

# 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 <sup>1</sup>	100%	100%

<sup>1</sup> 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

The table below provides an overview of the aggregate 2015 total remuneration paid to J.P. Morgan staff that can be reasonably attributed to the Company. These figures include the remuneration of all staff of JPMorgan Asset Management (UK) Limited (the relevant employing entity) and the number of beneficiaries, both apportioned to the Company on an assets under management ('AUM') weighted basis.

It is not possible to provide a further breakdown of remuneration attributable to the Company in a relevant or reliable way. However, for context, JPMF manages 34 alternative investment funds ('AIFs') (with 40 sub-funds) and 2 UCITS funds (with 41 sub-funds), with a combined AUM as at 31st December 2015 of £9,293 million and £10,645 million respectively.

	Fixed	Variable	Number of beneficiaries
All staff (\$'000s)	17,269	11,734	135

The 'Identified Staff' of JPMF are those employees whose actions have a material impact on the risk profile of JPMF or the AIFs it manages, including the Company. The aggregate 2015 total remuneration paid to this group was \$27,884,080. Given the size of JPMF, in particular the number of senior management and other Identified Staff, compensation information for these two groups has been aggregated.

For the purposes of the above disclosures, where portfolio management activities have been formally delegated, remuneration for the relevant employees has been excluded.