existing franchise: it involves more risk; almost by definition it rejects the existing consensus; it is often the product of a single dominant personality. These things usually make me instinctively cautious as an investor; over-confidence is a common trap to fall into and the benefit of hindsight can easily distort one's view of the likely chances of success. Nevertheless, some of the portfolio's big successes in the past have come from backing entrepreneurs and when the risk/reward payoff looks very interesting, we will continue to do this. One of the most difficult things in making investment decisions of all kinds, I think, is to frame the decision clearly in the first place, and then to hold on to the original premise at times when it is not working. The more volatile and unpredictable the business, the harder this is to do and this applies especially to the most entrepreneurial businesses, so we need to be really clear about what our view is based on. When we invest in entrepreneurial businesses – and the internet sector is an obvious example of this, though not the only one – we will not always know what the final outcome looks like; often, we are taking a view based mostly on people, in conjunction with a promising opportunity to do something better than the existing players. But as J.P. Morgan himself is said to have remarked (in a phrase which nicely summarises the tension between risk and opportunity that exists in every investment), ‘go as far as you can see; when you get there, you will be able to see farther’.

The year ahead

I am often asked about my view of ‘emerging markets’ and while I usually manage some response, in truth I find this an impossibly broad question: it is rather like being asked for my view of the world. Taking this down to the level of individual countries does not help much, because even unappealing countries can have some big winners at the corporate level, while the most successful economies will always have their share of outright failures.

So the best answer that I can offer is that I am optimistic about the future because there is *always* opportunity; all we need to do is to see it. Sometimes this appears relatively difficult, at other times it can seem easier. From my perspective, all the important judgements are made about individual companies. I meet corporate managers and owners regularly and am often impressed by what they achieve, sometimes working in more challenging and difficult business environments than we can easily imagine. I am also fortunate to have the resources of a large organisation and a large team to help me. Opportunities, like buses, tend to arrive in groups and when I do not see any coming, I tend to leave the portfolio more or less unchanged; but in the long run, there will always be winners as well as losers, which is really all that we require in order to look positively at the future.

Austin Forey
Investment Manager 4th October 2016

SUMMARY OF RESULTS

	2016	2015	
Total returns for the year ended 30th June			
Return to shareholders[1]	+9.3%	+6.6%	
Return on net assets[2]	+12.7%	+7.4%	
Benchmark[3]	+3.5%	+3.2%	
Net asset value, share price and discount at 30th June			**% change**
Shareholders' funds (£'000)	934,642	852,689	9.6
Net asset value per share	740.8p	663.8p	11.6
Share price	635.0p	587.0p	8.2
Share price discount to net asset value per share[4]	13.2%	10.7%	
Shares in issue (excluding shares held in Treasury)	126,174,703	128,448,376	
Revenue for the year ended 30th June			
Gross revenue return (£'000)	17,119	19,805	-13.6
Net revenue attributable to shareholders (£'000)	12,136	8,527	42.3
Revenue return per share	9.49p	6.68p	42.1
Dividend per share	9.00p	6.00p	50.0
Gearing/(net cash) at 30th June	**(3.6)%**	**(3.5)%**	
Ongoing charges	**1.16%**	**1.14%**	

[1] Change in share price with dividends reinvested. Source: Morningstar.

[2] Source: J.P. Morgan.

[3] Source: MSCI. The Company's benchmark is the MSCI Emerging Markets Index with net dividends reinvested, in sterling terms.

[4] Source: Bloomberg. Capital only.

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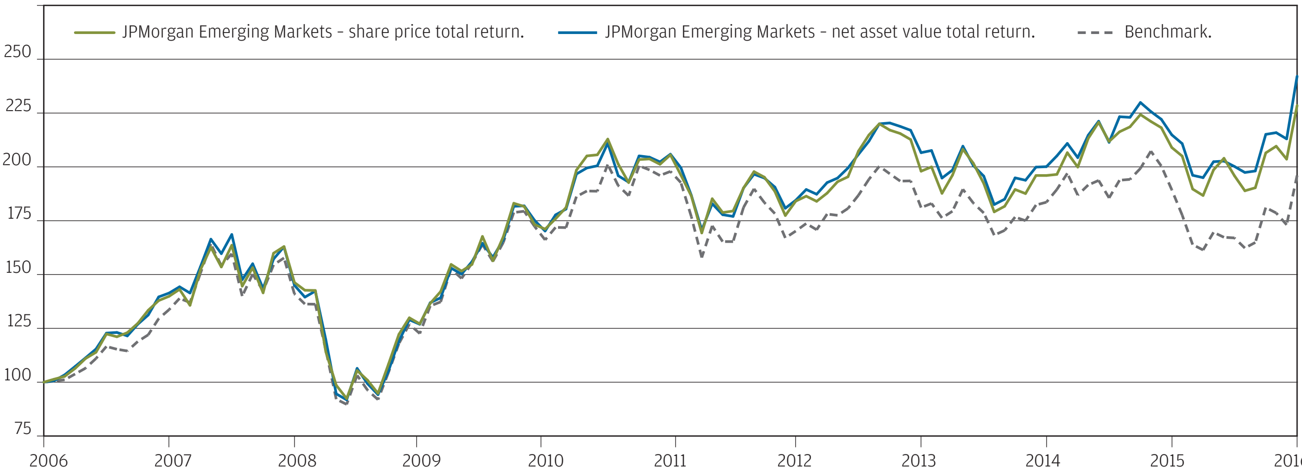
PERFORMANCE

Ten Year Performance

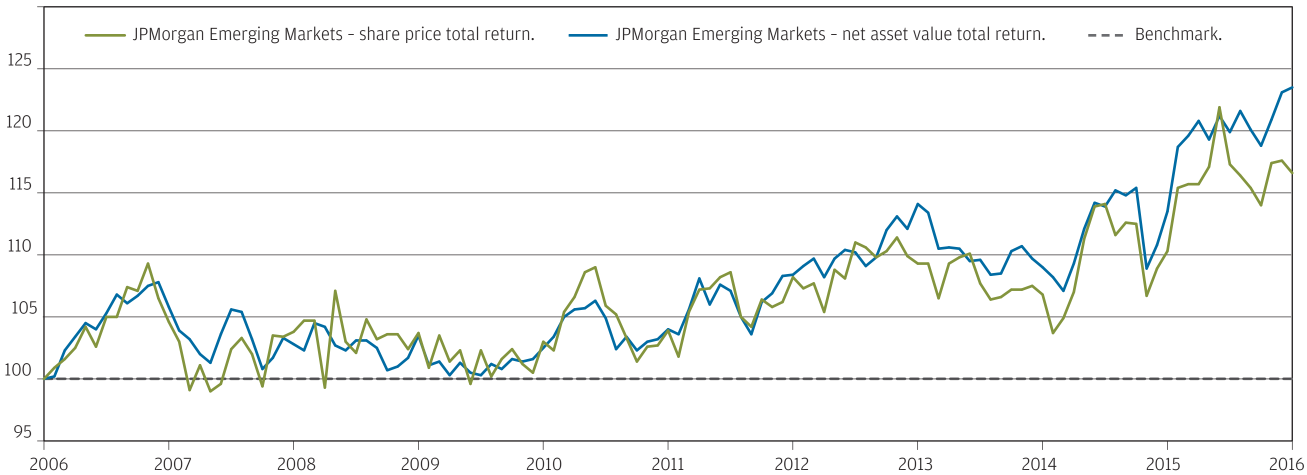
FIGURES HAVE BEEN REBASED TO 100 AT 30TH JUNE 2006



Source: Morningstar.

Performance Relative to Benchmark

FIGURES HAVE BEEN REBASED TO 100 AT 30TH JUNE 2006



Source: Morningstar.

TEN YEAR FINANCIAL RECORD

At 30th June	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Shareholders' funds (£m)	360.9	508.0	518.4	448.2	631.9	785.1	691.9	785.8	750.6	852.7	934.6
Net asset value per share (p)	327.2	460.5	470.0	406.3	544.9	655.7	584.1	649.3	623.4	663.8	740.8
Share price (p)	299.0	416.5	433.5	374.0	500.0	597.5	531.5	567.0	556.0	587.0	635.0
Discount (%)	8.6	9.6	7.8	7.9	8.2	8.8	9.1	11.8	10.1	10.7	13.2
Gearing/(net cash) (%)	(0.2)	0.8	(4.7)	(0.8)	(1.7)	(5.2)	(3.7)	(4.2)	(4.6)	(3.5)	(3.6)
Year ended 30th June											
Gross revenue attributable to shareholders (£'000)	8,488	8,055	9,456	11,344	12,335	15,912	16,480	18,487	16,071	19,805	17,119
Revenue return per share (p)	4.30	1.96	2.59	4.43	4.47	5.26	6.22	6.73	5.12	6.68	9.49
Dividend per share (p)	3.65	2.00	2.00	3.20	3.20	3.50	4.50	5.50	5.50	6.00	9.00
Ongoing charges (%)	1.28	1.24	1.25	1.05	1.17	1.15	1.18	1.14	1.17	1.14	1.16
Rebased to 100 at 30th June 2006											
Share price total return[1]	100	139.9	146.3	127.1	171.1	205.6	184.1	198.0	196.0	209.0	228.5
Net asset value total return[2]	100	141.4	145.0	126.9	170.2	205.9	184.5	206.6	200.1	214.9	242.1
Benchmark[3]	100	133.7	141.0	122.6	166.1	197.9	170.2	181.1	183.6	189.4	196.0

[1] Source: Morningstar.

[2] Source: J.P.Morgan.

[3] Source: MSCI. The Company's benchmark is the MSCI Emerging Markets Index with net dividends reinvested, in sterling terms.

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TEN LARGEST EQUITY INVESTMENTS AT 30TH JUNE

Company	Country	2016 Valuation £'000	%[1]	2015 Valuation £'000	%[1]
Housing Development Finance Housing Development Finance provides housing finance in India. The company provides long-term housing loans to low and middle income individuals and corporations. The company also provides construction finance to real estate developers, and lease financing facilities to companies and development authorities for infrastructure and other assets.	India	45,230	5.0	42,233	5.1
Taiwan Semiconductor Manufacturing Taiwan Semiconductor Manufacturing Company manufactures integrated circuits based on its proprietary designs. The company offers a comprehensive set of integrated circuit fabrication processes to manufacture CMOS logic, mixed-mode, volatile and non-volatile memory and BiCMOS chips. Taiwan Semiconductor is an affiliate of Philips Electronics.	Taiwan	44,589	5.0	32,813	4.0
Indusind Bank Indusind Bank is a national bank which provides a range of banking and financial services including wholesale banking, credit monitoring, risk management, tele-banking, investment banking and commercial lending. Indusind Bank operates branches throughout India as well as an office in Dubai and London.	India	34,685	3.8	25,269	3.1
AIA AIA Group offers insurance and financial services. The company writes life insurance for individuals and businesses, accident and health insurance, retirement planning, and wealth management services.	China and Hong Kong	33,230	3.7	28,626	3.5
Tata Consultancy Services Tata Consultancy Services is a global IT services organisation that provides a comprehensive range of IT services to its clients in diverse industries. The company caters to finance and banking, insurance, telecommunication, transportation, retail, manufacturing, pharmaceutical and utility industries.	India	29,929	3.3	27,038	3.3
Tencent Holdings Tencent Holdings, an investment holding company, provides internet and mobile value-added services, online advertising services and e-commerce transactions services to users in the People's Republic of China, the United States, Europe and internationally.	China and Hong Kong	29,462	3.3	18,115	2.2
Infosys Technologies[2] Infosys provides IT consulting and software services, including e-business, program management and supply chain solutions. The group's services include application development, product co-development, and system implementation and system engineering. Infosys targets businesses specialising in the insurance, banking, telecommunication and manufacturing sectors.	India	21,989	2.4	16,586	2.0
Ultrapar Participações[2] Ultrapar Participações is a Brazilian holding company. The company's holdings include a gas distribution company, a petrochemical company and a petrochemical and gas storage and transportation company.	Brazil	21,843	2.4	17,714	2.2
EPAM Systems EPAM Systems provides software development, outsourcing services, e-business, enterprise relationship management and content management solutions.	Belarus	21,398	2.4	20,146	2.4
Jardine Matheson[2] Jardine Matheson Holdings is a multinational enterprise with a portfolio of businesses focused on the Asia-Pacific region. The group's activities include financial services, supermarkets, consumer marketing, engineering and construction, automobile trading, insurance broking, property investment and hotels.	China and Hong Kong	19,351	2.2	16,046	2.0
Total		**301,706**	**33.5**		

[1] Based on total portfolio of £901.0m (2015: £822.5m).

