JPMorgan Asian Investment Trust plc

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

J.P.Morgan
Asset Management

Features

Objective

Capital growth, primarily from investing in equities quoted on the stock markets of Asia, excluding Japan.

Investment Policy

- To have a diversified portfolio of Asian stocks.
- To have a portfolio comprising around 50 to 80 investments.
- To use borrowings from time to time to gear the portfolio within a range of 10% net cash to 20% geared in normal market conditions.

Further details on investment policies and risk management are given in the Strategic Report on page 17.

Benchmark

MSCI AC Asia ex Japan Index with net dividends reinvested, expressed in sterling terms.

Capital Structure

At 30th September 2016, the Company's share capital comprised 95,046,993 Ordinary shares of 25p each.

Continuation Resolution

In accordance with the Company's Articles of Association, the Directors are required to propose a resolution that the Company continue as an investment trust at the Annual General Meeting in 2017 and every third year thereafter.

Management Company

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

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.jpmasian.co.uk, includes information on the Company, such as daily prices, factsheets and current and historical half year and annual reports.

Contents

Financial Results

TOTAL RETURNS AT 30TH SEPTEMBER 2016 (INCLUDES DIVIDENDS REINVESTED)

+38.7%
Return to shareholders[1]
(2015: -3.2%)

+41.3%
Return on net assets[2]
(2015: -2.9%)

+36.2%
Benchmark return[3]
(2015: -6.3%)

3.0p
Ordinary dividend
(2015: 2.5p)

LONG TERM PERFORMANCE (INCLUDES DIVIDENDS REINVESTED)

for periods ended 30th September 2016

	Return to shareholders[1]	Return on net assets[2]	Benchmark return[3]
1 Year	38.7%	41.3%	36.2%
3 Year	41.3%	45.3%	38.1%
5 Year	61.3%	72.3%	67.4%
10 Year	129.5%	135.6%	155.3%
Since Inception[4]	273.2%	303.9%	223.2%

[1] Source: Morningstar.

[2] Source: J.P. Morgan.

[3] Source: MSCI.

[4] Returns are measured from 30th September 1997 to 30th September 2016.

KEY FINANCIAL DATA

	30th September 2016	30th September 2015	% change
Net asset value per share	321.2p	229.8p	+39.8[1]
Share price	278.0p	202.9p	+37.0[1]
Share price discount to net asset value per share	13.4%	11.7%	
Gearing	4.5%	0.1%	
Ongoing charges	0.83%	0.82%	

[1] % change, excluding dividends paid.

A glossary of terms and definitions is provided on page 67.

CHAIRMAN'S STATEMENT

Performance

I am very pleased to report that in the year to 30th September 2016 the Company's return on net assets was +41.3%. The return to shareholders was +38.7%, reflecting a disappointing widening of the Company's discount from 11.7% to 13.4%. These results marked a continuation of the positive turnaround in the Company's performance, with the return on net assets representing an outperformance against its benchmark, the MSCI Asia ex Japan Index, of 5.1 percentage points, building on the 3.4 percentage points outperformance in 2015. It is also a point of pride to note that our recent investment returns have been accomplished with the lowest total charges ratio of all our peers in the Asia ex-Japan sector.

Continuing Appointment of the Manager

Earlier in the year JPMorgan Funds Limited ('JPMF') informed the Board that one of the Company's investment managers, Sonia Yu, had left JPMorgan Asset Management ('JPMAM') to pursue other interests. The Board subsequently approved the appointment of Ayaz Ebrahim, a managing director and portfolio manager at JPMAM, as her replacement. Mr Ebrahim, who is based in Hong Kong, chairs JPMAM's Asia Pacific Asset Allocation Committee within the Emerging Markets and Asia Pacific ('EMAP') equities team. Although he has only been in the role for a short period, Mr Ebrahim has already proved to be a valuable addition to the investment team managing the assets of your Company. Richard Titherington, the Chief Investment Officer of EMAP, continues to manage the Company's portfolio alongside Mr Ebrahim.

The Company's Manager, JPMF, has now delivered two consecutive years of strong relative investment performance. The Board is confident in its continuing ability to deliver satisfactory results and has therefore resolved that JPMF remain as the Company's Manager.

Continuation Vote

Pursuant to the Company's Articles of Association, the Board is required to put a triennial continuation vote to shareholders. Since the last time this requirement was enacted by the Company was in 2014, a continuation vote will be put to shareholders at the Annual General Meeting to be held on 2nd February 2017. Given the performance returns highlighted above, your Board has no hesitation in recommending to shareholders that they vote in favour of the Company continuing as an investment trust for a further three year period.

Revenue and Final Dividend

Revenue per share for the year amounted to 3.48p and the Board is recommending a final dividend of 3.0p which, if approved by shareholders, will be payable on 6th February 2017 to shareholders on the register at the close of business on 13th January 2017.

Proposed Change in Discount Management and Dividend Policy

Subject to the relevant shareholder approvals at the Annual General Meeting in 2017, the Board has approved the implementation of changes aimed at narrowing the Company's discount.

It has been the Board's stated objective for a number of years to stabilise the discount at a level no wider than between 8% and 10% in normal market conditions. The Board has been disappointed and concerned by the widening of the Company's discount over the year, particularly against the background of strong investment performance.

Widening of discounts has been a feature not only of Asian regional funds this year but also across the investment trust industry generally for many non-income focused funds. The

CHAIRMAN'S STATEMENT *CONTINUED*

Company's discount was consistently higher than 10% over the financial year and we have therefore, for some time, been actively considering our current discount control policy. We believe that, over the longer term, an effective discount control policy must address the concerns of current investors and make the Company more attractive to new investors at the same time.

The two major mechanisms we have deployed over the past few years to try to reduce the discount have been periodic, semi-annual tender offers and more regular share buybacks. On the subject of tenders, our experience has been that, whilst offering liquidity to those shareholders electing to participate, tenders per se at tight discounts were not having a measurable effect in reducing the discount, were mainly subscribed by larger institutional holders and not favoured by most shareholders, were delivering nugatory NAV uplift to remaining shareholders and at the same time were shrinking the size and consequently the market attractiveness of the Company. Our issued share capital has contracted significantly over recent years, mainly as a result of tender offers, and we believe that this contraction has been detrimental to the attractiveness of the Company in the market.

Turning to buybacks, the Board and its advisers concluded, over the course of the past year, that market conditions were such that there was no certainty that conducting share buybacks on a standalone basis would have a lasting, or even temporary, impact in reducing the Company's discount. Accordingly, no share buybacks were enacted by the Company in this financial year. The Directors nonetheless continue to see the merits of buybacks as a means of addressing imbalances in supply and demand and of reducing the discount and will again propose a resolution at the forthcoming Annual General Meeting to authorise the Company to repurchase its Ordinary shares. The overall objective will remain, namely stabilising the discount at a level no wider than between 8% to 10% in normal market conditions.

As the Board remains dissatisfied with the Company's current discount level, it has been actively considering other approaches for reducing the discount on a sustainable basis and has been considering the views of our shareholders as provided to our advisers.

One point that became clear was that the bulk of new demand for investment trust shares now comes from retail investors. Against the background of the low yields now available from many asset classes, these new investors are particularly interested in shares that offer an attractive, predictable and regular dividend.

With this in mind, and as previously announced to shareholders on 21st December 2016, the Board is proposing a new dividend policy under which it aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equivalent to 1% of the Company's NAV on the last business day of each financial quarter, being the end of December, March, June and September. This dividend will be paid from a combination of the revenue and capital reserves. The Board will propose a resolution at the Annual General Meeting to amend the Company's Articles of Association to allow the Company to distribute capital as dividends, to allow for the long-term implementation of the new dividend policy. The proposed changes to the Company's Articles of Association are explained in the Director's Report on page 26.

This proposed change in dividend policy will not be accompanied by a change in the investment policy of the Company. The Board takes the view that any demand placed on the investment managers to seek a higher income yield from the portfolio may be at the expense of the total returns available to shareholders. By dissociating the dividend policy of the Company from the split of capital and revenue returns generated from its current investment policy, the Board expects to attract new buyers for the Company's shares, whilst maintaining the portfolio's ability to generate attractive total returns with a low level of attrition to the capital base of the Company.

As part of its deliberations, the Board asked its advisers to secure feedback from shareholders (on a no names basis) as to their views on increasing the dividend yield by paying dividends out of capital. Whilst there was a broad spectrum of opinion, we believe that our shareholders are generally supportive of a move designed to stimulate new buying interest in the Company and hence lead to a reduction in the discount. The Board expects this change of policy to be permanent. However, it will keep the policy (and its expected positive impact on discount level) under constant review and may amend it in the light of potential changes in the expected total returns to be earned from the portfolio or changes in the nature of returns desired by shareholders.

Should the Resolution to permit the necessary changes to the Company's Articles of Association be approved, the new distribution policy will be effective for the year that commenced on 1st October 2016 and the first dividend payable on the new basis will be calculated by reference to the Company's net assets on 31st December 2016. This first quarterly dividend will be payable on 6th February 2017, at the same time as the 2016 final dividend, to shareholders on the register at the close of business on 13th January 2017. As the Company's cum income NAV on 31st December 2016 was 309.9p per share, this first new quarterly dividend will amount to 3.1p per share, resulting in a total distribution of 6.1p per share on 6th February 2017.

The Board expects that a combination of this new distribution policy, alongside the more traditional and consistent use of share buybacks, will be effective in tightening the discount at which your Company trades at a level no wider than between 8% to 10% in normal market conditions. The Board therefore recommends these proposals to shareholders for approval at the Annual General Meeting.

Gearing

The Company's £25 million three year multicurrency loan facility with Scotiabank expired in December 2016. The facility was renewed with Scotiabank at the level of £40 million, with the option of further increasing the facility to £60 million.
In agreement with the Board, the investment managers increased gearing during the year and it stood at 5% at the year end. Gearing remains one of the key benefits of the closed end structure of investment trusts and, if implemented well, can enhance returns to shareholders. The investment management team has developed a model to assist with gearing decisions and the signals from the model are discussed with Directors at each Board meeting.

Board of Directors

As previously reported, I will retire at the conclusion of the forthcoming Annual General Meeting. I have had the privilege of serving on the Board of JPMorgan Asian Investment Trust since 1997 and although the Company has faced some challenging periods during my tenure, I am pleased to be leaving the Board with a strong investment team in charge, much improved performance and a dedicated Board of Directors to take the Company forward. I would like to thank shareholders, my fellow Directors and the team at JPMorgan for their many years of support.

I am delighted that Bronwyn Curtis, a Director since 2013, will be appointed Chairman upon my retirement, subject to her reappointment by shareholders at the Annual General Meeting.

Having served as a Director since 2009, James Strachan has decided also to retire at the forthcoming Annual General Meeting. I thank James for his strong contribution to the deliberations of the Board during his tenure and wish him well for the future.

CHAIRMAN'S STATEMENT *CONTINUED*

The implementation of the Company's succession plan to refresh the Board has continued with the appointment of Peter Moon as a Director from 3rd August 2016. Peter has a strong background in investment management, notably as the former chief investment officer of the Universities Superannuation Scheme. He will stand for reappointment at the Annual General Meeting and I look forward to introducing him to shareholders at this event.

There is a formal process each year for evaluating the performance of the Board, its Committees, individual Directors and myself as Chairman. The performance reviews this year having been completed. Mrs Curtis and Messrs. Buckley, Gould and Moon will stand for reappointment at the Annual General Meeting and I warmly endorse and recommend them.

Annual General Meeting

This year's Meeting will be held at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 2nd February 2017 at 12.00 noon. In addition to the formal proceedings, shareholders will have the opportunity to meet Richard Titherington, who will be presenting and will be available to respond to questions on the Company's portfolio, the investment team's strategy and the outlook for Asian markets. Following the Meeting there will be an opportunity for shareholders to meet the Board, investment management personnel and other Company advisers informally and I look forward to seeing as many of you as possible.

