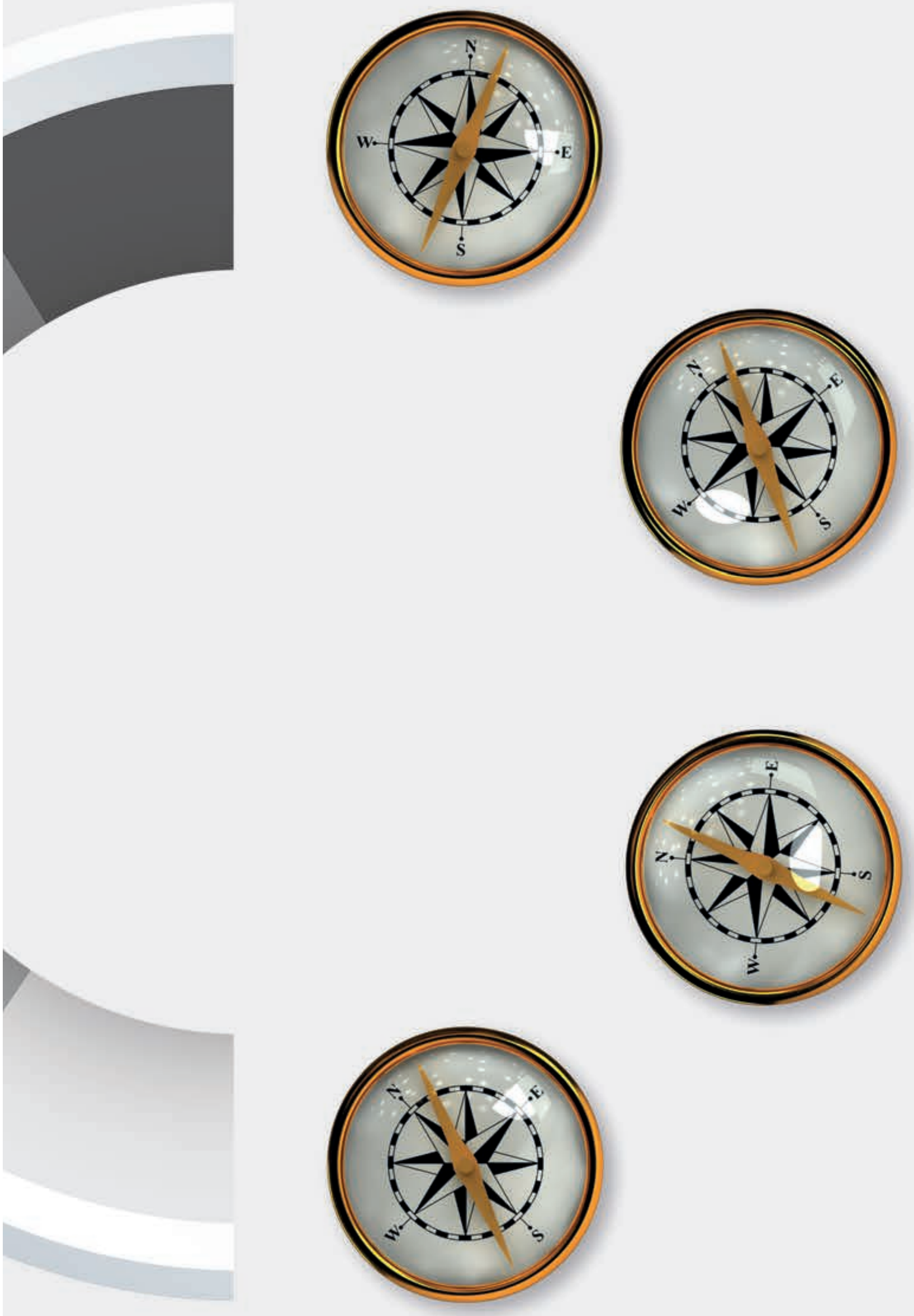
JPMorgan Emerging Markets Investment Trust plc

Annual Report & Financial Statements for the year ended 30th June 2017



J.P.Morgan
Asset Management

Features

Objective

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

Investment Policies

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

Further details on investment policies and risk management are given in the Directors' Report on page 20.