[2] Not included in the ten largest equity investments at 30th June 2015.

At 30th June 2015, the value of the ten largest equity investments amounted to £249.1m representing 30.3% of the total portfolio.

PORTFOLIO ANALYSIS

Geographic	30th June 2016 Portfolio %[1]	30th June 2016 Benchmark %	30th June 2015 Portfolio %[1]	30th June 2015 Benchmark %
South Asia	30.0	15.7	27.9	14.5
East Asia	25.7	54.7	26.1	54.1
Europe/Middle East/Africa	22.4	16.2	24.5	17.2
Latin America	21.9	13.4	21.5	14.2
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total portfolio of £901.0m (2015: £822.5m).

Sector	30th June 2016 Portfolio %[1]	30th June 2016 Benchmark %	30th June 2015 Portfolio %[1]	30th June 2015 Benchmark %
Financials	30.7	26.1	30.5	29.7
Information Technology[3]	25.5	22.5	23.8	17.9
Consumer Staples[2]	19.4	8.5	18.3	8.1
Industrials[3]	8.5	6.2	9.4	6.9
Consumer Discretionary[2]	7.1	10.5	7.5	9.0
Materials	3.5	6.3	3.4	6.9
Energy	2.4	7.4	2.2	8.4
Health Care	2.1	2.7	2.4	2.5
Telecommunication Services	0.8	6.6	2.5	7.3
Utilities	–	3.2	–	3.3
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total portfolio of £901.0m (2015: £822.5m).

[2] Convenience Retail Asia has been reclassified from Consumer Discretionary to Consumer Staples.

[3] 51Job has been reclassified from Information Technology to Industrials.

INVESTMENT ACTIVITY DURING THE YEAR ENDED 30TH JUNE 2016

	Value at 30th June 2015 £'000	% of portfolio	Purchases £'000	Sales £'000	Changes in value £'000	Value at 30th June 2016 £'000	% of portfolio
India	187,738	22.8	–	(3,967)	34,182	217,953	24.2
China and Hong Kong	130,023	15.8	6,092	(3,421)	5,922	138,616	15.4
South Africa	111,437	13.6	5,736	–	2,224	119,397	13.3
Brazil	109,577	13.3	1,505	(3,499)	8,151	115,734	12.8
Taiwan	62,802	7.6	654	–	15,553	79,009	8.8
Mexico	44,635	5.4	–	(2,801)	8,614	50,448	5.6
Indonesia	37,738	4.6	–	–	9,505	47,243	5.2
Russia	27,649	3.4	–	–	855	28,504	3.2
Belarus	20,146	2.5	–	–	1,252	21,398	2.4
South Korea	12,523	1.5	–	–	1,692	14,215	1.6
Argentina	8,369	1.0	–	–	4,366	12,735	1.4
Turkey	15,778	1.9	–	(4,346)	1,269	12,701	1.4
Peru	8,476	1.0	–	–	2,596	11,072	1.2
United Kingdom	15,931	1.9	–	–	(6,000)	9,931	1.1
Chile	6,202	0.8	–	–	777	6,979	0.8
Ukraine	6,018	0.7	–	–	499	6,517	0.7
Philippines	3,856	0.5	–	–	1,477	5,333	0.6
Poland	4,547	0.6	–	(2,963)	1,564	3,148	0.3
Pakistan	96	–	–	–	(4)	92	–
Thailand	8,954	1.1	–	(5,686)	(3,268)	–	–
Total investments	**822,495**	**100.0**	**13,987**	**(26,683)**	**91,226**	**901,025**	**100.0**

LIST OF INVESTMENTS AT 30TH JUNE 2016

Company	Valuation £'000
India	
Housing Development Finance	45,230
Indusind Bank	34,685
Tata Consultancy Services	29,929
Infosys Technologies[1]	21,989
ITC	19,347
Supreme Industries	14,960
United Breweries	12,995
Lupin	11,285
Infosys Technologies	8,542
Mahindra & Mahindra Financial Service	7,271
ACC	6,939
Ambuja Cements	4,781
	217,953
China and Hong Kong	
AIA	33,230
Tencent Holdings	29,462
Jardine Matheson	19,351
Baidu[1]	15,946
Cafe De Coral	12,505
Sun Art Retail Group	8,414
Tsingtao Brewery	6,897
51Job[1]	4,107
Convenience Retail Asia	3,648
Tingyi	3,039
H.K. Aircraft Engineering	2,017
	138,616
South Africa	
Clicks	18,061
Bid	17,202
Discovery	13,849
Capitec Bank	13,134
RMB	10,614
Aspen Pharmacare	7,666
MTN	7,171
Tiger Brands	7,053
Shoprite Holdings	6,597
Mr Price Group	6,440
Sanlam	6,236
Bidvest Group	5,374
	119,397

Company	Valuation £'000
Brazil	
Ultrapar Participações	21,843
Cielo	18,792
Ambev[1]	15,714
Itaú Unibanco	15,144
WEG	14,716
Lojas Renner	13,644
Companhia de Concessões Rodoviárias	8,063
Vale[1]	5,255
Marcopolo	2,563
	115,734
Taiwan	
Taiwan Semiconductor Manufacturing[1]	44,589
Delta Electronics	15,443
President Chain Store	13,959
Chailease	5,018
	79,009
Mexico	
Grupo Aeroportuario del Sureste[1]	14,027
Grupo Financiero Banorte	13,134
Wal-Mart de Mexico	11,752
Gentera	11,535
	50,448
Indonesia	
Bank Rakyat Indonesia	15,638
Astra International	12,107
Unilever Indonesia	11,536
Bank Central Asia	7,962
	47,243
Russia	
Magnit	15,660
Sberbank	8,871
Mail.Ru Group[1]	3,973
	28,504
Belarus	
Epam Systems	21,398
	21,398

Company	Valuation £'000
South Korea	
Hyundai Motor	14,215
	14,215
Argentina	
Globant	12,735
	12,735
Turkey	
Turkiye Garanti Bankasi	6,700
KOC	6,001
	12,701
Peru	
Credicorp	11,072
	11,072
United Kingdom	
International Personal Finance	9,931
	9,931
Chile	
Banco Santander-Chile[1]	6,979
	6,979
Ukraine	
Luxoft	6,517
	6,517
Philippines	
Jollibee Foods	5,333
	5,333
Poland	
Eurocash	3,148
	3,148
Pakistan	
BRR Guardian Modaraba	92
	92
Total investments	**901,025**

[1] Includes ADRs/GDRs/ADSs/BDRs.

BUSINESS REVIEW

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Company has performed. To assist shareholders with this assessment, the Strategic Report sets out the structure and objective of the Company, its investment policies and risk management, investment limits and restrictions, performance and key performance indicators, share capital, the Company's environmental, social and ethical policy, principal risks and how the Company seeks to manage those risks and finally its long term viability.

Structure and Objective of the Company

JPMorgan Emerging Markets Investment Trust plc is an investment trust company that has a premium listing on the London Stock Exchange. Its objective is to maximise total return from emerging markets worldwide through a diversified portfolio of underlying investments. In seeking to achieve this objective the Company employs JPMF to actively manage the Company's assets. The Board has determined an investment policy and related guidelines and limits, as described below. It aims to outperform the MSCI Emerging Markets Index.

The Company is subject to UK and European legislation and regulations including UK company law, Financial Reporting Standards, the UKLA Listing, Prospectus, Disclosure Guidance and Transparency Rules, Market Abuse Regulation, taxation law and the Company's own Articles of Association. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010) for the year ended 30th June 2013 and future years. The Directors have no reason to believe that approval will not continue to be obtained. The Company is not a close company for taxation purposes.

Investment Policies and Risk Management

In order to achieve the investment objective and to seek to manage risk, the Company invests in a well diversified spread of countries, industries and companies. The Company invests primarily in quoted securities in emerging stock markets but, where necessary or appropriate in the absence of suitable quoted securities, it may invest in unquoted securities. It may invest in other collective investment schemes, but usually only where legal restrictions prevent direct investment by foreign investors or prudent diversification can best be achieved in this way. The Company conducts its affairs so as to achieve and maintain approved investment trust status in the UK.

The Company is managed to produce total return and not to produce any particular level of dividend and therefore the level of dividend will vary.

The Board's policy is to employ gearing when the Manager believes it is appropriate to do so. The Board regularly reviews this policy. Should the Manager decide to employ gearing, the Company will remain invested in the range of 90-120% under normal market conditions.

The Board has set no minimum or maximum limits on the number of investments in the portfolio but it is a relatively concentrated portfolio consisting typically of between 60 and 90 investments. The assets are managed by an investment manager based in London who is supported by a 50 strong emerging markets equity team who are based across the world.

It should be noted that historically, emerging market companies (and investments in their shares) have shown greater volatility and may be subject to certain political and corporate governance risks which are not typically associated with more developed markets and economies.

Investment Restrictions and Guidelines

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

- The Company will not invest more than 10% of its total assets in any one individual stock (excluding investment trusts) at the time of acquisition.
- No more than 50% of the Company's assets may be invested in any one region.
- No more than an aggregate of 25% of the Company's assets (before deducting borrowings) may be invested in: (i) securities not listed on any recognised investment exchange; and (ii) holdings in which the Company's interest amounts to 20% or more of the aggregate of the equity capital (including any capital having an element of equity) of any one listed company (other than an investment trust which has been approved by HM Revenue & Customs or which would qualify for such approval but for the fact that it is not listed).
- In accordance with the Listing Rules of the UK Listing Authority, the Company will not invest more than 15% of its gross assets in other UK listed closed-ended investment funds and will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of gross assets in UK listed closed-ended investment funds.
- The Company does not normally enter into derivative transactions, other than short term forward currency contracts to manage working capital requirements and to do so requires prior Board approval.

These limits and restrictions may be varied by the Board at any time at its discretion.

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 June 2016, the Company produced a total return to shareholders of 9.3% (2015: 6.6%) and a total return on net assets of 12.7% (2015: 7.4%). This compares with the return on the Company's benchmark index of 3.5% (2015: 3.2%). At 30th June 2016, the value of the Company's investment portfolio was £901.0 million (2015: £822.5 million). The Investment Manager's Report on pages 5 to 9 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross total return for the year amounted to £113.1 million (2015: £70.1 million) and net total return after deducting management fee, other administrative expenses, finance costs and taxation amounted to £102.5 million (2015: £58.8 million). Distributable income for the year amounted to £12.1 million (2015: £8.5 million). With effect from 1st July 2015, the Company has allocated 70% of the management fee and any finance costs to capital and 30% to revenue. Previously, 100% of these charges were allocated to revenue. This change has resulted in an increase in the amount of revenue available for distribution to shareholders.