Conclusion

It is customary in Japan, upon news of the demise of the Emperor, for stock markets to dip slightly out of respect. Since I announced my intention to retire from the Company, by contrast, our share price has raced to all-time highs. I like to think that this is on the back of our recent excellent absolute and relative returns, but I can also happily live with the notion that the market believes that the Company is now set fair to accomplish even better things under my successor's leadership. The one aspect that gives more than a tinge of lingering disappointment to my term, however, is the seemingly remorseless rise of the discount over recent years. In rough terms, the Company is valued by the market at some £50 million less than its break-up value: that is c.£50 million we have constantly to try to recoup, if for no other reason than that it is a loss of value for shareholders that dwarfs our average annual total return.

I have seen such impressive and positive changes in the processes and people at our investment manager in recent years and am so pleased that these are now being translated into solid delivery of outperformance. And yet, the discount stubbornly remains wide. As that can, ultimately, only be because there are more sellers than buyers, I commend the new dividend policy to shareholders, for outperformance alone cannot be relied upon to generate buying interest in an acceptable time frame: we have to attract new retail buyers. I hope and expect that the increased dividend yield, coupled with the more consistent use of share buybacks, will be effective, in that regard for the benefit of all shareholders.

I am delighted that Bronwyn Curtis is taking over from me as Chairman and, although I sometimes like to think that the Company is now simply going to move smoothly upwards, with turbulence and underperformance a thing of the past, I know that Asia will continue to be an exciting investment ride for her and the Board and I will continue to watch the market swings, from elation to despair, with keen interest going forward. I leave the Company in very good hands, in very good shape and with my very best wishes.

James M Long
Chairman

5th January 2017

INVESTMENT MANAGERS' REPORT

Ayaz Ebrahim

Richard Titherington

Summary

During the year under review, the Company's return on net assets was +41.3%, outperforming Asian stock markets, as measured by the MSCI AC Asia ex Japan Index, which delivered a +36.2% return in sterling terms. In this report, we discuss the market backdrop, examine the drivers of the Company's performance and then consider the outlook for Asian stock markets in 2017.

Market Review

Asian equities rose over the 12 months to 30th September 2016, however, the period was characterised by high levels of volatility with a strong rally from October 2015 followed by a sharp sell-off at the beginning of 2016 from which the market rose steadily. Key catalysts for this volatility include the ever-changing outlook for US interest rates and the resulting direction of the US dollar, commodity prices including oil, iron ore and coal, the UK leaving the European Union, and importantly, the trajectory of economic growth and policy changes in China.

The calendar year 2016 began with a sharp drop in the oil price with Brent Crude Oil falling to 34 US dollars per barrel and resulting deflationary worries weighed on emerging market and Asian economies. As markets and commodity prices corrected, expectations of rate hikes in the US were reduced and by February markets priced the probability of less than one additional hike in 2016 which, ultimately contributed to a correction in the US dollar, a favourable development for many markets in Asia. Importantly, this coincided with policy stimulus in China and a stabilisation of the Renminbi following a period of depreciation in the summer of 2016 which market participants interpreted as a reactive move to slowing growth. Explicit commitments to reinforce stronger fixings in the exchange rate were taken positively. Despite the challenging conditions for the Chinese economy overall, the shift from central bank rate cuts to more explicit fiscal stimulus and policy measures led to a strong recovery in areas such as auto sales. With 10 year government bond rates stabilising at 3% and a slowing of non-performing loans, bank shares outperformed the market. The 'new economy' also continued to perform well with some of China's leading internet companies posting strong revenue and earnings growth. Overall, the Chinese government is trying to adjust to a slower rate of economic growth and they have found it challenging to design policies to address excessive capacity in manufacturing industries without leading to even slower economic growth.

Reform across the region was a major theme and positive change that also contributed to a re-rating of equity markets. In India the passing of the goods and services tax bill (GST) was an important step for the Narendra Modi-led government and removes a big road block in implementing what is possibly the biggest structural reform in India since 1992. Although economic growth in India has taken longer to recover than the market has expected, sentiment was also boosted by the appointment of Dr. Urjit Patel as the new Reserve Bank of India (RBI) Governor. This appointment helped reassure investors that the RBI would continue with its macro stability policy focus and inflation targeting. In Indonesia, the passing of the tax amnesty bill was a major achievement for the Joko Widodo led government. With a low and falling tax take in the Indonesian economy, the bill is key to helping reduce the budget deficit and ultimately leading to the government's ability to fund

INVESTMENT MANAGERS' REPORT *CONTINUED*

more infrastructure projects, of which the country is badly in need. In addition, the reappointment of Ms Sri Mulyani Indrawati as Minister of Finance, who previously held the role from 2005 to 2010, was seen as further evidence that the Joko Widodo government is seriously addressing reform issues. Minister Indrawati has a distinguished record, having also worked as a Chief Operating Officer at the World Bank.

Asian markets continued to rally towards the end of the reporting year. The Chinese Insurance Regulatory Commission approved mainland insurance companies to invest directly in Hong Kong shares via the Shanghai-Hong Kong stock connect. Furthermore it was confirmed that the connect programme would be extended to the Shenzhen exchange. Such developments were positive and important in China's long but challenging journey of structural reform. The strong rebound in commodity prices helped alleviate deflationary concerns and also contributed to a broad reversal of company profit expectations.

Performance

For the Company's financial year ended September 2016, the portfolio outperformed its benchmark index. Positive relative performance was driven by both country allocation and stock selection, with positions in Taiwan, India and China being the stand out contributors.

PERFORMANCE ATTRIBUTION
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

	%	%
Contributions to total returns		
Benchmark return		+36.2
Stock selection	+4.6	
Currency effect	+0.8	
Gearing/(net cash)	+0.7	
Investment Manager contribution		+6.1
Dividends/residual	–0.2	
Portfolio return		+42.1
Management fee/other expenses	–0.8	
Return on net assets		+41.3
Effect of movement in discount over the year		–2.6
Return to shareholders		+38.7

Source: FactSet, JPMAM and Morningstar. All figures are on a total return basis.

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

A glossary of terms and definitions is provided on page 67.

In Taiwan, overweight positions in leading technology companies were the primary contributors to good stock selection. Taiwan Semiconductor Manufacturing (TSMC), Silicon Motion and Largan Precision all benefited from strong trends in the mobile handset and memory segments of the technology sector. Although the outlook for growth in the global handset market is slowing, speciality firms are taking a higher share of content per client device because of technology upgrades, including more advanced cameras and faster processing speeds. In addition, the shift from hard disk drives to solid-state memory and NAND memory drove earnings growth at firms including Silicon Motion, Samsung and SK Hynix.

In China, our holdings in the property sector, utilities and health care performed well over the period under review. China Vanke was the top performing stock within the broader financial sector due to accelerating property prices in major cities. Elsewhere, our positions in the technology sector, including Tencent and AAC Technology, continued to deliver positive returns with strong top line growth throughout the year. We continue to believe that there are growth opportunities in consumption in China.

In India, the main contributor to performance came from the holdings in Maruti Suzuki, Ambuja Cement and HDFC Bank. The outlook for certain cyclical sectors has gradually improved, including the auto and cement markets. In Maruti Suzuki's case, the company has also taken market share in new segments including cross-over vehicles, where investors were sceptical that consumers would trade up within the Maruti Suzuki brand. The company's market share at the end of September was nearly 50%. HDFC Bank, the largest overweight position in India, again delivered upbeat earnings with strong loan and fee income growth. The secular growth story in quality Indian private banks remains intact and we continue to prefer them over government owned banks.

The holding in the JP Morgan Vietnam Opportunities fund was also an important contributor to performance. Sentiment in Vietnam has gradually improved on the back of important reform measures.

However, stock selection was poor in Hong Kong, with our position in CK Hutchinson underperforming for a variety of reasons, including the negative impact from the weaker sterling exchange rate and the European Commission's decision to prohibit the proposed 3UK/O_2 merger. Other areas of weakness in the portfolio included Chinese life insurers and Korean retailers. The underweight in Alibaba also negatively contributed to performance over the period under review.

Outlook

Looking ahead, we expect the outlook for Asian markets to be characterised by numerous opportunities for growth against a backdrop of periodic volatility driven by events inside and outside the region. In China, policy makers are confronted by overall slower growth with oversupply in many manufacturing and commodity sectors, but at the same time an overheating property sector where prices in major cities have rapidly increased over the last year and they are responding with measures to cool this sector. How successful policy makers will be in terms of balancing the economy without unintended consequences remains to be seen but it is clear that the divergence between 'new' industries like the internet and 'old' industries should widen over time. The longer term outlook in India remains broadly positive, driven by our belief that economic growth and earnings are set for a strong cyclical recovery, with falling interest rates a key catalyst. Reform continues to be

INVESTMENT MANAGERS' REPORT *CONTINUED*

in focus and, importantly, events such as the passing of the GST are the first in an upcoming series of legislative reforms which required constitutional amendment as opposed to simply procedural reform, which had previously been the prior driver. In addition to the positive reform developments in India and Indonesia, the removal of foreign ownership caps in Vietnam's largest listed company, Vietnam Dairy Products, marks an important turning point for the opening of the country's stock market to further foreign investment.

Our investment philosophy is to own high quality growth companies in undervalued countries. Against that backdrop, our three key positions in the portfolio include overweight allocations to the information technology sector, the insurance sector, particularly in China, and selected private sector banks in India.

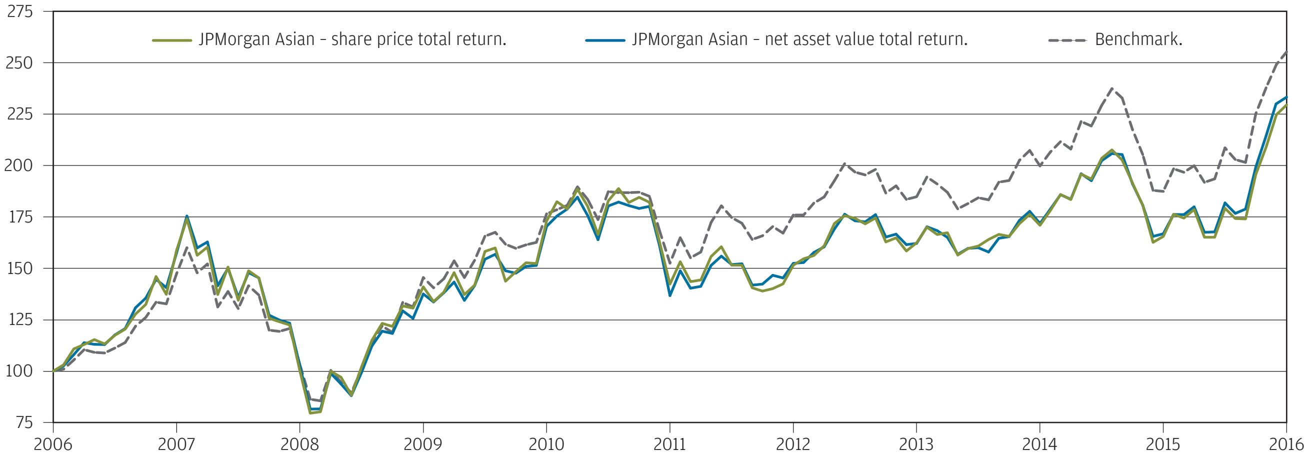
Richard Titherington
Ayaz Ebrahim
Investment Managers

5th January 2017

TEN YEAR PERFORMANCE

Performance

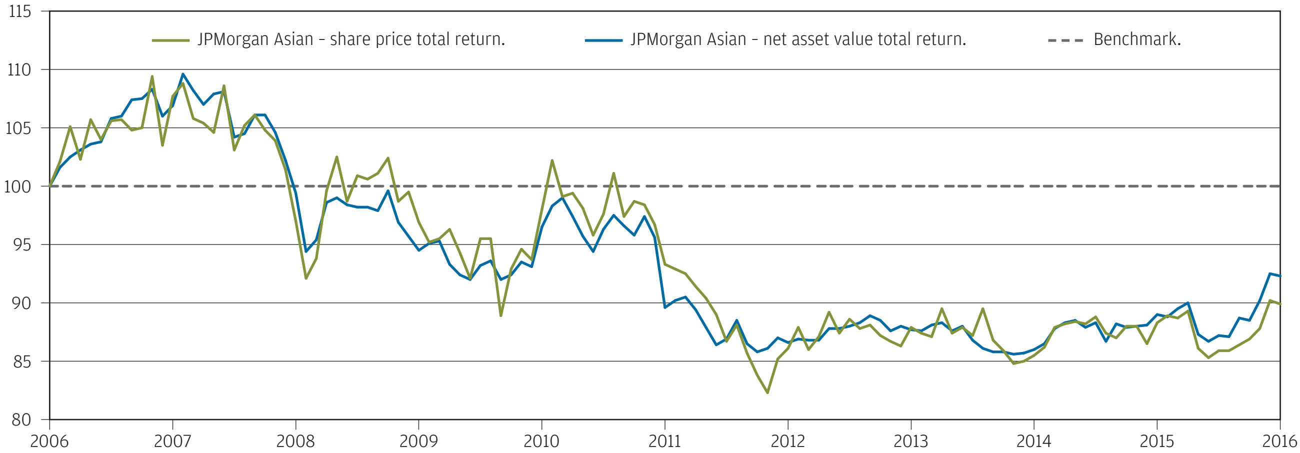
FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2006



Source: Morningstar/MSCI.