Benchmark

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

Capital Structure

At 30th June 2017 the Company's issued share capital comprised 132,363,525 Ordinary shares of 25p each, including 8,455,681 shares held in Treasury.

Continuation Vote

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

Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager and Company Secretary. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('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.jpmemergingmarkets.co.uk, includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports.

Contents

Financial Results

TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED) TO 30TH JUNE 2017

+27.3%
Return to shareholders[1]
(2016: +9.3%)

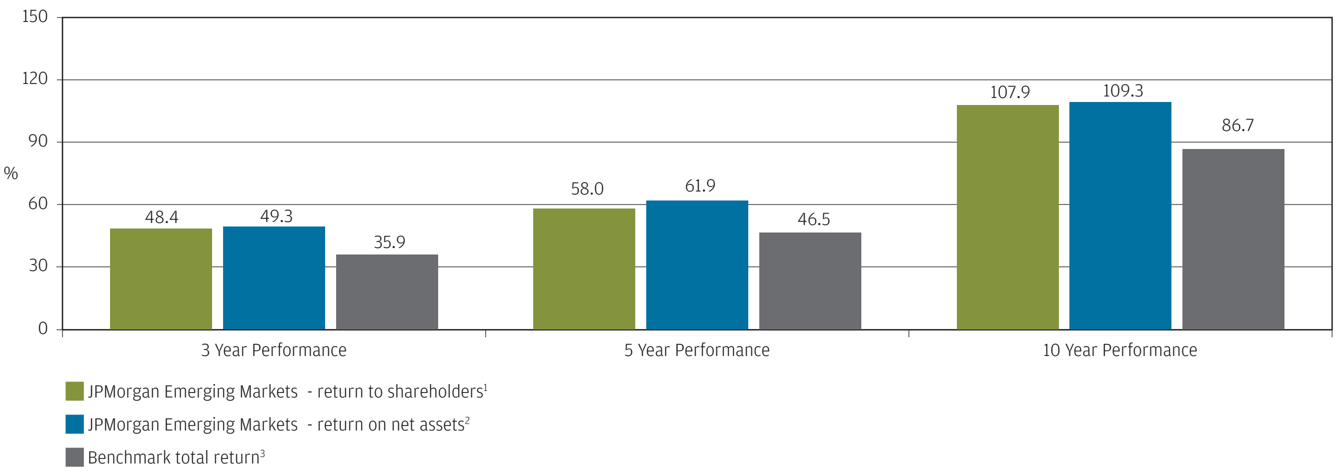
+23.4%
Return on net assets[2]
(2016: +12.7%)

+27.4%
Benchmark[3]
(2016: +3.5%)

11.0p
Dividend per share
(2016: 9.0p)

Long Term Performance

FOR PERIODS ENDED 30TH JUNE 2017



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

[2] Source: Morningstar/J.P. Morgan, using cum income net asset value per share. The ten year performance is using capital only net asset values, due to a lack of historic cum income net asset values.

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

A glossary of terms and of alternative performance measures is provided on page 68.

CHAIRMAN'S STATEMENT

Performance

The year to 30th June 2017 was another positive one for investors in emerging markets, with the Company's benchmark index, the MSCI Emerging Markets Index with net dividends reinvested, in sterling terms, returning +27.4%. The return to shareholders was in line with the benchmark at +27.3%, reflecting a narrowing of the discount from 13.2% to 10.5% over the year. The Company's return on net assets, whilst positive in absolute terms, was behind the benchmark at +23.4%.

The Investment Manager's Report on the following pages provides more detail on the Company's performance. Emerging markets performed well in local currency terms but continuing sterling weakness helped to boost returns to sterling investors. Stock selection was also a positive factor over the year, whilst asset allocation, which measures the impact of allocating assets differently to those in the benchmark by country/regionally, was negative.

It is always disappointing to report a period of short term underperformance but this will happen with active investment managers from time to time. The Company's long term performance record remains excellent; the Company is well ahead of the benchmark over three, five and ten years, as the graph on page 2 illustrates.