The Directors recommend a final dividend of 9.0p per share payable on 23rd November 2016 to holders on the register at the close of business on 21st October 2016. This distribution will amount to £11.4 million. The revenue reserve after payment of the final dividend will amount to £10.0 million.

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:

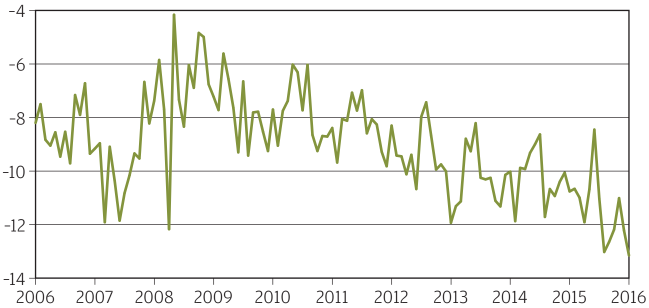
- **Performance against the benchmark index**
  This is the most important KPI by which performance is judged. Information on the Company's performance is given in the Chairman's Statement and the Investment Manager's Report. (Also, please refer to the graphs on page 11).

- **Performance against the Company's peers**
  The principal objective is to maximise total return relative to the benchmark. However, the Board also monitors the performance relative to a broad range of competitor funds.

- **Performance attribution**
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. Details of the attribution analysis for the year ended 30th June 2016 are given in the Investment Manager's Report on page 7.

- **Share price discount to net asset value ('NAV') per share**
  The Board has a share repurchase policy which seeks to address imbalances in supply of and demand for the Company's shares within the market. This should help to reduce the volatility and absolute level of the discount to NAV per share at which the Company's shares trade in relation to its peers in the sector. In the year to 30th June 2016, the Company's shares traded at a discount to the capital only net asset value per share between 8.5% and 13.2% based on month end data.

Discount Performance



Source: Datastream (month end data).

JPMorgan Emerging Markets - share price discount to capital only net asset value per share.

- **Ongoing charges**
  The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net assets during the year. The ongoing charges for the year ended 30th June 2016 were 1.16% (2015: 1.14%). The Board reviews each year an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers.

Share Capital

The Directors have, on behalf of the Company, the authority both to repurchase shares in the market for cancellation, or holding in Treasury, and to issue new shares for cash or from Treasury on behalf of the Company.

A total of 2,273,673 shares were repurchased into Treasury during the year under review, for a total consideration of £12,812,000. The Company did not allot any new shares for cash. Since the year end 350,402 shares have been repurchased into Treasury.

Resolutions to renew the authorities to issue new shares and to repurchase shares for cancellation and/or for holding in Treasury will be put to shareholders for approval at the Annual General Meeting.

The full text of these Resolutions is set out in the Notice of Meeting on pages 63 and 64.

BUSINESS REVIEW *CONTINUED*

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board. At 30th June 2016, there were five male Directors and one female Director on the Board.

Employees, Social, Community and Human Rights Issues

The Company has a management contract with JPMF. It has no employees and all of its Directors are non-executive. The day to day activities are carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Board notes the JPMorgan Asset Management ('JPMAM') policy statements in respect of Social, Community and Environmental and Human Rights issues, as highlighted in italics:

Social, Environmental and Human Rights

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.

The Manager has implemented a policy which seeks to restrict investments in securities issued by companies that have been identified by an independent third party provider as being involved in the manufacture, production or supply of cluster munitions, depleted uranium ammunition and armour and/or anti-personnel mines. Shareholders can obtain further details on the policy by contacting the Manager.

Greenhouse Gas Emissions

The Company is managed by JPMF, has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. *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.*

The Modern Slavery Act 2015 (the 'MSA')

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation. As the Company has no employees and does not supply goods and services, the MSA does not apply directly to it. The MSA requirements more appropriately relate to JPMF and JPMAM. JPMorgan's statement on Human Rights can be found on the following website: www.jpmorganchase.com/corporate/About-JPMC/ab-human-rights.htm

Principal Risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company. In assessing the risks and how they can be mitigated, the Board has given particular attention to those issues that threaten the viability of the Company. These key risks fall broadly under the following categories:

- **Investment Underperformance:** An inappropriate investment strategy, for example asset allocation, the level of gearing or the degree of portfolio risk, could 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 and through a set of investment restrictions and guidelines which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Manager, who attends all Board meetings, and reviews data which show statistical measures of the Company's risk profile.
- **Political, Economic and Governance:** Administrative risks, such as the imposition of restrictions on the free movement of capital. These risks are discussed by the Board on a regular basis.
- **Loss of Investment Team or Investment Manager:** A sudden departure of the investment manager or several members of the investment management team could result in a short-term deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring

appropriate succession planning and the adoption of a team based approach, as well as special efforts to retain key personnel.

- **Share Price Discount:** A disproportionate widening of the share price discount relative to the Company's peers could result in loss of value for shareholders. The Board regularly discusses discount policy and has set parameters for the Manager and the Company's broker to follow.
- **Change of Corporate Control of the Manager:** The Board holds regular meetings with senior representatives of JPMF in order to obtain assurance that the Manager continues to demonstrate a high degree of commitment to its investment trusts business through the provision of significant resources.
- **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 'Structure and Objective of the Company' on page 18. Should the Company breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by the Manager 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 and Disclosure Guidance and Transparency Rules ('DTRs'). 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 or DTRs 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 and its professional advisers to ensure compliance with the Companies Act 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 in the Corporate Governance report on pages 26 to 31.
- **Operational and Cyber Crime:** Loss of key staff by the Manager, such as the Investment Manager, could affect the performance of the Company. Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the Depositary or Custodian's records may prevent accurate reporting and monitoring of the Company's financial position. Under the terms of its agreement, the Depositary has strict liability for the loss or misappropriation of assets held in custody. See note 20(c) for further details on the responsibilities of the Depositary. Details of how the Board monitors the services provided by JPMF and its associates and the key elements designed to provide effective risk management and internal controls are included within the Risk Management and Internal Controls section of the Corporate Governance Statement on page 30. The threat of cyber attack, in all its guises, is regarded as at least as important as more traditional physical threats to business continuity and security. The Board has received the cyber security policies for its key third party service providers and JPMF has assured Directors that the Company benefits directly or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested by Deloitte and reported every six months against the AAF Standard.
- **Financial:** The financial risks faced by the Company include market price risk, interest rate risk and credit risk. Further details are disclosed in note 20 on pages 55 to 60.

Long Term Viability

Taking account of the Company's current position, the principal risks that it faces and their potential impact on its future development and prospects, the Directors have assessed the prospects of the Company, to the extent that they are able to do so, over the next five years. They have made that assessment by considering those principal risks, the Company's investment objective and strategy, the investment capabilities of the Manager and the current outlook for emerging markets economies and equity markets.

In determining the appropriate period of assessment the Directors had regard to their view that, given the Company's objective of maximising total return, shareholders should consider the Company as a long term investment proposition. This is consistent with advice provided by investment advisers, that investors should consider investing in equities for a minimum of five years. Thus the Directors consider five years to be an appropriate time horizon to assess the Company's viability.

The Directors confirm that, assuming a successful continuation vote at the 2017 AGM, they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment.

For and on behalf of the Board
Alan Saunders,
Chairman

4th October 2016

BOARD OF DIRECTORS

Alan Saunders §†‡
(Chairman of the Board and of the Nomination Committee and Remuneration Committee)
A Director since May 2002.

Last reappointed to the Board: 2015.

Remuneration: £38,000.

An Independent Investment Consultant with Allenbridge Epic Investment Solutions Limited. Mr Saunders was formerly Chief Economist at Royal Dutch Shell and also held senior investment roles in both Lazards and the Private Banking Division of UBS A.G. He is currently independent investment adviser to Dorset County Council Pension Scheme and is a trustee of two corporate pension schemes. He sits on the Insurance Investment Strategy Committee of Lloyds Bank Insurance and on the With Profits Committee of Scottish Widows and Clerical & Medical insurance companies. He also sits on the Performance Oversight Committee of CBRE Global Investors, the UK property fund managers.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,000 Ordinary shares.

Anatole Kaletsky *§†‡
A Director since September 2003.

Last reappointed to the Board: 2015.

Remuneration: £27,000.

Chief Economist of Gavekal Dragonomics, a Hong Kong based company which provides economic analysis and asset management services to financial institutions around the world and Committee Member of Open Society Foundations Investment Committee. Formerly Editor at Large at The Times of London. Economic commentator for Reuters and the New York Times.

Connections with Manager: Mr. Kaletsky is a founding partner and Chief Economist of Gavekal Dragonomics, whose clients include JPMorgan.

Shared directorships with other Directors: None.

Shareholding in Company: 10,000 Ordinary shares.

Nigel Kenny *§†‡
(Chairman of the Audit Committee, Senior Independent Director)
A Director since September 2008.

Last reappointed to the Board: 2015.

Remuneration: £32,000.

A founding partner of emerging markets private equity company Sabre Capital. He is currently an independent non-executive director of UC Rusal Ltd, the world's largest producer of aluminium and alumina products, and a non-executive director of First City Monument Bank Plc, a bank listed on the Nigerian stock exchange. He was previously an independent non-executive director of PartyGaming Plc. Between 1992 and 2002 Mr Kenny held a number of senior positions at Standard Chartered Bank, including Group Head of Operations, Corporate and Institutional Banking and Finance Director. Prior to that he spent 14 years with Chase Manhattan Bank. He is a chartered accountant.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 3,500 Ordinary shares.

Sarah Arkle *§†‡
A Director since September 2013.

Last reappointed to the Board: 2015.

Remuneration: £27,000.

Non-executive director of Foreign & Colonial Investment Trust plc, Henderson Group plc and a member of the Newnham College Cambridge Investment Committee. She was previously an advisor to the South Yorkshire Pension Fund and was Chief Investment Officer of Threadneedle Asset Management where she held a number of other senior positions.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,000 Ordinary shares.

Richard Laing *§†‡
A Director since January 2015.

Last reappointed to the Board: 2015.

Remuneration: £27,000.

Non-executive director of Perpetual Income and Growth Investment Trust plc, Miro Forestry, Leeds Castle Foundation and 3i Infrastructure plc. He is also a trustee of The Overseas Development Institute and Plan UK. Previously finance director of De La Rue plc and from 2000 until 2012 worked for CDC Group plc where he was finance director and latterly chief executive officer. Formerly a non-executive director of London Metal Exchange, Aureos Capital, Madagascar Oil Limited and Emerging Markets Private Equity Association, where he was chairman of the Advisory Council. He is a qualified accountant.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,000 Ordinary shares.

Andrew Page*§†‡
A Director since January 2015.

Last reappointed to the Board: 2015.

Remuneration: £27,000.

Chairman of Northgate plc, senior independent director of Carpetright plc and a director of The Schroder UK Mid Cap Fund plc. He was senior independent director at Arena Leisure plc from 2008 until 2012. He retired as chief executive of The Restaurant Group plc ('TRG') in September 2014 after thirteen years with TRG. Prior to joining TRG, he held a number of senior positions in the leisure and hospitality industry including senior vice president with InterContinental Hotels. Andrew trained and qualified as a chartered accountant with KPMG following which he was a corporate financier with Kleinwort Benson.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 5,000 Ordinary shares.

*** Member of the Audit Committee**

§ Member of the Nomination Committee

† Member of the Remuneration Committee

‡ Considered by the Board to be independent

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 30th June 2016.