Performance Relative to Benchmark

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2006



Source: Morningstar/MSCI.

TEN YEAR FINANCIAL RECORD

At 30th September	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Shareholders' funds (£'000)	242,280	374,406	241,612	341,477	445,002	333,537	324,296	231,456	228,045	218,456	305,313
Net asset value per Share (p)	150.1	234.0	151.0	200.4	246.7	196.7	216.8	227.8	238.7	229.8	321.2
Share price (p)	134.0	211.0	132.0	184.0	224.0	183.0	192.5	203.5	211.5	202.9	278.0
Share price discount to net asset value per share (%)	10.7	9.8	12.6	8.2	9.2	7.0	11.2	10.7	11.4	11.7	13.4
Gearing/(net cash) (%)[1]	4	9	(7)	5	4	(4)	(4)	0	4	0	5
Subscription share price (p)[2]	–	–	–	41.5	50.3	27.0	9.1	14.0	–	–	–
Year ended 30th September											
Gross revenue return (£'000)	5,640	6,786	7,280	5,363	7,256	9,175	7,749	5,706	4,799	5,610	5,969
Return per share (p)	1.27	1.33	1.71	1.52	1.75	2.19	2.44	2.63	2.23	2.99	3.48
Dividend per share (p)	1.25	1.30	1.70	1.50	1.70	2.20	2.90[3]	2.60	2.20	2.50	3.00
Ongoing charges (%)[4]	0.97	0.77	0.95	0.88	0.85	0.87	0.88	0.80	0.86	0.82	0.83
Ongoing charges including any performance fee payable (%)[5]	–	1.54	0.95	0.88	0.87	0.87	0.88	0.80	0.86	–	–
Rebased to 100 at 30th September 2006											
Share price total return[6]	100.0	158.8	99.9	141.0	173.0	142.3	151.5	162.4	170.9	165.5	229.5
Return on net assets[7]	100.0	157.5	102.4	137.5	170.4	136.7	152.4	162.1	171.8	166.8	187.4
Benchmark return[8]	100.0	147.4	103.0	145.5	176.5	152.5	175.9	184.8	199.8	187.4	255.3

[1] The methodology to calculate gearing has been amended during the year therefore the 2015 comparative figure has been recalculated for comparative purposes. Please refer to the glossary of terms and definitions on page 67 for the revised calculation.

[2] On 31st March 2014, the Subscription share rights lapsed.

[3] 2012 comprises an ordinary dividend of 2.4p and a special dividend of 0.5p.

[4] Ongoing charges represent the management fee and all other operating expenses, excluding interest and performance fee payable, expressed as a percentage of the average of daily net assets during the year. The Ongoing Charges are calculated in accordance with guidance issued by the Association of Investment Companies in November 2014 and replaces the Total Expense Ratio ('TER') in previous years. The comparative figure represents the expenses calculated above expressed as a percentage of the average month end net asset values during the year, in line with TER Methodology.

[5] From 1st October 2014, the Company simplified its fee arrangements by abolishing the performance fee element. Prior to 2007 there was also no performance fee in place.

[6] Source: Morningstar.

[7] Source: J.P. Morgan.

[8] Source: MSCI. The Company's benchmark is the MSCI AC Asia ex Japan Index with net dividends reinvested, expressed in sterling terms.

A glossary of terms and definitions is provided on page 67.

TEN LARGEST INVESTMENTS AT 30TH SEPTEMBER[1]

Company	Country	2016 Valuation £'000	%[1]	2015 Valuation £'000	%[1]
Tencent	China	23,391	7.3	10,865	5.0
Samsung Electronics	South Korea	21,483	6.7	10,823	4.9
Taiwan Semiconductor Manufacturing	Taiwan	16,583	5.2	12,208	5.6
AIA	Hong Kong	15,844	5.0	9,104	4.2
Ping An Insurance	China	9,905	3.1	4,804	2.2
China Unicom Hong Kong[2]	China	9,651	3.0	2,162	1.0
HDFC Bank	India	9,333	2.9	9,580	4.4
CK Hutchison	Hong Kong	8,172	2.6	5,997	2.7
Korea Electric Power[2]	South Korea	7,526	2.4	3,217	1.5
JPMorgan Vietnam Opportunities[3]	Vietnam	7,206	2.3	–	–
Total		**129,094**	**40.5**		

[1] Based on total investments of £319.2m (2015: £218.7m).

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

[3] Not held in the portfolio at 30th September 2015.

At 30th September 2015, the value of the ten largest investments amounted to £82.3m representing 37.6% of total investments.

PORTFOLIO ANALYSIS

Geographic

	30th September 2016 Portfolio %[1]	30th September 2016 Benchmark %	30th September 2015 Portfolio %[1]	30th September 2015 Benchmark %
China	34.0	31.4	32.2	27.7
South Korea	18.1	17.3	16.5	18.3
Taiwan	13.5	14.1	13.9	14.8
India	11.5	9.9	15.0	10.5
Hong Kong	11.0	12.3	11.6	12.7
Indonesia	4.6	3.2	1.9	2.5
Thailand	4.2	2.6	4.4	2.7
Vietnam	2.3	–	–	–
Philippines	0.8	1.6	1.8	1.8
Singapore	–	4.5	2.7	5.3
Malaysia	–	3.1	–	3.7
Total Portfolio	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £319.2m (2015: £218.7m).

Sector

	30th September 2016 Portfolio %[1]	30th September 2016 Benchmark %	30th September 2015 Portfolio %[1]	30th September 2015 Benchmark %
Information Technology	29.8	27.6	25.6	21.1
Financials[2]	26.9	23.5	47.5	34.2
Consumer Discretionary	11.0	9.5	3.6	8.2
Telecommunication Services	5.6	5.8	1.0	6.9
Energy	5.5	4.0	2.3	4.2
Utilities	4.9	3.7	4.5	4.4
Industrials[2]	4.6	7.9	5.4	8.1
Real Estate	3.1	6.1	–	–
Health Care	2.8	2.5	5.2	2.7
Investment Fund	2.3	–	–	–
Consumer Staples	1.8	5.2	1.7	5.7
Materials	1.7	4.2	3.2	4.5
Total Portfolio	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £319.2m (2015: £218.7m).

[2] CK Hutchison was reclassified to Industrials from Financials during the year.

INVESTMENT ACTIVITY DURING THE YEAR ENDED 30TH SEPTEMBER 2016

	Value at 30th September 2015 £'000	% of portfolio	Purchases £'000	Sales £'000	Changes in value[1] £'000	Value at 30th September 2016 £'000	% of portfolio
China	70,504	32.2	50,801	(36,175)	23,343	108,473	34.0
South Korea	36,003	16.5	24,426	(19,872)	17,318	57,875	18.1
Taiwan	30,477	13.9	10,095	(14,060)	16,728	43,240	13.5
India	32,776	15.0	14,063	(19,429)	9,445	36,855	11.5
Hong Kong	25,381	11.6	7,928	(6,563)	8,495	35,241	11.0
Indonesia	4,108	1.9	9,601	(3,570)	4,431	14,570	4.6
Thailand	9,657	4.4	3,370	(4,686)	4,943	13,284	4.2
Vietnam	–	–	5,163	–	2,043	7,206	2.3
Philippines	3,858	1.8	166	(2,106)	523	2,441	0.8
Singapore	5,976	2.7	871	(7,245)	398	–	–
Total Portfolio	**218,740**	**100.0**	**126,484**	**(113,706)**	**87,667**	**319,185**	**100.0**

[1] Total capital gains on investments for the year amounted to £87,667,000, comprising gains on sales of investments of £10,480,000 and investment holding gains of £77,187,000.

LIST OF INVESTMENTS AT 30TH SEPTEMBER 2016

Company	Valuation £'000
China	
Tencent	23,391
Ping An Insurance[1]	9,905
China Unicom Hong Kong	9,651
China Construction Bank[1]	6,922
CNOOC	6,510
JD.Com[2]	6,023
AAC Technologies	5,803
China Merchants Bank[1]	5,749
China Resources Land	5,185
CSPC Pharmaceutical	4,398
Alibaba[2]	4,395
China Resources Gas	4,256
Vipshop[2]	3,344
Beijing Enterprises Water	3,043
Sino Biopharmaceutical	2,422
IMAX China	2,340
Phoenix Healthcare	2,202
Chongqing Changan Automobile[3]	1,246
China Everbright	929
Huaneng Power[1]	759
Total	**108,473**
South Korea	
Samsung Electronics	21,483
Korea Electric Power	7,526
SK Hynix	4,917
SK Innovation	4,201
Hyundai Marine & Fire Insurance	3,644
SK Telecom	3,518
Hyundai Glovis	2,820
E-MART	2,715
South Korea Investment	2,617
Shinhan Financial	1,563
Hana Tour	993
Naver	987
LG Chemical	891
Total	**57,875**
Taiwan	
Taiwan Semiconductor Manufacturing	16,583
Largan Precision	5,199
Advanced Semiconductor Engineering	3,893
President Chain Store	3,174
Eclat Textile	3,160
Giant Manufacturing	2,562
Catcher Technology	2,450
Himax Technologies[2]	2,168
Silicon Motion Technology[2]	1,468
Chailease	1,427
E. Sun Financial	1,156
Total	**43,240**
India	
HDFC Bank	9,333
Maruti Suzuki	7,030
Axis Bank	6,256
IndusInd Bank	5,253
Ambuja Cements	4,462
Tata Motors[2]	2,271
Infosys	2,250
Total	**36,855**
Hong Kong	
AIA	15,844
CK Hutchison	8,172
Cheung Kong Property	4,844
BOC Hong Kong Holding	3,268
Regina Miracle	1,680
Techtronic Industries	1,433
Total	**35,241**
Indonesia	
Bank Central Asia	6,662
Telekomunikasi Indonesia	4,732
Astra	3,176
Total	**14,570**
Thailand	
PTT Public	6,678
Kasikornbank	3,796
Sino-Thai Engineering & Construction	2,810
Total	**13,284**
Vietnam	
JPMorgan Vietnam Opportunities[4]	7,206
Total	**7,206**
Philippines	
GT Capital	2,441
Total	**2,441**
Total Portfolio	**319,185**

[1] Hong Kong 'H' shares, that is, shares in companies incorporated in mainland China and listed in Hong Kong and other foreign stock exchanges.

[2] Includes investments in American Depositary Receipts (ADRs).

[3] China 'B' shares, that is, shares in companies incorporated in mainland China and traded on the mainland 'B' share markets.

[4] Mutual fund.

BUSINESS REVIEW

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review.

Structure and Objective of the Company

JPMorgan Asian Investment Trust plc is an investment trust company that has a premium listing on the London Stock Exchange. Its objective is to provide capital growth, primarily from investing in equities quoted on the stock markets of Asia, excluding Japan. In seeking to achieve this objective, the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') which, in turn, delegates portfolio management to JPMorgan Asset Management (UK) Limited, to manage the Company's assets actively. The Board has determined an investment policy and related guidelines and limits as described below.

The Company is subject to UK and European legislation and regulations including UK company law, UK Financial Reporting Standards, the UK 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). As a result the Company is not liable for taxation on capital gains. The Directors have no reason to believe that approval will not continue to be retained. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 3 to 6, and in the Investment Managers' Report on pages 7 to 10.

Investment Objective

Capital growth, primarily from investing in equities quoted on the stock markets of Asia, excluding Japan.