Revenue and Dividends

I would remind shareholders that, with effect from 1st July 2015, 70% of the Company's management fees and finance expenses have been charged to capital and 30% to revenue. Previous practice was to charge 100% to the revenue account. This change increases the potential for dividend increases over time, but dividends will still fluctuate in line with underlying earnings. Partly because of this accounting change, the revenue return per share has increased in the past two financial years. In addition, the impact of sterling depreciation following the EU referendum has boosted earnings per share, allowing us to increase the dividend by 22%, in line with our commitment to increase the dividend over time, in line with earnings. On the revised basis, the revenue return per share for the year was 12.75 pence (2016: 9.49 pence). The Board proposes to increase the dividend from 9.0p to 11.0p this year. This is subject to shareholder approval at the forthcoming Annual General Meeting.

Discount and Share Repurchases

We continue to monitor closely the share price and therefore the discount of our share price to the net asset value. The share price rose 25.7% over the year, from 635.0p to 798.5p at the year end. The discount ranged between 9.6% and 14.4%, averaging 12.4% through the year.

The Board's policy on discount management remains unchanged – it is prepared to take action to try to ensure that the discount does not exceed 10% for an extended period, but only if the discount is out of line with our peer group and market conditions are orderly. During the year, we increased the amount of stock bought back in an attempt to reduce the discount, achieving some success in that the discount closed at 10.5%. Accordingly, the Company repurchased a total of 2,204,765 shares into Treasury at an average discount of 12.5%.

CHAIRMAN'S STATEMENT *CONTINUED*

The Board

I will retire from the Board at the conclusion of the forthcoming AGM and Sarah Arkle will succeed me as Chairman of your Board. As I said in my half year statement, I am sure she will prove to be an excellent choice.

Anatole Kaletsky, the Company's Senior Independent Director, has indicated his intention to step down at the conclusion of the 2018 AGM. Therefore, in order to ensure appropriate succession planning and continuity, the Board will look to recruit a new Director early in 2018.

The Manager

The Board monitors the performance of our Manager through the Management Engagement Committee. Whilst last year's performance was behind the benchmark index, the Board judges performance over the longer term and in this respect, the excellent long term record remains intact. Thus we remain satisfied with the Manager's overall performance, not only in terms of investment performance but also in terms of risk management, administration, controls and compliance, where we continue to be well served.

Continuation Vote

As shareholders will be aware, every three years the Company offers shareholders a Continuation Vote to determine whether the Company should continue in existence. Shareholders will be asked to vote on this in a resolution at the forthcoming AGM in November. The Board believes strongly that the Company should continue and it urges shareholders to support the Company by voting in favour of the Company's continuation.

AGM

This year's AGM will be held at JPMorgan's office at 60 Victoria Embankment, London EC4Y 0JP on Friday 24th November 2017 at 3.00 p.m. Austin Forey will give a presentation to shareholders, reviewing the past year and giving his view on the outlook for emerging markets for the current year. The meeting will be followed by afternoon tea, which will provide shareholders with the opportunity to meet the Directors and the Investment Manager. We look forward to seeing as many shareholders as possible at the AGM.

Conclusion

It has been an honour to have served as your Chairman for the past eight years. I leave behind a strong Board and an exceptionally able investment management team, led by Austin Forey. It is good to see emerging markets returning to favour and the last two years have seen some exceptional returns. Prospects remain favourable, though doubtless there will be periods of volatility. The focus on high quality companies with strong growth prospects should ensure continued long term outperformance making your Company an excellent investment vehicle to gain exposure to the emerging markets growth story.

Alan Saunders
Chairman

5th October 2017

INVESTMENT MANAGERS' REPORT

Results

This was a good year for shareholders in terms of absolute returns, but not a vintage one as far as your manager' s relative performance was concerned. While your Company's NAV per share was up by over 23%, the index did still better, rising by 27%. Readers will be pleased to note that the return to shareholders, which takes into account the change in the share price and the dividend, was also 27%, more or less matching index return, because the discount between the share price and net asset value narrowed somewhat over the year.

From my perspective as manager of your portfolio, the outcome of the last year has not been a huge surprise. It was in anticipation of exactly this kind of year that I wrote in my last annual review about what shareholders should expect from us as managers of your Company's assets. We know that we will not beat the index every year and experience tells us that we will find it harder to do so in periods when the absolute returns are strongly positive, because lower quality companies tend to do better during cyclical upturns; those are exactly the conditions we have seen during the last financial year, notably in markets like Korea, where the Company's lack of exposure has been a drag on performance. Experience also tells us that we are more likely to achieve good results in the long run by thinking about investment decisions on a long term basis too and so, undeterred by this last year, we will continue to do so. While this may sound like stubbornness, I hope that it will not be viewed as such by shareholders. It would be wonderful to outperform our benchmark every year; but constructing an investment approach specifically to achieve that would almost certainly ensure that it did not happen. Short term fluctuations in relative performance are the price of achieving better results in the long term; in my opinion, it's a trade-off which is still worthwhile.