Management of the Company

The Manager and Company Secretary is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the FCA. The active management of the Company's assets is delegated by JPMF to an affiliate, JPMorgan Asset Management (UK) Limited ('JPMAM'). The Manager is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides marketing, banking, dealing and custodian services to the Company.

The Manager is employed under a contract which can be terminated on one year's notice, without penalty, unless notice is given as a result of poor investment performance, in which case the contract can be terminated on six months' notice, without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

The Board, through the Management Engagement Committee, conducts a formal evaluation of the Manager on an annual basis. The evaluation includes consideration of the investment strategy and the process of the Manager, performance against the benchmark and a relevant peer group over the long term and the support the Company receives from JPMF. The Company has consistently outperformed its benchmark index over the long term and as a result of the evaluation process, the Board confirms that it is satisfied that the continuing appointment of the Manager is in the interests of shareholders as a whole.

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF is the Company's alternative investment fund manager ('AIFM'). It is approved as an AIFM by the FCA. For the purposes of the AIFMD the Company is an alternative investment fund ('AIF'). JPMF has delegated responsibility for the day to day management of the Company's portfolio to JPMAM. The Company has appointed BNY Mellon Trust and Depositary (UK) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A. as the Company's custodian. BNY is responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at www.jpmemergingmarkets.co.uk There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

As an authorised AIFM, JPMF will make the requisite disclosures on remuneration levels and polices to the FCA at the appropriate time.

Management and Performance Fees

The management fee is charged at the rate of 1.0% per annum of the Company's total assets less current liabilities up to £800 million and at the rate of 0.75% thereafter. The fee is calculated and paid monthly in arrears. Investments on which JPMAM earns a fee are excluded from the calculation and therefore attract no additional management fee.

Until 30th June 2015, the Manager was entitled to receive a performance fee equivalent to 10% of any outperformance of the Company's net asset value ('NAV') per share (on an undiluted total return basis) over the Company's benchmark index, the MSCI Emerging Markets Index with net dividends reinvested, in sterling terms. With effect from 1st July 2015 the performance fee arrangement was terminated.

Directors

The Directors of the Company who held office at the end of the year are detailed on pages 22 to 23.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 33. No changes have been reported to the Directors' shareholdings since the year end.

In accordance with corporate governance best practice, all Directors will retire at the forthcoming Annual General Meeting and, with the exception of Nigel Kenny who will stand down from the Board, being eligible, will offer themselves for reappointment. The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its committees, confirms that each Director continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that they be reappointed.

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 year and as at the date of this report.

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

Disclosure of information to Auditors

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 Auditors are 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 and to establish that the Company's Auditors are 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.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as Auditors to the Company and a resolution proposing their reappointment and authorising the Directors to determine their remuneration for the ensuing year will be put to shareholders at the Annual General Meeting.

Companies Act 2006 Requirements

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

Capital Structure
The Company's capital structure is summarised on the inside front cover of this report.

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 Annual General Meeting on page 65.

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

Shareholders	Ordinary shares	%
Lazard Asset Management LLC	30,374,287	23.9
City of London Investment Management Company	24,374,472	19.0
Wells Capital Management	6,968,032	5.2
Derbyshire County Council	3,890,000	3.1

Subsequent to the year end, the following notifications have been received by the Company:

Shareholders	Ordinary shares	%
City of London Investment Management Company	23,838,180	18.9
Lazard Asset Management LLC	28,941,882	22.9

The Company is also aware that approximately 5.7% of the Company's total voting rights are held by individuals through savings products managed by JPMorgan Asset Management 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 certain circumstances JPMorgan Asset Management 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 repurchase 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 between holders of securities regarding their transfer known to the Company; 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.

Listing Rule 9.8.4R
Listing Rule 9.8.4R requires the Company to include certain information in the identifiable section of the Annual Report or across reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this report.

DIRECTORS' REPORT *CONTINUED*

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 advisor 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 ('AGM'):

(i) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 11 and 12)

The Directors will seek renewal of the authority at the AGM to issue up to 6,291,215 new ordinary shares for cash up to an aggregate nominal amount of £1,572,804 such amount being equivalent to 5% of the present issued ordinary share capital (excluding Treasury shares) as at the last practicable date before the publication of this document. This authority will expire at the conclusion of the AGM of the Company in 2017 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to investors when the Directors consider that it is in the best interests of shareholders to do so. As issues are only made at prices greater than the net asset value (the 'NAV'), they increase the NAV per 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. The issue proceeds are available for investment in line with the Company's investment policies.

The Company currently holds 6,539,224 shares in the capital of the Company in Treasury. The full text of the resolutions is set out in the Notice of Annual General Meeting on page 63.

(ii) Authority to repurchase the Company's shares (resolution 13)

The authority to repurchase up to 14.99% of the Company's issued ordinary share capital, granted by shareholders at the 2015 AGM will expire on 16th May 2017, unless renewed prior to that time. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

Resolution 13 gives the Company authority to repurchase its own issued ordinary shares in the market as permitted by the Companies Act 2006 (the 'Act'). The authority limits the number of shares that could be purchased to a maximum of: 18,861,062 ordinary shares, representing approximately 14.99% of the Company's issued ordinary shares as at 3rd October 2016 (being the latest practicable date prior to the publication of this document). The authority also sets minimum and maximum prices.

If resolution 13 is passed at the AGM it is the Company's current intention to hold in Treasury any shares it may repurchase pursuant to the authority granted to it for possible re-issue at a premium to NAV. This policy is kept under review by the Board.

The full text of the resolution is set out in the Notice of Annual General Meeting on pages 63 and 64. Repurchases of ordinary shares will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares as and when market conditions are appropriate.

Recommendation

The Board considers that resolutions 11 to 13 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 recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 36,500 ordinary shares representing approximately 0.03% of the voting rights of the Company.

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 35, indicates how the Company has applied the principles of good governance of the Financial Reporting Council 2014 UK Corporate Governance Code (the 'UK Corporate Governance Code') 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 ensuring the appropriate level of corporate governance and considers that the Company has complied with the best practice provisions of the UK Corporate Governance Code and of the AIC Code throughout the year under review.

Role of the Board

A management agreement between the Company and the Manager sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administrative 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 year under review.

Anatole Kaletsky is a founding partner and chief economist of Gavekal Dragonomics, whose clients include JPMorgan. The Board does not believe this connection influences Mr Kaletsky's independence as a Director of the Company.

The Board meets at least quarterly 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, JPMF, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Composition

The Board, chaired by Alan Saunders, consists of six non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 22 and 23.

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 Senior Independent Director 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 appointed by shareholders. Thereafter, a Director's appointment is subject to the performance evaluation carried out each year and the approval of shareholders at each annual general meeting, in accordance with corporate governance best practice. 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 takes into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees.

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.

Induction and Training

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter, regular briefings are provided on changes in law and regulatory requirements that affect the Company and the Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trust companies. Regular reviews of the Directors' training needs are carried out by the Chairman by means of the evaluation process described below.

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. All Directors are members of the committees, with the exception of the Chairman who attends the Audit Committee by invitation.

The table below details the number of Board and Committee meetings attended by each Director. During the year, there were five Board meetings, two Audit Committee meetings, a Management Engagement Committee meeting, a Nomination Committee meeting and a Remuneration Committee meeting.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Management Engagement Committee Meetings Attended	Remuneration Committee Meetings Attended	Nomination Committee Meetings Attended
Sarah Arkle	5	2	1	1	1
Anatole Kaletsky	5	2	–	1	1
Nigel Kenny	5	2	1	1	1
Richard Laing	5	2	1	1	1
Percy Mistry[1]	3	1	1	1	1
Andrew Page	5	2	1	1	1
Alan Saunders[2]	5	2	1	1	1

[1] Retired 31st December 2015.

[2] Ceased to be a member of the Audit Committee on 30th October 2009. Mr Saunders now attends by invitation.

DIRECTORS' REPORT *CONTINUED*

Board Committees

Nomination Committee

The Nomination Committee, chaired by Alan Saunders, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender. With the retirement of Nigel Kenny at the forthcoming AGM, an independent third party, Trust Associates, has been employed to conduct the search for a new Director. Trust Associates have no connection with the Board or the Manager.

The Committee conducts an annual performance evaluation of the Board, its committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. In the year under review, an independent evaluation was undertaken by Lintstock, an independent consultancy. Lintstock, who have no connection with the Company or the Manager, produced a report at the conclusion of the process which was then discussed by the Board. The evaluation of individual Directors is led by the Chairman. The Senior Independent Director leads the evaluation of the Chairman's performance.

Remuneration Committee

The Remuneration Committee, chaired by Alan Saunders, consists of all of the Directors and meets annually to review the levels of remuneration of the Chairman, the Chairman of the Audit Committee, the Senior Independent Director and other Directors. This takes into account the level of fees paid to the directors of the Company's peers and within the investment trust industry generally to ensure that high quality individuals are attracted and retained. Recommendations are made to the Board as and when appropriate.

Management Engagement Committee

The Management Engagement Committee, chaired by Alan Saunders, consists of all of the Directors and meets annually to review the performance of the Manager.

The Committee conducts a formal evaluation of the Manager on an annual basis. The evaluation includes consideration of the investment strategy and process of the Investment Manager, noting consistent outperformance of the benchmark over the long term, and the quality of support that the Company receives from JPMF. As a result of the evaluation process, the Board confirms that it is satisfied that the continuing appointment of the Manager is in the interests of shareholders as a whole.

Audit Committee

The Audit Committee, chaired by Nigel Kenny and whose membership is set out on pages 22 and 23, meets at least twice each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. At least one member of the Committee has recent and relevant financial experience. Richard Laing will succeed Nigel Kenny as Chairman of the Audit Committee following Mr. Kenny's retirement at the forthcoming AGM.

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 examines the effectiveness of the Company's internal control systems, receives information from the Manager's Compliance department and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. The Audit Committee has reviewed the independence and objectivity of the auditors and is satisfied that the auditors are independent. The Audit Committee also has the primary responsibility for making recommendations to the Board on the reappointment and the removal of external auditors.

During its review of the Company's financial statements for the year ended 30th June 2016, the Audit Committee considered the following significant issues, including those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Going concern	The Directors have considered the Company's investment objective, risk management policies, capital management policies and procedures, the nature of the portfolio and expenditure and cash flow projections. As a result, they have determined 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.
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1 to the accounts on pages 45 to 47. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(e) to the accounts on page 46.
Compliance with Sections 1158 and 1159 Corporation Tax Act 2010 ('Section 1158 and 1159')	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the financial statements.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30th June 2016, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 35.

Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Accounts were considered and also engage with Directors as and when required. Having reviewed the performance of the external Auditors, including assessing the quality of work, timing of communications and work with the Manager, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The Board reviews and approves any non-audit services provided by the independent auditors and assesses the impact of any non audit work on the ability of the auditors to remain independent. The only non-audit work carried out by the auditors this year was in relation to their member firm's work on the Company's tax return in Pakistan. The Board has resolved that such non-audit work does not impact the independence of the auditors. Details of the auditors fees paid for audit and non audit services are disclosed in note 6 on page 49. PricewaterhouseCoopers have audited the Company's financial statements since its launch in 1991 and were reappointed following an auditor review in 2013. The Company's year ended 30th June 2016 is the current Audit Partner's second of a five year maximum term. The Company will need to appoint a different audit firm to succeed PricewaterhouseCoopers in 2020.

Terms of Reference

The Nomination, Remuneration, Audit and Management Engagement Committees all have written terms of reference which define clearly their respective responsibilities, copies of which are available on the Company's website and for inspection on request at the Company's registered office and at the Company's Annual General Meeting.