Investment Policies, Investment Guidelines and Risk Management

Investment risks are managed by diversifying investment over a number of Asian stocks. The number of investments in the Company's portfolio will normally range between 50 and 80. The Board seeks to manage the Company's risk relative to its benchmark index by limiting the active portfolio exposures to the various countries and stocks covered by the benchmark index and, in some cases, to specific stocks. These active exposure limits may be varied at any time by the Board at its discretion. Currently the maximum permitted active exposure to each country is 12 percentage points above or below the benchmark index weighting except for Taiwan, South Korea, China and Hong Kong, where the maximum permitted active exposure is 15 percentage points above or below the benchmark index weighting. The maximum permitted exposure to any individual company is 8% of the Company's total assets, excluding collective vehicles and Samsung Electronics. The maximum permitted portfolio weighting of any investment in Samsung Electronics is 5 percentage points above that company's weighting in the benchmark index. The maximum proportion of the Company's total assets that may be represented by the five largest holdings in the portfolio is 40%. Unlisted investments are permitted with prior approval of the Board. The Board also permits investments in Australian listed companies, subject to a limit of 10% of the Company's gross assets. The Board also permits investments in countries consistent with the Company's investment objective, other than Australia, which are not in the Company's benchmark, subject to a limit of 5% of the Company's gross assets. Such countries, include Vietnam, for example.

The Company does not invest more than 15% of its gross assets in other UK listed investment companies (including investment trusts). The Company does not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed investment companies.

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company's gearing policy is to operate within a range of 10% net cash to 20% geared in normal market conditions.

The use of derivatives is permitted within agreed limits. Currency hedging transactions are permitted up to 40% of the portfolio but only back into sterling. In addition, sales and purchases of country specific index futures are permitted, for gearing and hedging purposes, limited to the aggregate value of stocks held in the relevant market.

Compliance with investment restrictions and guidelines is monitored continuously by the Manager and is reported to the Board on a monthly basis. These active exposure limits and restrictions may be varied by the Board at any time at its discretion.

Performance

In the year to 30th September 2016, the Company produced a total return to shareholders of +38.7% (2015: -3.2%) and a total return on net assets of +41.3% (2015: -2.9%). This compares with the return on the Company's benchmark index of +36.2% (2015: -6.3%). At 30th September 2016, the value of the Company's investment portfolio was £319.2 million. The Investment Managers' Report on pages 7 to 10 includes a review of developments during the year as well as information on investment activity within the Company's

BUSINESS REVIEW *CONTINUED*

portfolio and the factors likely to affect the future performance of the Company.

Total Return, Revenue and Dividends

Gross total return for the year amounted to £91.9 million (2015: £3.7 million gross total loss) and net total return after deducting interest, management expenses and taxation amounted to £89.2 million (2015: £6.4 million net total loss). Distributable income for the year amounted to £3.3 million (2015: £2.8 million).

The Directors recommend a dividend of 3.0p (2015: 2.5p) per share payable on 6th February 2017 to shareholders on the register at the close of business on 13th January 2017. This distribution will amount to £2,851,000 (2015: £2,376,000).

Revised Distribution Policy

Subject to shareholder approval to amend the Company's Articles of Association which is being sought at the forthcoming Annual General Meeting, the Company will be adopting a new distribution policy whereby it aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equivalent to 1% of the Company's net asset value on the last business day of each financial quarter, being the end of December, March, June and September.

Since such distributions will be paid from a combination of the revenue and capital reserves, an amendment is required to the Company's Articles of Association to allow the Company to distribute capital as income.

The new distribution policy will be effective for the year that commenced on 1st October 2016 and the first dividend payable on the new basis will be calculated by reference to the Company's net assets on 31st December 2016. The first such quarterly dividend under the new distribution policy will be payable on 6th February 2017, at the same time as the 2016 final dividend, to shareholders on the register at the close of business on 13th January 2017.

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**
  The Board monitors performance against a benchmark index. Please refer to the graphs on page 11 for further detail.

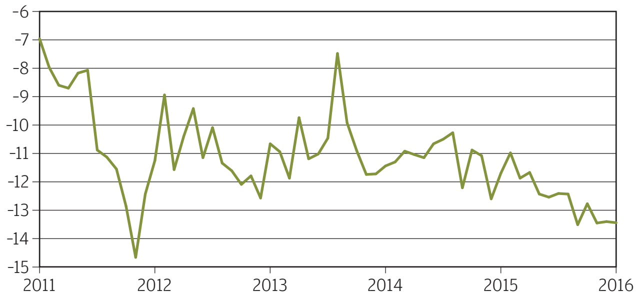
- **Performance against the Company's peers**
  The Board also monitors performance relative to a broad range of competitor closed and open ended funds.

- **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 gearing, stock selection and currency gains and losses. Details of the attribution analysis for the year ended 30th September 2016 are given in the Investment Managers' Report on page 8.

- **Share price discount to net asset value ('NAV') per share**
  The Board seeks to address imbalances in the supply of and demand for the Company's shares in the market and thereby seek to reduce the volatility and absolute level of the discount to cum income net asset value ('NAV') at which the Company's Ordinary shares trade. The discount to NAV at the start of the year was 11.7% and at the end it was 13.4%. The highest and the lowest discounts to NAV during the year (as at month end) were 13.5% and 11.0% respectively and the average discount over the year was 12.6%.

  More information on the Company's share discount management policy is given in the Chairman's Statement on pages 3 to 5.

Discount Performance



Source: Morningstar.

JPMorgan Asian - share price discount to cum income net asset value per share.

- **Ongoing charges**
  'Ongoing charges' is an expression of the Company's management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the daily net assets during the year. The Ongoing charges ratio for the year ended 30th September 2016 is 0.83% (2015: 0.82%). 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. The Board considers that the Company's Ongoing charges compare favourably with those of its peers.

Share Capital

The Company has the authority to repurchase shares in the market for cancellation (or to be held in Treasury) and to issue new shares for cash on behalf of the Company.

During the year the Company did not repurchase any ordinary shares (2015: nil). No shares have been repurchased for cancellation or into Treasury since the year end.

The Company did not issue any new shares during the year.

Resolutions to renew the authorities to issue new shares or reissue shares from Treasury, and to repurchase shares for cancellation or to be held in Treasury will be put to shareholders at the forthcoming Annual General Meeting. It should be noted that the Board would only reissue shares from Treasury at a premium to NAV. It is not seeking authority to reissue shares from Treasury at a discount to NAV.

The full text of these resolutions is set out in the Notice of Meeting on pages 64 to 66.

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 September 2016, there were five male Directors and one female Director on the Board. The Company has no employees. The Company's policy on gender is detailed under the Nomination Committee section on page 28.

Employees, Social, Community and Human Rights Issues

The Company is managed by JPMF. It 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 Board notes the policy statements of JPMAM in respect of Social, Community, Environmental and Human Rights issues, as outlined below in italics.

Social, Community, 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.

Greenhouse Gas Emissions

There are no disclosures to be made in respect of employees. The Company itself has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. JPMAM is a signatory to the Carbon Disclosure Project and 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 thorough assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. Three key risks have been identified and the ways in which they are managed or mitigated are summarised as follows:

- Investment and Strategy: An inappropriate investment decision, in areas such as asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, and may result in the Company's shares trading on a wider discount. The Board seeks to mitigate these risks by diversification of investments through its 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 analysis, revenue estimates and shareholder analysis. The Board monitors the implementation and results of the investment process with the investment managers, who

BUSINESS REVIEW *CONTINUED*

attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The Manager employs the Company's gearing tactically, within a strategic range set by the Board. The Board holds a separate meeting devoted to strategy each year.

- Political and Economic: Changes in financial or tax legislation, may adversely affect the Company. The Manager makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. In addition, the Company is subject to political risks, such as the imposition of restrictions on the free movement of capital.
- Operational Risk and Cybercrime: Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by the Manager and its associates and the key elements designed to provide effective internal control are included with the Internal Control section of the Corporate Governance report on pages 29 and 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 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.

The following risks, although not viewed as critical, have also been identified as important in our risk matrix:

- Change of Corporate Control of the Manager: The Board holds regular meetings with senior representatives of JPMF and JPMAM 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.
- Market: Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss that the Company might suffer through holding investments in the face of negative market movements. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by the Manager. The Board monitors the implementation and results of the investment process with the Manager.
- Loss of Investment Team: A sudden departure of several members of the investment management team could result in a 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.
- Financial: The financial risks faced by the Company include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk, credit risk and the failure of any counterparty. Further details are disclosed in note 22 on pages 55 to 61.

Long Term Viability

The Company is an investment trust with an objective of achieving long term capital growth.

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 the Asian economies and equity market. The Board has also taken into account the fact that the Company has a continuation vote to be considered by shareholders at the Company's 2017 Annual General Meeting and, with input from the Company's major shareholders and its brokers, the likelihood of shareholders voting in favour of continuation.

In determining the appropriate period of assessment the Directors had regard to their view that, given the Company's objective of achieving long term capital growth, shareholders should consider the Company as a long term investment proposition. This is consistent with advice provided by independent financial advisers and wealth managers, 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 they have a reasonable expectation that, subject to shareholders voting in favour of continuation at the Company's 2017 Annual General Meeting, the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment. This reasonable expectation is also subject to there being no significant adverse change to the regulatory or taxation environment for investment trusts; and subject to there being no sustained adverse investment performance by the current or any successor investment manager, that may result in the Company not being able to maintain a supportive shareholder base.

Future Developments

The future development of the Company is dependent upon the success of the Company's investment strategy in the light of economic and equity market developments. The investment managers report upon their market outlook in their report on pages 7 and 10.

By order of the Board
Alison Vincent for and on behalf of
JPMorgan Funds Limited
Secretary

5th January 2017

BOARD OF DIRECTORS

James M Long TD (Chairman)†

Joined the Board in 1997 and appointed Chairman in 2003.

Mr Long was previously a Director of Risk and Compliance for AstraZeneca Europe, Corporate Finance Director of Inchcape plc and Managing Director, Asia and Emerging Markets for the ESAB Group. He is chairman of BlackRock Income Strategies Trust PLC.

Dean Buckley*†

Joined the Board in 2014.

Mr Buckley was previously Chief Executive Officer at Scottish Widows Investment Partnership. Prior to this appointment he held several positions at HSBC Bank plc, including Chief Executive Officer for HSBC Asset Management UK and Middle East and Chief Investment Officer for HSBC Asset Management, European equities, and held a number of senior fund manager positions at Prudential Portfolio Managers. He is a non-executive director of Fidelity Special Values plc and Saunderson House Ltd. He is a Fellow of the Institute of Actuaries.

Bronwyn Curtis OBE *†

Joined the Board in 2013.

Mrs Curtis is an experienced global financial economist who has held senior executive positions in both the financial and media sectors. Previous roles included Head of Global Research, Executive Editor and Senior Adviser to the Head of Global Banking & Markets at HSBC Bank plc and Head of European Broadcasting at Bloomberg LP. Her other current appointments include Director of The Scottish American Investment Trust P.L.C., and Mercator Media Ltd, board member of CEPR and Australian Business and on the Advisory Board member of the Imperial College Business School. Mrs Curtis was awarded an OBE for services to business economics in 2008.

Ronald Gould (Audit Committee Chairman)*†

Joined the Board in 2005.

Mr Gould was previously Managing Director and head of the Promontory Financial Group in China, CEO of Chi-X Asia Pacific, Senior Adviser to the UK Financial Services Authority, CEO of investment bank ABG Sundal Collier and Vice Chairman of Barclays Bank asset management activities. He is a non-executive director of ONE Re Ltd. and Chairman of Think Alliance Asia and Compliance Science Ltd.

Peter Moon*†

Joined the Board in 2016.

Mr Moon was Chief Investment Officer of the Universities Superannuation Scheme. He is Chairman of The Scottish American Investment Company P.L.C. and Bell Potter (UK) Limited and is a Director of First Property plc and Gresham House plc. He is a former Director of MBNA Europe and a former Member of the National Association of Pension Funds Investment Committee.

James Strachan*†

Joined the Board in 2009.

Mr Strachan was previously Chairman of the Audit Commission, Non-Executive Director of the Bank of England, Legal and General plc, Care UK plc, Towergate Insurance Limited, Ofgem, Sarasin & Partners LLP, the Financial Services Authority and Welsh Water Limited, Executive Board Member of Merrill Lynch International and a Senior Visiting Fellow at the London School of Economics (risk and regulation).