The past year

The year has been notable for the lack of real crises in emerging markets: only Egypt and Nigeria suffered major currency devaluations. There were no banking crises, commodity prices did not halve or double. Instead, it was a period in which most of the headlines were made by political developments. Returns for sterling-based investors who owned assets overseas (as your Company does) were boosted by the weakness of the pound following the referendum on membership of the European Union, and no sooner had that political earthquake started to subside than markets had to deal with the unforeseen result of the presidential election in the United States. In emerging markets politics also took some unexpected turns. The Brazilian president was impeached in the wake of a huge corruption scandal which threatened to ensnare many of the country's senior politicians; this coincided with a severe economic downturn. Elsewhere, we saw political crackdowns in Turkey which are hard to interpret positively, and continued tensions within the ruling party in South Africa which culminated, for the second time in two years, in the firing of the Finance Minister. Politicians, it seems, find it very hard to leave things alone.

Yet in spite of this, equity markets have marched to new highs in many countries. Perhaps the influence of political decisions is not as great as we might fear; perhaps underlying economic trends were such that it would have happened anyway. We can explain a lot of the general direction of markets by the continuation of low inflation and very low interest rates, combined with a gradual recovery in European economies and continued strength in the US corporate sector. Most relevant for your Company, a somewhat weaker dollar and an upturn in corporate earnings in emerging markets have come at a time when overall

INVESTMENT MANAGERS' REPORT *CONTINUED*

valuations in the asset class were starting from below-average levels; that is a combination that should lead to rising share prices, and it has done.

Even so, it has not been a wholly smooth ride. In India, which has long been one of our preferred destinations for the Company's investments, the startling decision last November to 'demonetise' the economy (an almost unbelievably well-kept secret) caused a sudden contraction in economic activity, which is hardly surprising since it involved the cancellation of a large percentage of the cash in circulation. The equity market reacted in tandem. Yet despite the short term squeeze that resulted, this seems a rational move in the long term as it should drive more of the economy into the formal financial system and thus increase tax collection, reduce corruption and lower intermediation costs in general. Within a few months, economic activity was recovering and the decline in the Indian equity market which followed the initial announcement has also proved short-lived. For the strongest companies, such periods of challenging conditions often present opportunities to extend their lead over competitors – a pattern that we saw repeated in parts of the Indian market on this occasion.

The portfolio

As you can see from the more detailed information on page 17, we have made few significant changes to your Company's investments during the past year. Overall we changed just under a tenth of the portfolio. While we made sales in a variety of countries, we only added to the Company's holdings in one: China. We increased some existing investment holdings, but the majority of the addition was accounted for by the purchase of two new investments, Alibaba and Ping An Insurance, both of which are now among the top ten holdings in the portfolio by value. So far, I am pleased to report, the value of both these holdings is comfortably above our purchase cost.

As a result of this activity, China now rivals India as one of the most important investment destinations for us. This is a big change from the past and one that may surprise you. For many years, I have talked about how we have struggled to find many attractive investments in China; the pool of accessible investments, all of them listed in Hong Kong or further afield, was dominated by large state-owned firms in mature and capital-intensive industries which we did not find appealing. State-owned companies all over the world usually serve their masters in government, whose objectives may understandably diverge significantly from ours, and this is particularly the case in China. Meanwhile those companies from the private sector that were listed were often immature and plagued by poor corporate governance, or simply obsessed with growing market share without much regard to returns for shareholders. So China was a frustrating and not very fruitful destination in our search for investments. But the set of opportunities in China that meet our criteria is evolving significantly because of two important changes, both of them relatively recent; the rise of the country's importance in the overall portfolio reflects these developments .