Going Concern

The Directors believe that having considered the Company's investment objective (see page 18), risk management policies (see pages 55 to 60), capital management policies and procedures (see pages 60 to 61), the nature of the portfolio and expenditure projections, 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 financial statements. They have not identified any material over a period of at least twelve months from the date of these financial statements.

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 quarterly each year by way of the annual report and accounts and the half year report. These are supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares and the Company's level of Gearing.

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. In addition, a presentation is given by the Investment Manager who reviews the Company's performance. The Company's brokers, the Investment Manager and the Manager hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 69 or via the Company's website.

The Company's annual report and accounts is published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 69. A formal process is in place for all letters to the Directors to be immediately forwarded. As part of this process, any feedback from shareholders is also communicated to the Board.

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

DIRECTORS' REPORT *CONTINUED*

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.

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 misstatement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by JPMF and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure that they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 20 and 21). This process has been in place for the year under review and up to the date of the approval of the annual report and accounts, and it accords with the Financial Reporting Council's guidance. The Company does not have an internal audit function of its own, but relies on the internal audit department of the Manager. This arrangement is kept 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 the Manager'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:

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

By the 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 June 2016 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 affect the Company.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM through the Manager. 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. Details on social and environmental issues are included in the Strategic Report on page 20.

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.

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.jpmorganassetmanagement.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
Jonathan Latter, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

4th October 2016

DIRECTORS' REMUNERATION REPORT

The Board presents the Directors' Remuneration Report for the year ended 30th June 2016, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The Auditors' opinion is included in their report on pages 36 to 40.

Directors' Remuneration Policy

The law requires that the Directors' Remuneration Policy is subject to a triennial binding vote. However, the Board has decided to seek annual approval and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. The policy subject to the vote, is set out in full below and is currently in force.

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, the Chairman of the Audit Committee and, if a different individual, the Senior Independent Director are paid higher fees than the other Directors, reflecting the greater time commitment involved in fulfilling those roles.

The Remuneration Committee, comprising all Directors, 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 and industry research carried out by third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The involvement of remuneration consultants has not been deemed necessary as part of this review. The Company has no Chief Executive Officer and no employees and therefore there was no consultation of employees and there is no employee comparative data to provide, in relation to the setting of the remuneration policy for Directors.

All of the Directors are non-executive. There are no performance-related elements to their fees and the Company does not operate any type of incentive, share scheme, award 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 granted exit payments and are not provided with 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 the Company's business.

In the year under review, Directors' fees were paid at the following rates: Chairman £38,000; Audit Committee Chairman £32,000; and other Directors £27,000.

The Company's articles of association provide that any increase in the maximum aggregate annual limit on Directors' fees requires both Board and shareholder approval. At the Company's AGM in 2015 the maximum aggregate annual limit on Directors' fees was increased to £225,000 per annum.

The Company has not sought shareholder views on its remuneration policy. The Remuneration Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and takes account of those views.

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 27.

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report, which includes details of the Directors' remuneration policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 30th June 2015 and no changes are proposed for the year ending 30th June 2017.

At the Annual General Meeting held on 17th November 2015, of votes cast, 99.8% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.2% voted against. Abstentions were received from less than 0.1% of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report from the 2016 Annual General Meeting will be given in the annual report for the year ending 30th June 2017.

Details of the implementation of the Company's remuneration policy are given below.

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 30th June 2016 was £191,500. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

Single total figure table[1]

	Total fees[2]	
	2016 £	2015 £
Alan Saunders	38,000	35,000
Sarah Arkle	27,000	24,000
David Gamble[3]	–	10,158
Anatole Kaletsky	27,000	24,000
Nigel Kenny	32,000	29,000
Richard Laing[4]	27,000	11,108
Percy Mistry[5]	13,500	24,000
Andrew Page[4]	27,000	11,108
Total	**191,500**	**168,374**

[1] Audited information. Other columns have been omitted because no payments of any other nature were made or are appropriate.

[2] Directors' remuneration comprises an annual fee only. Directors are also reimbursed for out of pocket expenses incurred in attending the Company's business.

[3] Retired 19th November 2014.

[4] Appointed 15th January 2015.

[5] Retired 31st December 2015.

A table showing the total remuneration for the Chairman over the five years ended 30th June 2016 is below:

Remuneration for the Chairman over the five years ended 30th June 2016

Year ended 30th June	Fees
2016	£38,000
2015	£35,000
2014	£35,000
2013	£35,000
2012	£32,000

Directors' Shareholdings[1]

There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The Directors' beneficial shareholdings are detailed below.

Directors' Name	30th June 2016 or as at date of retirement	1st July 2015 or as at date of appointment Ordinary Shares
Alan Saunders	6,000	6,000
Sarah Arkle	6,000	6,000
Anatole Kaletsky	10,000	5,043
Nigel Kenny	3,500	3,500
Richard Laing[2]	6,000	6,000
Percy Mistry[3]	10,000	10,000
Andrew Page[2]	5,000	–
Total	**46,500**	**36,543**

[1] Audited information.

[2] Appointed 15th January 2015

[3] Retired 31st December 2015.

As at the latest practical date before the publication of this document, there have been no changes to the Directors' shareholdings.

The Directors have no other share interests or share options in the Company and no share schemes are available.

A graph showing the Company's share price total return compared with the return on its benchmark index, the MSCI Emerging Markets Index (in sterling terms), over the last seven years is shown below. The Board believes that this index is the most appropriate for performance comparison purposes because it reflects the Investment Manager's investment universe.

Seven Year Share Price and Benchmark Total Return Performance to 30th June 2016

Source: Morningstar.

Share price total return.

Benchmark.

DIRECTORS' REMUNERATION REPORT *CONTINUED*

A table showing actual expenditure by the Company on remuneration and distributions to shareholders for the year and the prior year is below:

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th June 2016 £	2015 £
Remuneration paid to all Directors	191,500	168,374
Distribution to shareholders		
– by way of dividend	7,707,000	7,078,000
– by way of share repurchases	12,812,000	4,691,000

For and on behalf of the Board
Jonathan Latter, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

4th October 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the accounts 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 profit 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

and the Directors confirm that they have done so.

The Directors are responsible for keeping proper 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 to 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.jpmemergingmarkets.co.uk website, which is maintained by the Company's Manager. The maintenance and integrity of the website maintained by the Manager is, so far as it relates to the Company, the responsibility of the Manager. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditors accept 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.

Under applicable law and regulations the Directors are also responsible for preparing a Strategic Report, a Directors' Report and Directors' Remuneration Report that comply with that law and those regulations.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge the financial statements, which have been 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 return or loss of the Company.

The Board confirms that it is satisfied that the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For and on behalf of the Board
Alan Saunders
Chairman

4th October 2016

Independent Auditors' Report

TO THE MEMBERS OF JPMORGAN EMERGING MARKETS INVESTMENT TRUST PLC

Report on the financial statements

Our opinion

In our opinion, JPMorgan Emerging Markets Investment Trust plc's financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 30th June 2016 and of its profit 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.

What we have audited

The financial statements, included within the Annual Report & Accounts (the 'Annual Report'), comprise:

- the Statement of Financial Position as at 30th June 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Overview

- Overall materiality: £4.7 million which represents 0.5% of net assets.

- The Company is a standalone investment trust company and engages JPMorgan Funds Limited (the 'Manager') to manage its assets.
- We conducted our audit of the financial statements from information provided by JPMorgan Corporate & Investment Bank (the 'Administrator') to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

- Income from investments.
- Valuation and Existence of Investments.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Income We focused on the completeness and existence of dividend income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of the Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'). This is because incomplete or in accurate income could have material impact on the Company's net assets value and dividend cover. We also focused on the completion and existence of realised and unrealised gains or losses on the investment portfolio.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. In addition, we tested dividend income by agreeing the dividend rates from a sample of investments to independent third party sources. No misstatements were identified which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP. We then tested the validity of revenue and capital special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP. We have also tested the gains or losses on investments held at fair value comprise realised and unrealised gains or losses. For realised gains or losses, we tested a sample of disposal proceeds to bank statements. For unrealised gains or losses, we tested the valuation of the portfolio at the year-end, together with testing the reconciliation of opening and closing investments. No misstatements were identified by our testing which required reporting to those charged with governance.
Valuation and existence of investments The investment portfolio at the year-end principally comprised of listed equity investments of £901 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the financial statements.	We tested the valuation of the listed investment portfolio by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation from JPMorgan Chase Bank, N.A. No differences were identified.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

The Company's accounting is delegated to the Administrator who maintain their own accounting records and controls and report to the Manager and the Directors.

As part of our risk assessment, we assessed the control environment in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and reading the relevant control reports issued by the independent auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. We then identified those key controls at the Administrator on which we could place reliance to provide audit evidence. We also assessed the gap period of three months between the period covered by the controls report and the year-end of the Company. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements, including whether we needed to perform additional testing in respect of those key controls to support our substantive work. For the purposes of our audit, we determined that additional testing of controls in place at the Administrator was not required because additional substantive testing was performed.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£4.7 million (2015: £4.3 million).
How we determined it	0.5% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe that this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £234,000 (2015: £215,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern
Under the Listing Rules we are required to review the Directors' statement, set out on page 29, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion
In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
• the statement given by the Directors on page 35, in accordance with provision C.1.1 of the UK Corporate Governance Code (the 'Code'), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on page 1, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the Directors' confirmation on page 20 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the Directors' explanation on page 21 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and the Directors' statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' Remuneration Report – Companies Act 2006 opinion
In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement
Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 35, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Alex Bertolotti (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

4th October 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2016

		2016			2015		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	3	–	91,226	91,226	–	48,807	48,807
Net foreign currency gains		–	4,723	4,723	–	1,447	1,447
Income from investments	4	16,978	–	16,978	19,760	–	19,760
Interest receivable	4	141	–	141	45	–	45
Gross return		**17,119**	**95,949**	**113,068**	**19,805**	**50,254**	**70,059**
Management fee	5	(2,406)	(5,613)	(8,019)	(8,372)	–	(8,372)
Other administrative expenses	6	(1,326)	–	(1,326)	(1,368)	–	(1,368)
Net return on ordinary activities before taxation		**13,387**	**90,336**	**103,723**	**10,065**	**50,254**	**60,319**
Taxation	7	(1,251)	–	(1,251)	(1,538)	–	(1,538)
Net return on ordinary activities after taxation		**12,136**	**90,336**	**102,472**	**8,527**	**50,254**	**58,781**
Return per share[1]	9	**9.49p**	**70.63p**	**80.12p**	**6.68p**	**39.35p**	**46.03p**

[1] Under the new expense allocation methodology, returns per share for the prior year would have been: revenue 11.26p, capital 34.77p. Further details are disclosed in the Chairman's Statement on page 3.

A dividend of 9.0p (2015: 6.0p) per Ordinary share has been proposed in respect of the year ended 30th June 2016, totalling £11.4 million (2015: £7.7 million). Further details are given in note 8 on page 50.

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. Net return on ordinary activities after taxation represents the profit for the year and also Total Comprehensive Income.