* Member of Audit Committee.

† Member of the Nomination Committee.

DIRECTORS' REPORT

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

Management of the Company

The Manager and Company Secretary is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the FCA. Prior to 1st July 2014, these roles were undertaken by JPMorgan Asset Management (UK) Limited ('JPMAM'). JPMF is an affiliate of JPMAM and was appointed as the Company's Alternative Investment Fund Manager ('AIFM') from 1st July 2014 to ensure the Company's compliance with the Alternative Investment Fund Managers Directive. JPMF 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 three months notice, if notice is served on the basis of poor investment performance. The notice period is six months for all other circumstances.

The Board has evaluated the performance of the Manager and confirms that it is satisfied that the continuing appointment of the Manager is in the best interests of shareholders as a whole. In arriving at this view, the Board also considered the investment strategy and process of the Investment Managers and the support that the Company receives from JPMF and JPMAM.

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF is the Company's alternative investment fund manager ('AIFM'). JPMF is approved as an AIFM by the Financial Conduct Authority ('FCA'). For the purposes of the AIFMD the Company is an alternative investment fund ('AIF').

The Company entered into a new investment management agreement with JPMF on 1st July 2014. JPMF has delegated responsibility for the day to day management of the Company's portfolio to JPMAM.

JPMF is required to ensure that a depositary is appointed to the Company. The Company appointed BNY Mellon Trust and Depositary (UK) Limited ('BNY') as its depositary. BNY has delegated its safekeeping function to the custodian, JPMorgan Chase Bank, N.A. BNY remains 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.jpmasian.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.

The Company's leverage and JPMF's remuneration disclosures are set out on page 63.

Management Fee

JPMF is paid a management fee based on the Company's market capitalisation. This fee uses the average of the Company's closing middle market share price for the last five business days of the relevant month, calculated monthly and paid quarterly at a rate of 0.60% per annum, based on the average of the preceding three month end capitalisations. Investments in funds on which JPMorgan charges a management fee are excluded from this calculation.

Directors

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

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 33.

The Chairman and James Strachan will both be retiring at the close of the forthcoming Annual General Meeting. All other Directors will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment. Having been appointed to the Board on 3rd August 2016, Peter Moon will be standing for reappointment for the first time. 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 a deed of 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/she ought to have taken as a Director in order to make himself/herself 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 418(2) of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors to the Company and resolutions to reappoint them and authorise the Directors to determine their remuneration for the ensuing year, will be proposed at the Annual General Meeting.

Section 992 Companies Act 2006

The following disclosures are made in accordance with Section 992 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

As at 4th January 2017 (being the latest business day prior to the publication of this report), the Company's issued share capital consists of 95,046,993 Ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 95,046,993.

Notifiable Interests in the Company's Voting Rights

At the date of this report, the following had declared a notifiable interest in the Company's voting rights:

Shareholders	Number of voting rights	%
City of London Investment Management Co. Ltd.	22,827,730	24.0
Lazard Asset Management Limited	6,324,187	6.7
BAE System Pension Funds Investment Management Ltd.	3,256,695	3.4

The Company is also aware that approximately 9% of the Company's total voting rights are held by individuals through savings products managed by JPMAM, 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 JPMAM has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

Annual General Meeting

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

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

(i) Continuation resolution (resolution 11)

The Company's Articles of Association require the Board to procure that, at every 'Relevant General Meeting', an ordinary resolution is proposed to shareholders to the effect that the Company shall continue in being as an investment trust for the period expiring at the end of the next following 'Relevant General Meeting'. The Articles of Association define 'Relevant General Meeting' as an annual general meeting of the Company held in 2002 and in every third year thereafter.

The last triennial Continuation Resolution was passed by shareholders at the annual general meeting held in January 2014. An additional Continuation Resolution was passed at the Company's 2016 Annual General Meeting.

Accordingly, the Board is required to propose a Continuation Resolution to shareholders at the Company's forthcoming Annual General Meeting to be held in 2017.

DIRECTORS' REPORT *CONTINUED*

(ii) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 12 and 13)

The Directors will seek renewal of the authority at the AGM to issue up to 4,752,349 Ordinary shares for cash up to an aggregate nominal amount of £1,188,087 such amount being equivalent to 5% of the present issued ordinary share capital as at the last practicable date before the publication of this document. The full text of the resolutions is set out in the Notice of Meeting on page 64. This authority will expire at the conclusion of the Annual General Meeting of the Company in 2018 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares to participants purchasing shares through the JPMorgan savings products and also to other investors when the Directors consider that it is in the best interests of shareholders to do so. As such issues are only made at prices greater than the net asset value ('NAV') per share, they increase the NAV per share and spread the Company's administrative expenses, other than the management fee which is charged on the Company's market capitalisation, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies. The Company currently does not hold any shares in the capital of the Company in Treasury.

(iii) Authority to repurchase the Company's shares (resolution 14)

The authority to repurchase up to 14.99% of the Company's issued Ordinary shares, granted by shareholders at the 2016 AGM, will expire on 28th July 2017 unless renewed at the forthcoming Annual General Meeting. 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 14 gives the Company authority to buy back 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 14,247,544 Ordinary shares, representing approximately 14.99% of the Company's issued Ordinary shares, as at 4th January 2017 (being the latest practicable date prior to the publication of this report). The authority also sets minimum and maximum prices.

If resolution 14 is passed at the Annual General Meeting, Ordinary shares repurchased might not be cancelled but rather held as treasury shares and may subsequently be reissued at a premium. The Company does not have authority to reissue Ordinary shares from treasury at a discount to NAV, therefore any reissue of Ordinary shares from treasury would be at a premium to the prevailing NAV.

(iv) Amendment of the Articles of Association (resolution 15)

The Companies Act 2006 (Amendment of Part 23) (Investment Companies) Regulation 2012 removed the requirement that the articles of association of an investment company must prohibit the distribution of capital profits. As indicated in the Chairman's statement on pages 3 to 5, the Board has determined to change the dividend policy of the Company and the new dividend policy may require dividends to be paid, in part, out of the Company's capital reserves. Since this is now permitted by law, and in order to implement the new dividend policy, the Board feels that it would be appropriate to ask shareholders to approve amendments to the Articles of Association of the Company that remove this restriction.

Resolution 15 therefore seeks shareholders' approval to amend the Articles of Association of the Company to remove the current restriction on the distribution of capital profits.

Recommendation

The Board considers that resolutions 11 to 15 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 shareholders vote in favour of the resolutions as they intend to do, where voting rights are exercisable, in respect of their own beneficial holdings which amount in aggregate to 63,514 Ordinary shares, representing approximately 0.1% of the voting rights of the Company.

Corporate Governance Statement

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's 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 with the AIC Code, throughout the year under review.

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.

Role of the Board

A management agreement dated 1st July 2014 between the Company and JPMF 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, administration, and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has previously 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 meets at least five times 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 Secretary, JPMF, which is responsible to the Board for ensuring adherence to Board procedures and compliance with applicable rules and regulations.

Board Composition

The Board, chaired by James Long, consists of six non-executive Directors, all of whom are regarded by the Board as independent. The Chairman's independence was assessed upon his appointment and annually thereafter. 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. There have been no changes to the Chairman's other significant commitments during the year under review.

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. Ronald Gould, 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 reappointed by shareholders. Thereafter Directors stand for annual reappointment. Subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for the Director to seek an additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking re-appointment but, when making a recommendation, the Board will take into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees. The Board has adopted corporate governance best practice and all Directors now stand for annual reappointment. 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.

The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its Committees, confirms that Mrs Curtis and Messrs Buckley, Gould and Moon continue to be effective and to demonstrate commitment to the role. Notwithstanding the fact that Ronald Gould has served on the Board for more than nine years, his fellow Directors believe that he remains independent in character and judgement, and accordingly the Board recommends to shareholders that all the above named Directors be reappointed.

The Company has a succession policy and plan in place. James Long and James Strachan will be retiring at the close of the forthcoming Annual General Meeting. To ensure succession planning and continuity it has been agreed that the Board will seek to appoint a new director in 2017 and, Ronald Gould will retire at the conclusion of the 2018 annual general meeting.

Meetings and Committees

The Board delegates certain responsibilities and functions to Committees. Details of membership of Committees are shown with the Directors' profiles on pages 22 and 23. The Chairman of the Board may attend the Audit Committee at the invitation of its Chairman.

During the year there were six Board meetings, plus a separate meeting devoted to strategy, two Audit Committee meetings and two Nomination Committee meetings. These meetings were supplemented by additional meetings held to cover procedural matters and formal approvals. In addition, there was regular contact between the Directors and the Manager and Company Secretary throughout the year.

DIRECTORS' REPORT *CONTINUED*

The table below details the number of Board and Committee meetings attended by each Director during the year.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Strategy Meetings Attended	Nomination Committee Meetings Attended
James Long[1,2]	6	2	1	1
Dean Buckley	6	2	1	2
Bronwyn Curtis	6	2	1	2
Ronald Gould	6	2	1	2
Peter Moon[3]	–	–	–	–
James Strachan	6	2	1	2

[1] Attended the Audit Committee meetings by invitation.

[2] Did not attend a meeting of the Nomination Committee, which had been held to consider Chairman succession.

[3] Appointed 3rd August 2016.

Training and Appraisal

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

The Board conducts a formal evaluation of the Manager, of its own performance and that of its Committees and individual Directors. External consultants may be used from time to time with respect to the evaluation of the Board. For the current year, questionnaires were used to assist Directors with their deliberations at a private meeting. The evaluation of individual Directors is led by the Chairman, and the Senior Independent Director leads the evaluation of the Chairman's performance. The Board as a whole evaluates the Manager, its own performance and that of its Committees.

Board Committee

Nomination Committee

The Nomination Committee, chaired by James Long, 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. A variety of sources, including external search consultants, may be used to ensure that a wide range of candidates is considered. An external search consultant was used for the appointment of Peter Moon.

The Board's policy on diversity, including gender, is to take account of the benefits of these during the appointment process. However, the Board remains committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity. Therefore, no targets have been set against which to report.

A list of potential conflicts of interest for each Director is maintained by the Company. These are considered carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved. There were no actual or indirect interests of a Director which conflicted with the interests of the Company, which arose during the year.

The Nomination Committee also reviews the levels of remuneration of the Directors taking into account boards of other trusts to ensure that high quality people are attracted and retained.

Audit Committee

The Audit Committee, chaired by Ronald Gould, consists of all Directors other than the Chairman and 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.

The Committee reviews the actions and judgements of the Manager in relation to the Half Year Report and Annual Report & Accounts and the Company's compliance with the UK Corporate Governance Code. At the request of the Board, the Audit Committee provides confirmation to the Board as to how it has discharged its responsibilities so that the Board can be satisfied that information presented is fair, balanced and understandable.

During its review of the Company's financial statements for the year ended 30th September 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
Income from investments	The recognition of investment income is undertaken in accordance with accounting policy note 1(e) to the accounts on page 46.
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1(c) to the accounts on page 46. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations.

Having taken all available information into consideration and having discussed the content of the annual report and accounts with the AIFM, the Investment Managers, the Company Secretary and other third party service providers, the Audit Committee has concluded that the annual report for the year ended 30th September 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.

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

The Audit Committee also 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. In the Directors' opinion the Auditors are independent.

The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of external auditors. Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Accounts were considered. 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 current audit firm has audited the Company's financial statements since the formation of the Company. The Audit Committee will give consideration to conducting an Audit tender in 2017.

The Directors' statement on the Company's system of internal control is set out below.

Going Concern

The Directors believe that having considered the Company's investment objective (see page 17), risk management policies (see pages 55 to 61), capital management policies and procedures (see pages 61 and 62), the nature of the portfolio and expenditure projections that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the Company's financial statements. They have not identified any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of these financial statements.

Terms of Reference

Both the Nomination Committee and the Audit Committee have written terms of reference which define clearly their respective responsibilities, copies of which are available for inspection on request at the Company's registered office and at the Company's Annual General Meeting.

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and report formally to shareholders twice a year by way of the Annual Report & Accounts and the Half Year Report. This is 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 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 usually given by the investment managers who review the Company's performance. During the year the Company's brokers, the Investment Managers and other representatives of 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 meet with shareholders and to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 71.