The first one is the listing in Hong Kong and the USA of highly successful Chinese companies in the so-called 'new economy', especially firms in the internet services sector, of which Alibaba is one of the best examples. Readers may be familiar with this company, which is an e-commerce giant in China whose gross sales are significantly larger than Amazon's. Like Amazon, it is a company built on technology in the internet age. Together with Tencent, another dominant company in China and also a significant investment in the portfolio, Alibaba shares some characteristics with better-known American companies like Amazon, Facebook and Google, which have emerged over the last decade to become some of the

PERFORMANCE ATTRIBUTION
FOR THE YEAR ENDED 30TH JUNE 2017

	%	%
Contributions to total returns		
Benchmark		27.4
Asset allocation	-4.8	
Stock selection	1.4	
Currency effect	0.5	
Cash	-0.2	
Investment Manager contribution		-3.1
Portfolio return		24.3
Management fee and expenses	-1.2	
Share buybacks	0.3	
Return on net assets		23.4
Return to shareholders		27.3

Source: JPMAM/Morningstar.

All figures are on a total return basis.

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

A glossary of terms and of alternative performance measures is provided on page 68.

world's most valuable businesses; it is disruptive, innovative and highly competitive and is enjoying strong growth as a result. In most respects Alibaba and Tencent are the antithesis of the state-owned Chinese enterprises that we have largely shunned over the last two decades. Moreover, theirs is an entirely private sector industry because it has developed only recently and so it operates with the normal commercial objectives that you would find in other countries.

The second development, which I anticipate will bring more change to your portfolio in the future, is the opening of the domestic 'A' share market to foreign capital. Before this, China's large domestic stock markets were not really accessible at all for investors from outside China. Now we can invest, via a scheme which allows us to trade through Hong Kong, in many companies which are listed on the local stock exchanges in Shanghai and Shenzhen. This is interesting because many of China's most competitive manufacturing companies are listed there, and this is also where we find the most prominent businesses which focus on the domestic consumer. This change in the investment landscape brings both challenges and opportunities for us. On the one hand, there are hundreds more companies to look at, and

INVESTMENT MANAGERS' REPORT *CONTINUED*

therefore more chances of finding something appealing; on the other hand, the job of sifting the wheat from the chaff increases. But we are fortunate to have the resources of a large organisation to draw on, and we have enlarged our research team specifically to cover this new ground in China; you should expect that the best of the companies they find there will feature in your portfolio in the future.

The future: staying relevant

There are two things that I think about a lot when I consider what I should be doing with your Company's portfolio. The first, which is a natural preoccupation for anyone taking a long term approach, is whether the companies we own which have been competitive in the past can remain competitive in the future, and whether they can keep producing good returns for shareholders. The second is whether the Company itself is remaining competitive and whether I can in some way improve what we do for shareholders, or whether I need to change something to respond to a changing landscape.

How do we address the first issue? We have two types of response. The first is simply to spend a lot of time thinking about it. We make consideration of duration a key part of our equity research process; all our analysts address this issue for every one of the 900 and more companies that we analyse and this means we pay particular attention to competitive advantage and whether it is growing or being eroded. We meet not only the companies that we invest in, but their competitors, their suppliers and their customers and we spend time with new entrants too, whether they are investable or not, in order to understand better how industries are evolving. In some industries, company life cycles are relatively short and it's rare to find businesses that can keep compounding in value; in others, it's easier. But the judgement is complicated, especially now, by a wave of technological innovation that has the potential to disrupt many industries very significantly. So where an industry is changing we need to be alert to what that may mean for established players. Finance is a good example: new technology has produced few serious challengers to established incumbents in emerging markets (and in my view is unlikely to do so), but we nevertheless see use of technology as a key competitive differentiator for existing players. Those that use it well to improve the customer experience and lower costs, like HDFC Bank in India or Ping An Insurance in China, are gaining market share; those that are not investing are losing out.

Our second response, which naturally follows from the first, is to concentrate the portfolio in areas where we can be confident that we can identify companies that will be competitive in the future. As a result, the portfolio is heavily invested on the one hand in industries where disruption is likely to be low (finance, consumer products) and on the other hand in the beneficiaries of disruption in other industries where incumbents are more vulnerable (technology, internet, retail). I think that if anything this will become more pronounced in the future; the companies we invest in have to stay relevant and we only want to own those that we think will do so.