The notes on pages 45 to 61 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2016

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserves £'000	Capital reserves £'000	Revenue reserve[1] £'000	Total £'000
At 30th June 2014	30,654	121,010	1,665	69,939	511,782	15,543	750,593
Repurchase of shares into Treasury	–	–	–	–	(4,691)	–	(4,691)
Exercise of Subscription shares into Ordinary shares	(102)	102	–	–	–	–	–
Issue of Ordinary shares on exercise of Subscription shares	2,539	52,605	–	–	–	–	55,144
Costs in relation to issue of shares	–	(60)	–	–	–	–	(60)
Net return on ordinary activities	–	–	–	–	50,254	8,527	58,781
Dividend paid in the year	–	–	–	–	–	(7,078)	(7,078)
At 30th June 2015	33,091	173,657	1,665	69,939	557,345	16,992	852,689
Repurchase of shares into Treasury	–	–	–	–	(12,812)	–	(12,812)
Net return on ordinary activities	–	–	–	–	90,336	12,136	102,472
Dividend paid in the year	–	–	–	–	–	(7,707)	(7,707)
At 30th June 2016	33,091	173,657	1,665	69,939	634,869	21,421	934,642

[1] This reserve forms the distributable reserve of the Company and may be used to fund distribution of profits to investors via dividend payments.

The notes on pages 45 to 61 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 30TH JUNE 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	901,025	822,495
Current assets	11		
Debtors		2,771	5,063
Cash and cash equivalents[1]		31,052	32,219
		33,823	**37,282**
Current liabilities			
Creditors: amounts falling due within one year	12	**(206)**	**(7,088)**
Net current assets		**33,617**	**30,194**
Total assets less current liabilities		**934,642**	**852,689**
Net assets		**934,642**	**852,689**
Capital and reserves			
Called up share capital	13	33,091	33,091
Share premium	14	173,657	173,657
Capital redemption reserve	14	1,665	1,665
Other reserves	14	69,939	69,939
Capital reserves	14	634,869	557,345
Revenue reserve	14	21,421	16,992
Total shareholders' funds		**934,642**	**852,689**
Net asset value per share	15	**740.8p**	**663.8p**

[1] This line item combines the two lines of 'Investment in liquidity fund held at fair value through profit or loss' and 'Cash and short term deposits' in the financial statements for the year ended 30th June 2015 into one. Under FRS 102, liquidity funds are considered cash equivalents as they are held for cash management purposes.

The financial statements on pages 41 to 61 were approved and authorised for issue by the Directors on 4th October 2016 and were signed on their behalf by:

Alan Saunders
Director

The notes on pages 45 to 61 form an integral part of these financial statements.

Company registration number: 2618994.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2016

	Notes	2016 £'000	2015 £'000
Net cash outflow from operations before dividends and interest	16	**(4,648)**	**(8,140)**
Dividends received		15,694	16,082
Interest received		141	41
Overseas tax recovered		57	154
Net cash inflow from operating activities		**11,244**	**8,137**
Purchases of investments		(20,794)	(134,764)
Sales of investments		28,918	81,295
Settlement of forward currency contracts		(37)	(94)
Net cash inflow/(outflow) from investing activities		**8,087**	**(53,563)**
Issue of Ordinary shares on exercise of Subscription shares		–	55,144
Repurchase of shares into Treasury		(12,812)	(4,746)
Dividend paid		(7,707)	(7,078)
Costs in relation to issue of shares		–	(60)
Net cash (outflow)/inflow from financing activities		**(20,519)**	**43,260**
Decrease in cash and cash equivalents		**(1,188)**	**(2,166)**
Cash and cash equivalents at start of year		32,219	34,388
Exchange movements		21	(3)
Cash and cash equivalents at end of year		31,052	32,219
Decrease in cash and cash equivalents		**(1,188)**	**(2,166)**
Cash and cash equivalents consist of:			
Cash and short term deposits		697	2,205
Cash held in JPMorgan US Dollar Liquidity Fund		30,355	30,014
Total		**31,052**	**32,219**

The notes on pages 45 to 61 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in November 2014.

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

The financial statements have been prepared on a going concern basis. The disclosure on going concern on page 29 of the Directors' Report form part of these financial statements.

(b) Transition to FRS 102

This set of financial statements, in accordance with the SORP includes changes arising from the adoption of FRS 102 which the Company is required to comply with for the first time for the year ended 30th June 2016.

Aside from presentational aspects relating to the Statement of Cash Flows, no significant changes have arisen from the adoption of the new standards. Where changes have arisen, they are substantially in relation to presentation and disclosure – there has been no impact to financial position or financial performance and no comparative figures require restating. The Statement of Cash Flows has been re-presented to include cash held in liquidity funds as a cash and cash equivalent. In addition, the Statement of Cash Flows reconciles to cash and cash equivalents whereas under previous UK GAAP it reconciled to net cash.

The date of transition to FRS 102 is 1st July 2014.

Early adoption

In March 2016, the FRC published amendments to FRS 102 concerning the fair value hierarchy disclosures. These amendments are effective for accounting periods beginning on or after 1st January 2017. The Company has elected to adopt these amendments early in this set of financial statements. Full disclosure is given in note 19 on page 54.

(c) Valuation of investments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

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. The 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, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

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

(d) Accounting for reserves

Gains and losses on sales of investments including the related foreign exchange gains and losses, realised gains and losses on foreign currency, management fees and finance costs allocated to capital and any other capital charges, are included in the Statement of Comprehensive Income 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 Statement of Comprehensive Income and dealt with in capital reserves within 'Investment holding gains and losses'.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

1. Accounting policies *continued*

(e) 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.

UK dividends are included net of tax credits. Overseas dividends are included gross of any withholding tax.

Special dividends are looked at individually to ascertain the reason behind the payment. This will determine whether they are treated as income or capital.

Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

Interest receivable is taken to revenue on an accruals basis.

(f) Expenses

All expenses are accounted for on an accruals basis.

With effect from 1st July 2015, the management fee and any finance costs incurred by the Company have been allocated 70% to capital and 30% to revenue. In previous periods, 100% of these charges were allocated to revenue. In line with the guidance provided in the SORP, this change is not considered to be a matter of accounting policy and consequently no prior period restatements have been made as a result of this change.

All other expenses are allocated wholly to revenue with the following exceptions:

- Expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 10 on page 51.
- Subscription shares' issue costs are charged to share premium.

(g) Financial instruments

Cash and cash equivalents may comprise cash including demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Liquidity funds are considered cash equivalents as they are held for cash management purposes as an alternative to cash.

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Derivative financial instruments, including short term forward currency contracts are valued at fair value, which is the net unrealised gain or loss, and are included in current assets or current liabilities in the Statement of Financial Position.

(h) Taxation

Current tax is provided at the amounts expected to be paid or recovered.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax 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 that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Value Added Tax ('VAT')

Expenses are disclosed inclusive of the related irrecoverable VAT. Recoverable VAT is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

(j) Foreign currency

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company 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 that sterling is the functional currency. Sterling is also the currency in which the financial statements 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.

(k) Dividends payable

Dividends are included in the financial statements in the year in which they are approved by shareholders.

(l) Repurchase of shares for cancellation

The cost of repurchasing ordinary shares including the related stamp duty and transactions costs is charged to the 'capital reserves' and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of 'Called up share capital' and into 'Capital redemption reserve'.

(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 'capital reserves' and dealt with in the Statement of Changes in Equity. 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 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.

2. Significant accounting judgements and estimates

The preparation of the Company's financial statements on occasion requires management to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

Management do not believe that any significant accounting judgements or estimates have been applied to this set of financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

3. Gains on investments held at fair value through profit or loss

	2016 £'000	2015[1] £'000
(Losses)/gains on investments held at fair value through profit or loss based on historic cost	(5,977)	27,900
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	4,281	(11,434)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	(1,696)	16,466
Net movement in investment holding gains and losses	92,922	32,379
Other capital charges	–	(38)
Total capital gains on investments held at fair value through profit or loss	**91,226**	**48,807**

[1] Relevant figures have been amended in line with the current presentation adopted. Under FRS 102, liquidity funds are classified as cash equivalents.

4. Income

	2016 £'000	2015 £'000
Income from investments		
UK dividends	432	447
Overseas dividends	16,546	19,117
Scrip dividends	–	196
	16,978	**19,760**
Interest receivable		
Interest from liquidity fund	139	41
Deposit interest	2	4
	141	**45**
Total income	**17,119**	**19,805**

5. Management fee

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	2,406	5,613	8,019	8,372	–	8,372

Details of the management fee are given in the Directors' Report on page 24.

6. Other administrative expenses

	2016 £'000	2015 £'000
Other administration expenses	371	359
Depositary fees	137	145
Safe Custody fees	424	480
Directors' fees[1]	192	168
Savings scheme costs[2]	171	186
Auditors' remuneration – for audit services[3]	30	29
Auditors' remuneration – for non-audit services (taxation compliance)	1	1
	1,326	**1,368**

[1] Full disclosure is given in the Directors' Remuneration Report on page 33.

[2] Paid to the Manager for the marketing and administration of savings scheme products. Includes £16,000 (2015: £17,000) irrecoverable VAT.

[3] Includes £3,000 (2015: £3,000) irrecoverable VAT.

7. Taxation

(a) Analysis of tax charge in the year

	2016 £'000	2015 £'000
Overseas withholding tax	1,251	1,538
Total tax charge for the year	1,251	1,538

(b) Factors affecting total tax charge for the year

The tax charge for the year is lower than (2015: lower) the Company's applicable rate of corporation tax of 20.00% (2015: 20.75%) The factors affecting the total tax charge for the year are as follows:

	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Net return on ordinary activities before taxation	**13,387**	**90,336**	**103,723**	**10,065**	**50,254**	**60,319**
Net return on ordinary activities before taxation multiplied by the applicable rate of corporation tax of 20.00% (2015: 20.75%)	2,677	18,067	20,744	2,088	10,428	12,516
Effects of:						
Non taxable capital gains	–	(19,190)	(19,190)	–	(10,428)	(10,428)
Non taxable scrip dividends	–	–	–	(41)	–	(41)
Non taxable UK dividends	(86)	–	(86)	(93)	–	(93)
Non taxable overseas dividends	(3,004)	–	(3,004)	(3,487)	–	(3,487)
Tax attributable to expenses charged to capital	(1,123)	1,123	–	–	–	–
Timing differences relating to the receipt of dividends	45	–	45	(47)	–	(47)
Unrelieved expenses	1,491	–	1,491	1,592	–	1,592
Overseas withholding tax	1,251	–	1,251	1,538	–	1,538
Expenses not allowable for tax purposes	–	–	–	(12)	–	(12)
Total tax charge for the year	**1,251**	**–**	**1,251**	**1,538**	**–**	**1,538**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

7. Taxation *continued*

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £10,108,000 (2015: £9,740,000) based on a prospective corporation tax rate of 18% (2015: 20%). The UK Government announced in July 2015 that the corporation tax rate is set to be cut to 19% in 2017 and 18% in 2020. These reductions in the standard rate of corporation tax were substantively enacted on 26th October 2015 and became effective from 18th November 2015. 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 this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

Given the Company's status as an investment trust company and the intention to continue meeting the conditions required to obtain approval, the Company has not provided for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

(a) Dividends paid and proposed

	2016 £'000	2015 £'000
Dividend paid		
2015 Final dividend of 6.0p (2014: 5.5p) per share	7,707	7,078
Dividend proposed		
2016 Final dividend proposed of 9.0p (2015: 6.0p) per share	11,356	7,707

The dividend proposed in respect of the year ended 30th June 2016 is subject to shareholder approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 30th June 2017.

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

The requirements of Section 1158 are considered on the basis of the dividend proposed in respect of the financial year, shown below. The revenue available for distribution by way of dividend for the year is £12,136,000 (2015: £8,527,000).