The Company's Annual Report & Accounts is published in time to give shareholders at least 21 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 71.

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 internal control and to report to shareholders that they have done so. This encompasses a review of all controls, which the Board has identified as including business, financial, operational, compliance and risk management.

The Directors are responsible for the Company's system of internal control which is designed to safeguard the Company's assets,

DIRECTORS' REPORT *CONTINUED*

maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material mis-statement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by JPMF and its associates, the Company's system of internal control mainly comprises monitoring the services provided by JPMF 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 19 and 20). This process has been in place for the year under review and up to the date of the approval of the Annual Report & Accounts, and it accords with the Turnbull 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 annual review.

The key elements designed to provide effective 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 – Evaluation and 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 internal control includes organisational agreements which clearly define the lines of responsibility, delegated authority, control procedures and systems. These are monitored by JPMAM's compliance department which regularly monitors compliance with FCA rules and reports to the Board.

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 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 the report 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 internal controls and the operations of JPMF and JPMAM.

By the means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of internal control for the year ended 30th September 2016, and to the date of approval of this Annual Report & Accounts.

During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to 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 of social and environmental issues are included in the Strategic Report on page 19.

Corporate Governance
JPMAM believes that corporate governance is integral to its investment process. As part of its commitment to delivering superior investment performance to clients, it expects and encourages the companies in which it invests to demonstrate the highest standards of corporate governance and best business practice. JPMAM examines the share structure and voting structure of the companies in which it invests, as well as the board balance, oversight functions and remuneration policy. These analyses then form the basis of JPMAM's 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 reasonable judgement of what will best serve the financial interests of clients. So far as is practicable, JPMAM will vote at all of the meetings called by companies in which it is invested.

Stewardship/Engagement
JPMAM recognises its wider stewardship responsibilities to its clients as a major asset owner. To this end, it supports 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 and complies with 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.jpmorganinvestmenttrusts.co.uk/governance. This 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
Alison Vincent, for and on behalf of
JPMorgan Funds Limited,
Secretary

5th January 2017

DIRECTORS' REMUNERATION REPORT

The Board presents the Directors' Remuneration Report for the year ended 30th September 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.

Remuneration of the Directors is considered by the Nomination Committee on a regular basis. The Committee makes recommendations to the Board as and when appropriate.

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote and an ordinary resolution to approve this report was put to shareholders at the 2016 Annual General Meeting. The Board has resolved that, for good governance purposes, the policy vote will be put to shareholders every year. Accordingly a resolution to approve the policy will be put to shareholders at the 2017 Annual General Meeting. The policy, subject to the vote, is set out in full below and is currently in force.

At the Annual General Meeting held on 29th January 2016, 99.7% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the Directors' remuneration policy and 0.3% voted against.

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

The Nomination Committee, comprising all Directors, reviews fees on a regular basis and makes recommendations to the Board. Reviews are based on information provided by the Manager, and includes 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.

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 award scheme, 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.

In the year under review, Directors' fees were paid at the following rates: Chairman £38,000; Chairman of the Audit Committee £30,500; and other Directors £25,000.

No amounts (2015: nil) were paid to third parties for making available the services of Directors.

The Company's Articles of Association stipulate that aggregate fees must not exceed £200,000 per annum. This level was last increased in 2016. Any increase the maximum aggregate amount requires both Board and shareholder approval.

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.

The Company has not sought shareholder views on its remuneration policy. The Nomination Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and will take account of these views if appropriate.

The Directors do not have service contracts with the Company. 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.

Remuneration Report

The Directors' Remuneration Report 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 September 2016 and no changes are proposed for the year ending 30th September 2017.

At the Annual General Meeting held on 29th January 2016, 99.7% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.3% voted against.

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 September 2016 was £147,367. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

There are no performance targets in place for the Directors of the Company and there are no benefits for any of the Directors which will vest in the future. There are no benefits, pension, bonus, long term incentive plans, exit payments or arrangements in place on which to report.

Single total figure table[1]

	Total amount of fees[2]	
	2016	2015
James Long	£38,000	£36,500
Dean Buckley	£25,000	£23,500
Bronwyn Curtis	£25,000	£23,500
Ronald Gould	£30,500	£29,000
Peter Moon[3]	£3,687	–
James Strachan	£25,000	£23,500
Total	**£147,187**	**£136,000**

[1] Audited information. Other subject headings for the single figure table as prescribed by regulations are not included because there is nothing to disclose in relation thereto.

[2] Directors' remuneration comprises an annual fee only. There were no taxable expenses.

[3] Appointed 3rd August 2016.

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

	Number of shares held	
Director's Name	2016	2015
James Long	22,133	22,133
Dean Buckley	10,000	10,000
Bronwyn Curtis	5,000	5,000
Ronald Gould[2]	11,990	11,221
Peter Moon[3]	10,000	–
James Strachan	4,209	4,209
Total	**63,332**	**52,563**

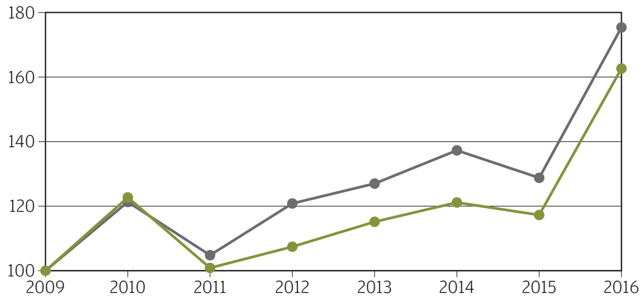
[1] Audited information.

[2] Since the year end, Mr Gould's holding has increased by 182 shares.

[3] Appointed 3rd August 2016.

In accordance with the Companies Act 2006, a graph showing the Company's share price total return compared with its benchmark, the MSCI AC Asia ex Japan Index with net dividends reinvested, expressed in sterling terms, is shown below. The Board believes this Index is the most representative comparator for the Company, given the Company's investment objective.

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



Source: Morningstar/Datastream.

Share price total return.

Benchmark.

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

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

Year ended 30th September	Fees	Performance related benefits received as a percentage of maximum payable
2016	£38,000	n/a
2015	£36,500	n/a
2014	£36,500	n/a
2013	£34,000	n/a
2012	£34,000	n/a

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 September 2016	Year ended 30th September 2015
Remuneration paid to all Directors	£147,367	£136,000
Distribution to shareholders		
– by way of dividend	£2,851,000	£2,376,000
– by way of share repurchases	£nil	£1,067,000
Total distribution to shareholders	**£2,851,000**	**£3,443,000**

For and on behalf of the Board
James M Long
Chairman

5th January 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and 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, comprising Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, the annual report and accounts are fair, balanced and understandable, provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exceptions, if any, in FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on a 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.jpmasian.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 Directors' Report, Strategic Report, Statement of Corporate Governance and Directors' Remuneration Report that comply with that law and those regulations.

Each of the Directors, whose names and functions are listed on pages 22 and 23 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 net return or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Board confirms that it is satisfied that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the strategy and business model of the Company.

The Board also confirms that it is satisfied that the Strategic Report and Directors' Report include a fair review of the development and performance of the business, and the position of the Company, together with a description of the principle risks and uncertainties that the Company faces.

For and on behalf of the Board
James M Long
Chairman

5th January 2017

Independent Auditors' Report

TO THE MEMBERS OF JPMORGAN ASIAN INVESTMENT TRUST PLC

Report on the financial statements

Our opinion

In our opinion, JPMorgan Asian Investment Trust plc's financial statements (the 'financial statements of the Company'):

- give a true and fair view of the state of the Company's affairs as at 30th September 2016 and of its profit and cash flows 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 September 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity 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: £3.1 million which represents 1% 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 using information from 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 from investments ISAs (UK & Ireland) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve capital growth in line with the objective of the Company. We focused on the valuation of investments with respect to unrealised income (see below) and completeness 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'). Capital gains in the year amounted to £87.6 million. Dividend income totalled £6.0 million.	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 tested the allocation and presentation of dividend income between the income and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP. The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we tested the valuation of the portfolio at the year-end (see below), together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements. No misstatements were identified by our testing which required reporting to those charged with governance. We understood and assessed the design and implementation of key controls surrounding income recognition. In addition, we tested dividend receipts by agreeing the dividend rates from a sample of investments to independent third party sources and to bank statements. No misstatements were identified by our testing. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared by a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends.
Valuation and existence of investments The investment portfolio at the year-end principally comprised listed equity investments valued at £319.2 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 equity investments 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

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 using information from 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.

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 6 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	£3.1 million (2015: £2.2 million).
How we determined it	1% 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 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 £153,000 (2015: £109,000) 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 pages 28 and 29, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated to us by 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 pages 19 and 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 pages 19 and 20 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 Directors' Responsibilities Statement 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

5th January 2017

The maintenance and integrity of the JPMorgan Asian Investment Trust plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

	Notes	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Gains/(losses) on investments held at fair value through profit or loss	3	–	87,626	87,626	–	(9,841)	(9,841)
Net foreign currency (losses)/gains		–	(1,700)	(1,700)	–	566	566
Income from investments	4	5,965	–	5,965	5,591	–	5,591
Interest receivable	4	4	–	4	19	–	19
Gross return/(loss)		**5,969**	**85,926**	**91,895**	**5,610**	**(9,275)**	**(3,665)**
Management fee	5	(1,277)	–	(1,277)	(1,317)	–	(1,317)
Other administrative expenses	6	(737)	–	(737)	(707)	–	(707)
Net return/(loss) on ordinary activities before finance costs and taxation		**3,955**	**85,926**	**89,881**	**3,586**	**(9,275)**	**(5,689)**
Finance costs	7	(292)	–	(292)	(229)	–	(229)
Net return/(loss) on ordinary activities before taxation		**3,663**	**85,926**	**89,589**	**3,357**	**(9,275)**	**(5,918)**
Taxation	8	(356)	–	(356)	(513)	–	(513)
Net return/(loss) on ordinary activities after taxation		**3,307**	**85,926**	**89,233**	**2,844**	**(9,275)**	**(6,431)**
Return/(loss) per share	10	**3.48p**	**90.40p**	**93.88p**	**2.99p**	**(9.76)p**	**(6.77)p**

A final dividend of 3.0p (2015: 2.5p) per share has been proposed in respect of the year ended 30th September 2016, totalling £2,851,000 (2015: £2,376,000). Further details are given in note 9 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/(loss) on ordinary activities after taxation represents the profit/(loss) for the year and also the total comprehensive income.

The notes on page 45 to 62 form part of these financial statements.

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

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve[1] £'000	Total £'000
At 30th September 2014	**23,887**	**31,646**	**977**	**24,996**	**142,540**	**3,999**	**228,045**
Repurchase and cancellation of the Company's own shares	(125)	–	–	125	(1,067)	–	(1,067)
Net (loss)/return on ordinary activities	–	–	–	–	(9,275)	2,844	(6,431)
Dividend paid in the year	–	–	–	–	–	(2,091)	(2,091)
At 30th September 2015	**23,762**	**31,646**	**977**	**25,121**	**132,198**	**4,752**	**218,456**
Net return on ordinary activities	–	–	–	–	85,926	3,307	89,233
Dividend paid in the year	–	–	–	–	–	(2,376)	(2,376)
At 30th September 2016	**23,762**	**31,646**	**977**	**25,121**	**218,124**	**5,683**	**305,313**

[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 62 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 30TH SEPTEMBER 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	319,185	218,740
Current assets	12		
Derivative financial assets		1	–
Debtors		2,475	897
Cash and cash equivalents[1]		1,065	9,017
		3,541	**9,914**
Current liabilities	13		
Creditors: amounts falling due within one year		(17,413)	(197)
Derivative financial liabilities		–	(1)
Net current (liabilities)/assets		**(13,872)**	**9,716**
Total assets less current liabilities		**305,313**	**228,456**
Creditors: amounts falling due after more than one year	14	–	(10,000)
Net assets		**305,313**	**218,456**
Capital and reserves			
Called up share capital	15	23,762	23,762
Share premium	16	31,646	31,646
Exercised warrant reserve	16	977	977
Capital redemption reserve	16	25,121	25,121
Capital reserves	16	218,124	132,198
Revenue reserve	16	5,683	4,752
Total shareholders' funds		**305,313**	**218,456**
Net asset value per share	17	**321.2p**	**229.8p**

[1] This line item combines the two lines of 'Investments in liquidity funds held at fair value through profit or loss' and 'Cash and short term deposits' in the financial statements for the year ended 30th September 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 62 were approved and authorised for issue by the Board of Directors on 5th January 2017 and signed on their behalf by:

James M Long
Chairman

The notes on pages 45 to 62 form an integral part of these financial statements.

Company registration number: 3374850.

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

	Notes	2016 £'000	2015 £'000
Net cash outflow from operations before dividends and interest	18	(1,935)	(1,331)
Dividends received		5,197	4,854
Interest received		4	18
Overseas tax recovered		164	71
Interest paid		(294)	(252)
Net cash inflow from operating activities		**3,136**	**3,360**
Purchases of investments		(124,394)	(174,075)
Sales of investments		112,291	182,602
Settlement of forward currency contracts		113	(154)
Net cash (outflow)/inflow from investing activities		**(11,990)**	**8,373**
Repurchase and cancellation of the Company's own shares		–	(1,067)
Dividend paid		(2,376)	(2,091)
Repayment of bank loan		(10,000)	(10,000)
Drawdown of bank loan		13,273	5,000
Net cash inflow/(outflow) from financing activities		**897**	**(8,158)**
(Decrease)/increase in cash and cash equivalents		**(7,957)**	**3,575**
Cash and cash equivalents at start of year		9,017	5,438
Exchange movements		5	4
Cash and cash equivalents at end of year		1,065	9,017
(Decrease)/increase in cash and cash equivalents		**(7,957)**	**3,575**
Cash and cash equivalents consist of:			
Cash and short term deposits		1,065	963
Cash held in JPMorgan US Dollar Liquidity Fund		–	8,054
Total		**1,065**	**9,017**

The notes on pages 45 to 62 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 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 disclosures 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 September 2016. The Company's date of transition to FRS 102 was 1st October 2014.

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 comparative figures which required restating were in respect of presentation only. The Statement of Cash Flows has been represented 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.

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 21 on page 55.

(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 fee 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.

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. Expenses are allocated wholly to the revenue with the following exception:

- 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 11 on page 51.

(g) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest rate method.

Finance costs are allocated wholly to revenue.

(h) 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.

Bank loans are classified as financial liabilities measured at amortised cost. They are initially measured as proceeds and subsequently measured at amortised cost. Interest payable on the bank loan is accounted for on an accruals basis in the Statement of Comprehensive Income.

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.

(i) 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.

(j) 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.

(k) 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 from a change in exchange rates subsequent to the date of the transaction is included in the Statement of Comprehensive Income as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature.

(l) Dividends payable

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

(m) Repurchases of ordinary shares for cancellation

The cost of repurchasing ordinary shares including the related stamp duty and transactions 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. The nominal value of ordinary share capital repurchased and cancelled is transferred out of 'Called up share capital' and into 'Capital redemption reserve'.

2. Significant accounting judgements, estimates and assumptions

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.

3. Gains/(losses) on investments held at fair value through profit or loss

	2016 £'000	2015[1] £'000
Gains on investments held at fair value through profit or loss based on historic cost	6,836	6,353
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	3,644	(3,577)
Gains on sales of investments based on the carrying value at the previous balance sheet date	10,480	2,776
Net movement in investment holding gains and losses	77,187	(12,572)
Other capital charges	(41)	(45)
Total capital gains/(losses) on investments held at fair value through profit or loss	**87,626**	**(9,841)**

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

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

4. Income

	2016 £'000	2015 £'000
Income from investments:		
Overseas dividends	5,908	5,478
Scrip dividends	57	113
	5,965	5,591
Interest receivable:		
Interest from liquidity fund	4	18
Deposit interest	–	1
	4	19
Total income	5,969	5,610

5. Management fee

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	1,277	–	1,277	1,317	–	1,317

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	351	310
Directors' fees[1]	147	136
Custody fees	131	136
Savings scheme costs[2]	41	55
Depositary fees	41	45
Auditors' remuneration for audit services	26	25
Total	737	707

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

[2] Paid to the Manager for marketing and administration of saving scheme products.

7. Finance costs

	2016 £'000	2015 £'000
Interest on bank loans and overdrafts	292	229

8. Taxation

(a) Analysis of tax charge in the year

	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Overseas withholding tax	356	–	356	513	–	513
Total tax charge for the year	356	–	356	513	–	513

(b) Factors affecting the total tax charge for the year

The tax charge for the year is lower (2015: higher) than the Company's applicable rate of corporation tax of 20.0% (2015: 20.5%) 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	3,663	85,926	89,589	3,357	(9,275)	(5,918)
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 20.0% (2015: 20.5%)	732	17,185	17,917	688	(1,901)	(1,213)
Effects of:						
Non taxable capital gains	–	(17,185)	(17,185)	–	1,901	1,901
Non taxable scrip dividends	(11)	–	(11)	(23)	–	(23)
Non taxable overseas dividends	(1,181)	–	(1,181)	(1,123)	–	(1,123)
Unrelieved expenses	460	–	460	458	–	458
Overseas withholding tax	356	–	356	513	–	513
Total tax charge for the year	**356**	**–**	**356**	**513**	**–**	**513**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £3,308,000 (2015: £3,431,000) based on a prospective corporation tax rate of 17% (2015: 20%). The UK Government announced in July 2015 that the corporation tax rate is set to be cut to 19% in 2017 and 17% 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.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

9. Dividends[1]

(a) Dividends paid and proposed

	2016 £'000	2015 £'000
2015 final dividend paid of 2.5p (2014: 2.2p) per share	2,376	2,091
2016 final dividend proposed of 3.0p (2015: 2.5p) per share	3,327	2,376

The dividend proposed in respect of the year ended 30th September 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 September 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 £3,307,000 (2015: £2,844,000).

	2016 £'000	2015 £'000
Final dividend proposed of 3.0p (2015: 2.5p) per share	3,327	2,376

[1] All dividends paid and proposed in the period are funded from the revenue reserve.

The revenue reserve after payment of the final dividend will amount to £2,851,000 (2015: £2,376,000)

10. Return/(loss) per share

	2016 £'000	2015 £'000
Revenue return	3,307	2,844
Capital return/(loss)	85,926	(9,275)
Total return/(loss)	**89,233**	**(6,431)**
Weighted average number of shares in issue during the year	95,046,993	95,049,733
Revenue return per share	3.48p	2.99p
Capital return/(loss) per share	90.40p	(9.76)p
Total return/(loss) per share	**93.88p**	**(6.77)p**

11. Investments

	2016 £'000	2015[1] £'000
Investments listed on a recognised stock exchange	319,185	218,740
Opening book cost	215,472	218,642
Opening investment holding gains	3,268	19,417
Opening valuation	218,740	238,059
Movements in the year:		
Purchases at cost	126,484	173,008
Sales – proceeds	(113,706)	(182,531)
Gains on sales of investments based on the carrying value at the previous balance sheet date	10,480	2,776
Net movement in investment holding gains and losses	77,187	(12,572)
	319,185	**218,740**
Closing book cost	235,086	215,472
Closing investment holding gains	84,099	3,268
Total investments held at fair value through profit or loss	**319,185**	**218,740**

[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 £248,000 (2015: £413,000) and on sales during the year amounted to £313,000 (2015: £554,000). These costs comprise mainly brokerage commission.

During the year, prior year investment holding losses amounting to £3,644,000 have been transferred to gains and losses on sales of investments as disclosed in note 16.

12. Current assets

Derivative financial assets

	2016 £'000	2015 £'000
Forward foreign currency contracts	1	–

Debtors

	2016 £'000	2015 £'000
Securities sold awaiting settlement	1,981	612
Dividends and interest receivable	449	246
Other debtors	43	25
Overseas tax recoverable	2	14
Total	**2,475**	**897**

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

Cash and short term deposits

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*

13. Current liabilities

	2016 £'000	2015 £'000
Creditors: amounts falling due within one year		
Bank loan - Scotiabank	15,204	–
Securities purchased awaiting settlement	2,033	–
Other creditors and accruals	147	197
Loan interest payable	29	–
Total	**17,413**	**197**

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

During the year the Company had a three year unsecured multicurrency revolving loan facility with Scotiabank (Ireland) Limited, which expired in December 2016. Under the terms of this facility, the Company could draw down up to £25 million, or its foreign currency equivalent, at a money market rate offered for the loan period by prime banks in the London market as quoted in the market for the loan period, plus a margin of 1.10%, plus mandatory costs. On 2nd December 2016, this facility expired and the Company entered into a new £40 million three year unsecured multicurrency revolving loan facility with Scotiabank (Ireland) Limited. The terms of the new facility are substantially the same as the previous facility, however, the margin has increased to 1.25%.

Both facilities are subject to covenants and restrictions which are customary for a facility of this nature, all of which have been met during the year and continue to be met.

Derivative financial liabilities

	2016 £'000	2015 £'000
Forward foreign currency contracts	–	1

14. Creditors: amounts falling due after more than one year

	2016 £'000	2015 £'000
Bank loan - Scotiabank	–	10,000
Total	**–**	**10,000**

15. Called up share capital

	2016 £'000	2015 £'000
Issued and fully paid share capital:		
Ordinary shares of 25p each		
Opening balance of 95,046,993 (2015: 95,546,993) Ordinary shares	23,762	23,887
Repurchase and cancellation of nil (2015: 500,000) Ordinary shares	–	(125)
Closing balance of 95,046,993 (2015: 95,046,993) Ordinary shares	**23,762**	**23,762**

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

16. Capital and reserves

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves: Gains and losses on sales of investments £'000	Capital reserves: Investment holding gains and losses £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	23,762	31,646	977	25,121	128,786	3,412	4,752	218,456
Transfer of prior period unrealised gain on liquidity[2]	–	–	–	–	144	(144)	–	–
Net gains on foreign currency transactions	–	–	–	–	230	–	–	230
Unrealised gains on foreign currency contracts	–	–	–	–	–	1	–	1
Unrealised gains on forward foreign currency contracts from prior period now realised	–	–	–	–	(1)	1	–	–
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	10,480	–	–	10,480
Net movement in investment holding gains and losses	–	–	–	–	–	77,187	–	77,187
Transfer on disposal of investments	–	–	–	–	(3,644)	3,644	–	–
Unrealised losses on loans	–	–	–	–	–	(1,931)	–	(1,931)
Other capital charges	–	–	–	–	(41)	–	–	(41)
Dividend paid in the year	–	–	–	–	–	–	(2,376)	(2,376)
Retained revenue for the year	–	–	–	–		–	3,307	3,307
Closing balance	**23,762**	**31,646**	**977**	**25,121**	**135,954**	**82,170**	**5,683**	**305,313**

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

[2] Transfer of opening liquidity fund unrealised loss between reserves as a result of the reclassification of liquidity holdings from Investments to cash equivalent.

17. Net asset value per share

	2016 £'000	2015 £'000
Net assets (£'000)	305,313	218,456
Number of shares in issue	95,046,993	95,046,993
Net asset value per share	**321.2p**	**229.8p**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

18. Reconciliation of net return/(loss) on ordinary activities before finance costs and taxation to net cash outflow from operations before dividends and interest

	2016 £'000	2015 £'000
Net return/(loss) on ordinary activities before finance costs and taxation	89,881	(5,689)
(Less capital return)/add capital loss on ordinary activities before finance costs and taxation	(85,926)	9,275
Scrip dividends received as income	(57)	(113)
Increase in accrued income and other debtors	(221)	(83)
Decrease in accrued expenses	(14)	(33)
Overseas withholding tax	(508)	(533)
Dividends received	(5,197)	(4,854)
Interest received	(4)	(18)
Realised gains on foreign currency transactions	28	479
Exchange gain on liquidity fund	83	238
Net cash outflow from operations before dividends and interest	**(1,935)**	**(1,331)**

19. Contingent liabilities and capital commitments

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

20. 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 £1,277,000 (2015: £1,317,000) of which £nil (2015: £nil) was outstanding at the year end.