	2016 £'000	2015 £'000
Final dividend proposed of 9.0p (2015: 6.0p)	**11,356**	**7,707**

9. Return per share

	2016 £'000	2015 £'000
Revenue return	12,136	8,527
Capital return	90,336	50,254
Total return	**102,472**	**58,781**
Weighted average number of shares in issue during the year	127,893,440	127,724,204
Revenue return per share	9.49p	6.68p
Capital return per share	70.63p	39.35p
Total return per share	**80.12p**	**46.03p**

10. Investments

	2016 £'000	2015[1] £'000
Investments listed on a recognised stock exchange	**901,025**	**822,495**
Opening book cost	549,812	462,540
Opening investment holding gains	272,683	251,738
Opening valuation	822,495	714,278
Movements in the year:		
Purchases at cost	13,987	141,767
Sales – proceeds	(26,683)	(82,395)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	(1,696)	16,466
Net movement in investment holding gains	92,922	32,379
	901,025	822,495
Closing book cost	531,139	549,812
Closing investment holding gains	369,886	272,683
Total investments held at fair value through profit or loss	**901,025**	**822,495**

[1] Relevant figures have been amended in line with the current presentation adopted. Under FRS 102, liquidity funds are classified as cash equivalents.

Transaction costs on purchases during the year amounted to £33,000 (2015: £306,000) and on sales during the year amounted to £49,000 (2015: £184,000). These costs comprise mainly brokerage commission.

During the year, prior year investment holding gains amounting to £4,281,000 have been transferred to gains on sales of investments as disclosed in note 14 on page 53.

11. Current assets

	2016 £'000	2015 £'000
Debtors		
Securities sold awaiting settlement	–	2,250
Dividends and interest receivable	2,718	2,720
Other debtors	44	62
Overseas tax recoverable	9	31
	2,771	**5,063**

The Directors consider that the carrying amount of debtors approximates to their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, short term deposits and liquidity funds. The carrying amount of these represents their fair value.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

12. Current liabilities

	2016 £'000	2015 £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	–	6,807
Other creditors and accruals	206	281
	206	**7,088**

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

13. Called up share capital

	2016 £'000	2015 £'000
Issued and fully paid share capital:		
Ordinary shares of 25p each		
Opening balance of 128,448,376 (2015: 119,091,971) Ordinary shares excluding shares held in Treasury	32,112	29,773
Repurchase of 2,273,673 (2015: 799,027) shares into Treasury	(568)	(200)
Issue of nil (2015: 10,155,432) Ordinary shares on conversion of Subscription shares	–	2,539
Subtotal of 126,174,703 (2015: 128,448,376) Ordinary shares excluding shares held in Treasury	31,544	32,112
6,188,822 (2015: 3,915,149) Ordinary shares held in Treasury	1,547	979
Closing balance of 132,363,525 (2015: 132,363,525) Ordinary shares including shares held in Treasury	33,091	33,091
Subscription shares of 1p each:		
Opening balance of nil (2015: 10,155,432) Subscription shares	–	102
Exercise of nil (2015: 10,155,432) Subscription shares into Ordinary shares	–	(102)
Closing balance of nil (2015: nil) Subscription shares	–	–
Total called up share capital	**33,091**	**33,091**

On 31st July 2014, the Subscription shares expired and were all converted to Ordinary shares.

Share capital transactions

During the year 2,273,673 shares were repurchased into Treasury for a total consideration of £12,812,000.

Further details of transactions in the Company's shares are given in the Business Review on page 19.

14. Capital and reserves

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserves[1] £'000	Capital reserves: Gains and losses on sales of investments £'000	Capital reserves: Investment holding gains and losses £'000	Revenue reserve[2] £'000	Total £'000
Opening balance	33,091	173,657	1,665	69,939	285,266	272,079	16,992	852,689
Net foreign currency gains	–	–	–	–	4,723	–	–	4,723
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	(1,696)	–	–	(1,696)
Net movement in investment holding gains and losses	–	–	–	–	–	92,922	–	92,922
Transfer on disposal of investments	–	–	–	–	(4,281)	4,281	–	–
Repurchase of shares into Treasury	–	–	–	–	(12,812)	–	–	(12,812)
Management fee charged to capital	–	–	–	–	(5,613)	–	–	(5,613)
Dividend paid in the year	–	–	–	–	–	–	(7,707)	(7,707)
Retained revenue for the year	–	–	–	–	–	–	12,136	12,136
Closing balance	**33,091**	**173,657**	**1,665**	**69,939**	**265,587**	**369,282**	**21,421**	**934,642**

[1] Created during the year ended 30th June 1999, following a cancellation of the share premium account.

[2] This reserve forms the distributable reserve of the Company and may be used to fund distribution of profits to investors via dividend payments.

15. Net asset value per share

	2016	2015
Net assets (£'000)	934,642	852,689
Number of shares in issue	126,174,703	128,448,376
Net asset value per share	**740.8p**	**663.8p**

16. Reconciliation of net return on ordinary activities before taxation to net cash outflow from operations before dividends and interest

	2016 £'000	2015 £'000
Net return on ordinary activities before taxation	103,723	60,319
Less: capital return on ordinary activities before taxation	(90,336)	(50,254)
Scrip dividends received as income	–	(196)
Decrease/(increase) in accrued income and other debtors	20	(1,830)
(Decrease)/increase in accrued expenses	(60)	61
Overseas withholding tax	(1,286)	(1,665)
Expenses charged to capital	(5,613)	–
Dividends received	(15,694)	(16,082)
Interest received	(141)	(41)
Realised gains/(losses) on foreign currency transactions	84	(23)
Exchange gain on liquidity fund	4,655	1,571
Net cash outflow from operations before dividends and interest	**(4,648)**	**(8,140)**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

17. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2015: same).

18. Related party transactions

Details of the management contract are set out in the Directors' Report on page 24. The management fee payable to the Manager for the year was £8,019,000 (2015: £8,372,000) of which £nil (2015: £nil) was outstanding at the year end.

During the year £171,000 (2015: £186,000), including VAT, was payable to the Manager for the marketing and administration of savings scheme products, of which £nil (2015: £nil) was outstanding at the year end.

Included in other administration expenses in note 6 on page 49 are safe custody fees amounting to £424,000 (2015: £480,000) payable to JPMorgan Chase of which £72,000 (2015: £121,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities Limited for the year was £9,000 (2015: £12,000) of which £nil (2015: £nil) was outstanding at the year end.

The Company also holds cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £30.4 million (2015: £30.0 million). Interest amounting to £139,000 (2015: £41,000) was received during the year of which £nil (2015: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £nil (2015: £38,000) were payable to JPMorgan Chase during the year of which £11,000 (2015: £26,000) was outstanding at the year end.

At the year end, total cash of £697,000 (2015: £2,205,000) was held with JPMorgan Chase. A net amount of interest of £2,000 (2015: £4,000) was receivable by the Company during the year from JPMorgan Chase of which £nil (2015: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 33.

19. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio.

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

(1) The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

(2) Inputs other than quoted prices included within Level 1 that are observable (ie: developed using market data) for the asset or liability, either directly or indirectly

When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

(3) Inputs are unobservable (ie: for which market data is unavailable) for the asset or liability

If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

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(c) on page 45.

The following table sets out the fair value measurements using the FRS 102 hierarchy at 30th June.

	2016		2015	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	901,025	–	822,495	–

There were no transfers between Level 1, 2 or 3 during the year (2015: same).

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

As an investment trust, the Company invests in equities 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 financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial 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 cooperation with the Board and the Manager, coordinates the Company's risk management policy.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's classes of financial instruments are as follows:

- investments in equity shares of overseas companies, which are held in accordance with the Company's investment objective;
- cash held within a liquidity fund; 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 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 and these policies have remained unchanged from those applying in the comparative year. 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.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

20. Financial instruments' exposure to risk and risk management policies *continued*

(a) Market risk *continued*

(i) Currency risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling which is the Company's functional currency and presentation currency. 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 this exposure by considering the effect on the Company's net asset value and income of a movement in rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. 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 value of the Company's monetary items that have foreign currency exposure at 30th June 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.

	2016							
	US Dollars £'000	Indian Rupees £'000	South African Rands £'000	Hong Kong Dollars £'000	Brazilian Real £'000	Indonesian Rupiah £'000	Other £'000	Total £'000
Net current assets	32,440	587	173	107	181	92	149	33,729
Foreign currency exposure on net monetary items	32,440	587	173	107	181	92	149	33,729
Investments held at fair value through profit or loss	228,182	195,964	119,396	99,214	94,766	47,243	106,330	891,095
Total net foreign currency exposure	**260,622**	**196,551**	**119,569**	**99,321**	**94,947**	**47,335**	**106,479**	**924,824**

	2015							
	US Dollars £'000	Indian Rupees £'000	South African Rands £'000	Hong Kong Dollars £'000	Brazilian Real £'000	Indonesian Rupiah £'000	Other £'000	Total £'000
Net current assets	27,800	550	138	113	154	76	1,532	30,363
Foreign currency exposure on net monetary items	27,800	550	138	113	154	76	1,532	30,363
Investments held at fair value through profit or loss that are equities	192,587	171,152	111,437	93,685	90,199	37,738	109,766	806,564
Total net foreign currency exposure	**220,387**	**171,702**	**111,575**	**93,798**	**90,353**	**37,814**	**111,298**	**836,927**

In the opinion of the Directors, the above year end amounts are not representative of the exposure to foreign currency risk during the year. Cash held in the JPMorgan US Dollar Liquidity Fund has fluctuated between £22,250,000 and £36,999,000 during the year (2015: £4,223,905 and £63,839,577).

Foreign currency sensitivity

The following table illustrates the sensitivity of 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 each balance sheet date and the income receivable in foreign currency and assumes a 10% (2015: 10%) appreciation or depreciation in sterling against the currencies to which the Company is exposed to, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2016		2015	
	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(1,668)	1,668	(1,935)	1,935
Capital return	(3,373)	3,373	(3,036)	3,036
Total return after taxation	(5,041)	5,041	(4,971)	4,971
Net assets	**(5,041)**	**5,041**	(4,971)	4,971

In the opinion of the Directors, the above sensitivity analysis is not representative of the whole year or comparative year due to fluctuations in the cash held in liquidity funds.

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the liquidity fund.

Management of interest rate risk

The Company does not normally hold significant cash balances. Short term borrowings are used when required.

Interest rate exposure

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 reset, is shown below.

	2016 £'000	2015 £'000
Exposure to floating interest rates:		
Cash and short term deposits	697	2,205
JPMorgan US Dollar Liquidity Fund	30,355	30,014
Total net exposure	**31,052**	**32,219**

Interest receivable on cash balances is at a margin below LIBOR (2015: same).

The target interest earned on the JPMorgan US Dollar Liquidity Fund is the 7 day US Dollar London Interbank Bid Rate.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

20. Financial instruments' exposure to risk and risk management policies *continued*

(a) Market risk *continued*

(ii) Interest rate risk *continued*

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1% (2015: 1%) increase or decrease in interest rates in regards 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.

	2016		2015	
	1% increase in rate £'000	1% decrease in rate £'000	1% increase in rate £'000	1% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	311	(311)	322	(322)
Capital return	–	–	–	–
Total return after taxation for the year	311	(311)	322	(322)
Net assets	**311**	**(311)**	**322**	**(322)**

In the opinion of the Directors, this 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 and cash held in the liquidity fund.

(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.

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.

Other price risk exposure

The Company's total exposure to changes in market prices at 30th June comprises its holdings in equity investments as follows:

	2016 £'000	2015 £'000
Equity investments held at fair value through profit or loss	901,025	822,495

The above data is broadly representative of the exposure to other price risk during the current and comparative year.

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 13 to 17. This shows that the investments' value is in a broad spread of countries with no concentration of exposure to any one country. However, it should also be noted that an investment may not be entirely 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% (2015: 10%) in the market value of equity investments. 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, adjusting for changes in the management fee but with all other variables held constant.