During the year £41,000 (2015: £55,000), 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 administration expenses in note 6 on page 48 are safe custody fees amounting to £131,000 (2015: £136,000) payable to JPMorgan Chase Bank N.A. of which £27,000 (2015: £33,000) 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 £15,000 (2015: £22,000) of which £nil (2015: £nil) was outstanding at the year end.

During the year the Company held cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £nil million (2015: £8.5 million). Interest amounting to £4,000 (2015: £18,000) was receivable during the year of which £nil (2015: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £41,000 (2015: £45,000) were payable to JPMorgan Chase Bank N.A. during the year of which £7,000 (2015: £12,000) was outstanding at the year end.

At the year end, total cash of £1,065,000 (2015: £963,000) was held with JPMorgan Chase. A net amount of interest of £nil (2015: £1,000) 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 and in note 6 on page 48.

21. 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 and derivative financial instruments.

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

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

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

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 September.

	2016		2015	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	311,979	–	218,740	–
Level 2[1]	7,206	–	–	(1)
Total	**319,185**	**–**	**218,740**	**(1)**

[1] Includes investment in JPMorgan Vietnam Opportunities Fund, an Open Ended Investment Company (OEIC) and forward foreign currency contracts.

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

22. 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 and participatory notes of overseas companies, which are held in accordance with the Company's investment objective;
- cash held within a liquidity fund;
- short term debtors, creditors and cash arising directly from its operations;
- derivative financial instruments including forward currency contracts; and
- multicurrency loan facilities.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(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.

(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. Foreign currency borrowing may be used to limit the Company's exposure to changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

The Company may use short term forward currency contracts to manage working capital requirements.

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 30th September 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									
	Hong Kong Dollars £'000	South Korea Won £'000	Singapore Dollars £'000	Taiwan Dollars £'000	Thailand Baht £'000	India Rupees £'000	Indonesia Rupiah £'000	US Dollars £'000	Other £'000	Total £'000
Net current assets	1,217	791	–	171	–	1,155	18	773	2	4,127
Creditors	(1,410)	(1,059)	–	–	–	(191)	–	(15,204)	–	(17,864)
Foreign currency exposure on net monetary items	(193)	(268)	–	171	–	964	18	(14,431)	2	(13,737)
Investments held at fair value through profit or loss	129,953	57,875	–	39,604	13,284	34,584	14,570	26,874	2,441	319,185
Total net foreign currency exposure	**129,760**	**57,607**	**–**	**39,775**	**13,284**	**35,548**	**14,588**	**12,443**	**2,443**	**305,448**

	2015									
	Hong Kong Dollars £'000	South Korea Won £'000	Singapore Dollars £'000	Taiwan Dollars £'000	Thailand Baht £'000	India Rupees £'000	Indonesia Rupiah £'000	US Dollars £'000	Other £'000	Total £'000
Net current assets	383	299	330	131	–	–	–	8,196	309	9,668
Creditors	–	(225)	–	–	–	–	–	224	–	(1)
Foreign currency exposure on net monetary items	383	74	330	131	–	–	–	8,440	309	9,667
Investments held at fair value through profit or loss	89,468	36,003	5,976	30,477	9,657	30,971	4,108	8,222	3,858	218,740
Total net foreign currency exposure	**89,851**	**36,077**	**6,306**	**30,608**	**9,657**	**30,971**	**4,108**	**16,662**	**4,167**	**228,407**

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

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	(597)	597	(561)	561
Capital return	(1,374)	1,374	(967)	967
Total return after taxation	(1,971)	1,971	(1,528)	1,528
Net assets	**(1,971)**	**1,971**	**(1,528)**	**1,528**

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

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(a) Market risk *continued*

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and liquidity funds and the interest payable on the Company's variable rate cash borrowings.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company's actual gearing range may fluctuate between 10% net cash to 20% geared.

The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Company borrows on its loan facility. However, amounts drawn down on this facility are for short term periods and therefore exposure to interest rate risk is not significant.

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	1,065	963
Bank loan	(15,204)	–
JPMorgan US Dollar Liquidity Fund	–	8,054
Creditors: amounts falling due after more than one year - bank loan	–	(10,000)
Total exposure	**(14,139)**	**(983)**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2015: same). The target interest earned on the JPMorgan US Dollar Liquidity Fund is the 7 day US Dollar London Interbank Bid Rate.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2015: 0.5%) 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	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	(71)	71	(5)	5
Capital return	–	–	–	–
Total return after taxation for the year	(71)	71	(5)	5
Net assets	**(71)**	**71**	**(5)**	**5**

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 September comprises its holdings in equity investments as follows:

	2016 £'000	2015 £'000
Equity investments held at fair value through profit or loss	319,185	218,740

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 page 14. This shows that the portfolio comprises investments quoted on Asian stock markets. Accordingly, there is a concentration of exposure to that region. 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	(192)	192	(131)	131
Capital return	31,919	(31,919)	21,874	(21,874)
Total return after taxation	31,727	(31,727)	21,743	(21,743)
Net assets	**31,727**	**(31,727)**	**21,743**	**(21,743)**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

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

The Board's policy is to use borrowings from time to time to gear the portfolio within a range of 10% net cash to 20% geared.

Short term borrowings may be used to manage short term liabilities and working capital requirements. Details of the current facility are given on page 52.

Liquidity risk exposure

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

	2016 Within one year £'000	2016 More than one year £'000	2016 Total £'000
Creditors:			
Securities purchased awaiting settlement	2,033	–	2,033
Other creditors and accruals	147	–	147
Bank loan including interest	15,284	–	15,284
	17,464	**–**	**17,464**

	2015 Within one year £'000	2015 More than one year £'000	2015 Total £'000
Creditors:			
Other creditors and accruals	197	–	197
Derivative financial instruments – forward currency contracts	1	–	1
Bank loan – including interest	182	10,032	10,214
	380	**10,032**	**10,412**

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

(c) Credit risk

Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction 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 and the Board.

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.

23. Capital management policies and procedures

The Company's debt and capital structure comprises the following:

	2016 £'000	2015 £'000
Debt		
Bank loan	15,204	10,000
	15,204	10,000
Equity		
Called up share capital	23,762	23,762
Reserves	281,551	194,694
	305,313	218,456
Total debt and equity	**320,517**	**228,456**

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.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

23. Capital management policies and procedures *continued*

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	319,185	218,740
Net assets	**305,313**	**218,456**
Gearing/(net cash)	**4.5%**	**0.13%**

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

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

24. Subsequent events

The Directors have reviewed the period since the year end and have not noted 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 is 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.

Alternative Investment Fund Managers — Leverage

The Company’s maximum and actual leverage levels at 30th September 2016 are shown below:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	106%	105%

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/legal/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.jpmasian.co.uk.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twentieth Annual General Meeting of JPMorgan Asian Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 2nd February 2017 at 12.00 noon for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th September 2016.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th September 2016.
4. To declare a final dividend on the Ordinary shares.
5. To reappoint Mr Dean Buckley as a Director.
6. To reappoint Mrs Bronwyn Curtis as a Director.
7. To reappoint Mr Ronald Gould as a Director.
8. To reappoint Mr Peter Moon as a Director.
9 To reappoint PricewaterhouseCoopers LLP as Auditors to the Company.
10. To authorise the Directors to determine the remuneration of the Auditors.

Special Business

To consider the following resolutions:

Continuation resolution – Ordinary resolution

11. THAT the Company continue in existence as an investment trust for a period expiring at the conclusion of the Company's annual general meeting to be held in 2020.

Authority to allot new shares – Ordinary resolution

12. 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 £1,188,087, 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 2018 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

13. THAT subject to the passing of Resolution 12 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 12 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 £1,188,087 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 12 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

14. 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 and Subscription 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 14,247,544, 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 a share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for a share of that class of 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 share is contracted to be purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

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

(v) the authority hereby conferred shall expire on 1st July 2018 unless the authority is renewed at the Company's Annual General Meeting in 2018 or at any other general meeting prior to such time; and

(vi) the Company may make a contract to purchase 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 shares pursuant to any such contract.

Authority to amend the Articles of Association – Special resolution

15. THAT the Articles of Association of the Company be amended as follows:

(a) by deleting the words 'except and provided that no part of the capital reserve or any other moneys in the nature of accretion to capital shall be transferred to revenue account or be regarded as or treated as profits of the Company available for distribution or be applied in paying dividends on any shares in the Company's capital' from Article 114(2); and

(b) by deleting Article 124 in its entirety and replacing it with the words 'No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Acts'.

By order of the Board
Alison Vincent, for and on behalf of
JPMorgan Funds Limited,
Secretary

10th January 2017

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.

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 (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 working 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 working 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.

NOTICE OF ANNUAL GENERAL MEETING *CONTINUED*

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(s) 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 Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an Auditor 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 accompanies 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 cannot 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.jpmasian.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, 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). 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 4th January 2017 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 95,046,993 Ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 95,046,993.

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 Ordinary Shareholders
Total return to the Ordinary shareholder on a mid-market price to mid-market price basis, assuming that all dividends paid out by the Company were reinvested, without transaction costs, into the Ordinary shares of the Company at the time the shares were quoted ex-dividend.

Return on Net Assets
Return on the 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 into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Benchmark Return
Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested into 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.

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.

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

Share Price Discount to Net Asset Value ('NAV') per Ordinary Share
If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV 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.

Active Position
The active position shows the difference between the Company's holding of an individual stock, sector or country, compared with that stock, sector or country's weighting in the Company's benchmark. A positive number indicates an active decision by the investment manager to own more of (i.e. be overweight) that stock, sector or country versus the benchmark and a negative number, a decision to hold less of (i.e. be underweight) a particular stock, sector or country versus the benchmark.

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

Performance Attribution Definitions:

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/(Net Cash)
Measures the impact on returns of borrowings or cash balances on the Company's relative performance.

Currency Effect
Measures the impact of currency exposure differences between the Company's portfolio and its benchmark.

Dividends/Residual
Represents timing differences in respect of cash flows and dividends.

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

Share Buybacks
Measures the enhancement to net asset value per share of buying back the Company's shares for cancellation at a price which is less than the Company's net asset value per share.

ROLLOVER APPORTIONMENTS

For shareholders who rolled their investment in The Fleming Far Eastern Investment Trust plc into the Company, the Capital Gains Tax apportionments are shown below. The apportionment of the original base cost will depend upon which option under the Fleming Far Eastern reconstruction scheme was chosen.

Option 1	All share option	JPMorgan Asian Ordinary shares	0.95853
		JPMorgan Asian Warrants	0.04147
Option 2	Share and Japanese unit option	JPMorgan Asian Ordinary shares	0.64066
		JPMorgan Asian Warrants	0.02772
		S&P Japanese Units	0.33162
Option 3	Share and cash option	JPMorgan Asian Ordinary shares	0.25082
		JPMorgan Asian Warrants	0.01085
		S&P Cash Units	0.73833

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

Notes

Information about the Company

FINANCIAL CALENDAR

Financial year end	30th September
Final results announced	December
Half year end	31st March
Half year results announced	May
Dividend on Ordinary shares paid	February[1]
Annual General Meeting	January/February

[1] Dividends to be paid quarterly from 2017 subject to shareholder approval.

History

The Company was launched in September 1997 as a rollover vehicle for shareholders in The Fleming Far Eastern Investment Trust plc. The Company adopted its present name following approval from shareholders at the Annual General Meeting in February 2006.

Directors

James M Long TD (Chairman)
Dean Buckley
Bronwyn Curtis OBE
Ronald Gould
Peter Moon
James Strachan

Company Numbers

Company registration number: 3374850

Ordinary Shares

London Stock Exchange Sedol number: 0132077
ISIN: GB0001320778
Bloomberg ticker: JAI LN

Market Information

The Company's Ordinary shares are listed on the London Stock Exchange. The market price of the Ordinary shares is shown daily in the Financial Times, The Times, The Daily Telegraph and The Scotsman. The Share price of the Ordinary shares is on the JPMorgan internet site at www.jpmasian.co.uk where the prices are updated every fifteen minutes during trading hours.

Website

www.jpmasian.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 number: 020 7742 4000

For company secretarial and administrative matters, please contact Alison Vincent.

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 1357
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0371 384 2373

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 1090. Registered shareholders can obtain further details on their 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

Cenkos Securities plc
6, 7, 8 Tokenhouse Yard
London EC2R 7AS

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.jpmasian.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.

J.P.Morgan
Asset Management