	2016		2015	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(203)	203	(617)	766
Capital return	89,629	(89,629)	82,250	(82,250)
Total return after taxation for the year and net assets	**89,426**	**(89,426)**	**81,633**	**(81,484)**

(b) Liquidity risk

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

Management of the risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary.

Liquidity risk exposure

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

	2016		2015	
	Within one year £'000	Total £'000	Within one year £'000	Total £'000
Creditors: amounts falling due within one year				
Other creditors and accruals	206	206	281	281
Securities purchased awaiting settlement	–	–	6,807	6,807
	206	**206**	**7,088**	**7,088**

The liabilities shown above represent future contractual payments and therefore may differ from the amounts shown in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

20. Financial instruments' exposure to risk and risk management policies *continued*

(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 DVP (Delivery Versus Payment) 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 and cash equivalents

Counterparties are subject to regular credit analysis by the Manager and deposits can only be placed with counterparties that have been approved by JPMAM's Counterparty Risk Group. The Board regularly reviews the counterparties used by the Manager.

Exposure to JPMorgan Chase

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading. The Depositary, BNY Mellon Trust and Depositary (UK) Limited, is responsible for the safekeeping of all custodial assets of the Company and for verifying and maintaining a record of all other assets of the Company. However, no absolute guarantee can be given on the protection of all the assets of the Company.

Credit risk exposure

The amounts shown in the Statement of Financial Position under debtors and cash and cash equivalents represent the maximum exposure to credit risk at the current and comparative year ends.

(d) Fair values of financial assets and financial liabilities

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

21. Capital management policies and procedures

The Company's capital comprises the following:

	2016 £'000	2015 £'000
Equity:		
Called up Share Capital	33,091	33,091
Reserves	901,551	819,598
Total capital	**934,642**	**852,689**

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

The Board's policy is to employ gearing when the Manager believes it to be appropriate to do so. Gearing will be in the range of 10% net cash to 20% geared in normal market conditions, at the discretion of the Manager.

	2016 £'000	2015 £'000
Investments held at fair value through profit or loss	901,025	822,495
Net assets	934,642	852,689
Net gearing/(cash)	**(3.6)%**	**(3.5)%**

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 need to buy back equity shares for cancellation or to hold in Treasury, which takes into account the share price discount or premium;
- the need for issues of new shares including issues from Treasury; and
- the ability to employ gearing when the Manager believes it to be appropriate.

22. Subsequent events

The Directors have evaluated the period since the year end and have not rated any subsequent events.

Regulatory Disclosures

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (‘AIFMD’) DISCLOSURES (UNAUDITED)

Leverage

For the purposes of the Alternative Investment Fund Managers Directive (‘AIFMD’), leverage is any method which increases the Company’s exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company’s exposure and its net asset value and can be calculated on a gross and a commitment method in accordance with AIFMD. Under the gross method, exposure represents the sum of the Company’s positions without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated after certain hedging and netting positions are offset against each other.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD, at 30th June 2016, which gives the following figures:

Leverage Exposure	Gross Method	Commitment Method
Maximum limit	200%	200%
Actual[1]	100%	100%

[1] It should be noted that the Company does not have a borrowing facility and does not currently employ gearing. At the year end the Company’s position was 3.6% net cash. The above figures are theoretical and are calculated in accordance with the methodology prescribed by the AIFMD.

JPMorgan Funds Limited (‘JPMF’) Remuneration

JPMF is the authorised manager of the Company and is part of the J.P. Morgan Chase & Co. group of companies. In this disclosure, the terms ‘J.P. Morgan’ or ‘Firm’ refer to that group, and each of the entities in that group globally, unless otherwise specified. This disclosure has been prepared in accordance with the AIFMD, the European Commission Delegated Regulation supplementing the AIFMD, the ‘Guidelines on Sound Remuneration Policies’ under the AIFMD issued by the European Securities and Markets Authority and the Financial Conduct Authority Handbook (SYSC 19B: The AIFM Remuneration Code and FUND 3.3).

JPMF Remuneration Policy

The current remuneration policy for the EMEA Global Investment business of J.P. Morgan can be found at https://am.jpmorgan.com/gb/en/asset-management/gim/adv/emea-remuneration-policy. This policy includes details of the alignment with risk management, the financial and non-financial criteria used to evaluate performance and the measures adopted to avoid or manage conflicts of interest.

JPMF Quantitative Disclosures

Disclosures in accordance with FUND 3.3.5, Article 22(2)e and 22(2)f of the AIFMD and Article 107 of the Delegated Regulation are disclosed on the Company’s website at www.jpmemergingmarkets.co.uk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty fourth Annual General Meeting of JPMorgan Emerging Markets Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Wednesday 16th November 2016 at 3.00 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th June 2016.
2. To approve the Company's Remuneration policy.
3. To approve the Directors' Remuneration Report for the year ended 30th June 2016.
4. To approve a final dividend of 9.0p per share.
5. To reappoint Sarah Arkle as a Director of the Company.
6. To reappoint Anatole Kaletsky as a Director of the Company.
7. To reappoint Richard Laing as a Director of the Company.
8. To reappoint Andrew Page as a Director of the Company.
9. To reappoint Alan Saunders as a Director of the Company.
10. To reappoint PricewaterhouseCoopers LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

11. 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 of the Company to allot shares 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 £1,572,804, representing approximately 5% of the Company's issued Ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2017 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

12. THAT subject to the passing of Resolution 11 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 to 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 11 or by way of a 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 £1,572,804 representing approximately 5% of the issued Ordinary share capital 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 upon the expiry of the general authority conferred by Resolution 11 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuant of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

13. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of its issued Ordinary shares 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 hereby authorised to be purchased shall be 18,861,062, or if less, that number of Ordinary shares which is equal to 14.99% of the issued share capital as at the date of the passing of this Resolution;

    (ii) the minimum price which may be paid for an Ordinary share shall be 25 pence;

    (iii) the maximum price which may be paid for an Ordinary share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for an Ordinary share 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 Ordinary share is contracted to be purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

NOTICE OF ANNUAL GENERAL MEETING *CONTINUED*

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

(v) the authority hereby conferred shall expire on 15th May 2018 unless the authority is renewed at the Company's Annual General Meeting in 2017 or at any other general meeting prior to such time; and

(vi) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which contract will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

11th October 2016

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.

3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form no later than 3.00 p.m. two business days prior to the Meeting (i.e. excluding weekends and bank holidays).

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 6.30 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 6.30 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.jpmemergingmarkets.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 Direction 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 3rd October 2016 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 132,363,525 Ordinary shares (of which 6,539,224 shares are held in Treasury), carrying one vote each. Therefore the total voting rights in the Company are 125,824,301.

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

Return to shareholders

Total return to the shareholder on a last traded price to last traded price basis, assuming that all dividends received were reinvested, without transaction costs, in the shares of the Company at the time the shares were quoted ex-dividend.

Return on net assets

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

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

Benchmark return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested in the shares of the underlying companies at the time the shares were quoted ex-dividend.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not follow or 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Gearing/Net Cash

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position.

Ongoing charges

The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average daily net assets during the year.

Share price discount/premium to net asset value ('NAV')

If the share price of an investment trust is lower than the NAV per share, the Company's shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. 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 a premium.

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 to 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**
  Measures the impact on returns of borrowings or cash balances on the Company's relative performance.
- **Currency**
  Measures the impact of currency exposure differences between the Company's portfolio and its benchmark.
- **Management fee/other expenses**
  The payment of fees and expenses reduces the Company's net assets and therefore has a negative effect on relative performance.

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

You can invest in a J.P. Morgan investment trust through the following;

1. Directly from J.P. Morgan

Investment Account
The Company's shares are available in the J.P. Morgan Investment Account, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Investment Account should call J.P. Morgan Asset Management free on 0800 20 40 20 or visit its website at am.jpmorgan.co.uk/investor

Stocks & Shares Individual Savings Accounts (ISA)
The Company's shares are eligible investments within a J.P. Morgan ISA. For the 2016/17 tax year, from 6th April 2016 and ending 5th April 2017, the total ISA allowance is £15,240. The shares are also available in a J.P. Morgan Junior ISA. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk/investor

2. Via a third party provider

Third party providers include;

AJ Bell	Interactive Investor
Alliance Trust Savings	James Brearley
Barclays Stockbrokers	James Hay
Bestinvest	Selftrade
Charles Stanley Direct	TD Direct
Hargreaves Lansdown	The Share Centre

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These websites are third party sites and J.P. Morgan Asset Management does not endorse or recommend any. Please observe each site's privacy and cookie policies as well as their platform charges structure.

3. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead. You can find an adviser at unbiased.co.uk

You may also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority (FCA) adviser charging and commission rules, visit fca.org.uk

Financial Conduct Authority

Beware of share fraud

In association with: icsa Registrars Group

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

1. Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
2. Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
3. Check the Financial Services Register from **www.fca.org.uk** to see if the person and firm contacting you is authorised by the FCA.
4. Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
5. Use the firm's contact details listed on the Register if you want to call it back.
6. Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date.
7. Search the list of unauthorised firms to avoid at **www.fca.org.uk/scams**.
8. Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
9. Think about getting independent financial and professional advice before you hand over any money.
10. **Remember:** if it sounds too good to be true, it probably is!

Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at **www.fca.org.uk/scams**, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000

Information about the Company

FINANCIAL CALENDAR

Financial year end	30th June
Final results announced	September
Half year end	December
Half year results announced	February
Final dividend on ordinary shares paid	November
Annual General Meeting	November

History

The Company was launched in July 1991 with assets of £60 million. In March 1993 the Company raised a further £50 million by an issue of conversion shares. On 13th April 2006, an additional £76 million was raised by an issue of shares following the reconstruction of F&C Emerging Markets Investment Trust plc. The Company adopted its current name in November 2005.

Company Numbers

Company registration number: 2618994

Ordinary Shares

London Stock Exchange number: 0341895
ISIN: GB0003418950
Bloomberg code: JMG LN

Market Information

The Company's net asset value ('NAV') is published daily via the London Stock Exchange. The Company's Ordinary shares are listed on the London Stock exchange and quoted daily in the Financial Times, The Times, the Daily Telegraph, The Scotsman and on the J.P. Morgan website at www.jpmemergingmarkets.co.uk, where the Ordinary share price is updated every fifteen minutes during trading hours.

Website

www.jpmemergingmarkets.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 Junior ISA. These products are all available on the online service at jpmorgan.co.uk/online

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

60 Victoria Embankment
London EC4Y 0JP
Telephone: 020 7742 4000

For company secretarial and administrative matters, please contact Jonathan Latter.

Depositary

BNY Mellon Trust & Depositary (UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

The Depositary has appointed JPMorgan Chase Bank, N.A. as the Company's custodian.

Registrars

Equiniti Limited
Reference 1081
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0371 384 2318

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more than a national rate call to a 01 or 02 number. Callers from overseas should dial +44 121 415 0225.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1081.

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

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

Brokers

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA
Telephone number: 020 3100 000

Savings Product Administrators

For queries on the J.P. Morgan Investment Account and J.P. Morgan ISA, see contact details on the back cover of this report.

aic The Association of Investment Companies

A member of the AIC

www.jpmemergingmarkets.co.uk

J.P. Morgan Helpline

Freephone 0800 20 40 20 or +44 (0) 1268 444470.
Telephone lines are open Monday to Friday, 9am to 5.30pm.

Telephone calls may be recorded and monitored for security and training purposes.

GB A109 10/16

J.P.Morgan
Asset Management