If we think this way about the companies we invest in on your behalf, it is only logical that we should pose the same question to ourselves about what we do for your Company: what do we need to do to stay relevant?

Since my involvement in the management of your Company's portfolio started, we have never really changed our approach to managing the Company's investments, though I hope we have learnt to articulate it better over the years. We have deliberately enhanced some parts of our research activity, for example to make our consideration of environmental, social and governance issues more thorough and more explicit, but this is an enhancement of something we did already. And of course we have added very significantly to our team since the early days. Both of these are part of our answer to staying relevant; without the addition of colleagues with specific research expertise, for example, I would have been poorly placed to take opportunities as they have arisen in China; this will only become more important in the future.

We have also tried for many years to exploit some of the advantages of the closed-end fund structure, especially the lower level of liquidity required of a portfolio. Because closed-end funds do not have subscriptions and withdrawals on a daily basis, liquidity is required only on what we would call the asset side – in other words, only investment decisions on the portfolio create the need to buy and sell the Company's investment assets. This is different from open-ended funds, where in addition to the asset side, investments must be able to cope with liquidity required on the liability side – that is, to be able to invest new money subscribed into the fund and especially to meet redemptions when clients withdraw money. The practical result of this is that we have been prepared to take more risk on liquidity than we would otherwise do. We concentrated the top end of the portfolio further in our biggest positions and at the same time included smaller companies in the portfolio when we found what we thought were compelling opportunities. In general, this approach has been justified by results; some of the leading contributors to performance both in this past year, and in recent years, have come from exactly this kind of smaller company: I'm referring here to stocks like 51jobs (a Chinese online recruitment business), Mahindra & Mahindra Financial Services (an Indian consumer credit company) and Globant (an Argentinian software developer). I think the ability to do this is a key competitive differentiator which continues to make investment trusts attractive vehicles for savers.

But while these aspects of our approach have remained constant, the industry has not stood still. Index funds, exchange-traded funds, a proliferation of benchmarks, ever greater analysis of technical risks: all these have become more and more prominent aspects of the investment industry. Against a changing landscape, what do we need to change to stay relevant?

The first thing to say is that we have to be as different as possible, both from the competition and especially from the benchmark; the index never beats itself, so we need to take strong views and express them with conviction in the portfolio. As you can see on page 14, the ten largest investments account for almost 39% of the portfolio, while their combined representation in the index is less than 14%; I hope this demonstrates that conviction that I refer to. Meanwhile, I have been reducing, at the margin, the number of companies that the Company owns. How far to take this is a matter for debate, but also of course a function of how many good investments we think we can find and indeed what kind of companies they are. Alibaba and Ping An are both very large businesses, with no practical restriction in terms of liquidity to limit our investment. The same is obviously not the case everywhere. Concentration of the portfolio brings more bang for the buck where successful ideas are found, but it also makes some ideas impractical because it raises the required size of investment. I might consider a Bangladeshi mortgage lender a very interesting small company, but if I cannot practically buy a meaningful amount of its shares, it remains an opportunity only in theory. So the trade-off between concentration and opportunity is an area in which we continue to look for ways to improve.

INVESTMENT MANAGERS' REPORT *CONTINUED*

So maybe I can finish by reiterating a point I made last year: we are not going to run a portfolio that looks like the index and it will not perform like the index. In the long run I think this is essential if the Company is to remain relevant for its shareholders against the backdrop of an industry that is undergoing significant changes. If anything I think we need to keep emphasising this point more as time goes by and be prepared to back our opinions to a greater and greater extent, because we should always be trying to accentuate the benefits and indeed the value that active management can offer. That does not mean that we should stretch for ideas or claim conviction where we see only uncertainty; but where we have strong views, we want as much of the portfolio behind them as possible. In a world in which indices can be copied with very low costs, active management needs to be active; for us, that does not mean trading vigorously and handing your money to intermediaries in the process; it means seizing the best opportunities and maximising the results we can achieve from them.

Austin Forey
Investment Manager 5th October 2017

SUMMARY OF RESULTS

	2017	2016	
Total returns for the year ended 30th June			
Return to shareholders[1]	+27.3%	+9.3%	
Return on net assets[2]	+23.4%	+12.7%	
Benchmark return[3]	+27.4%	+3.5%	
Net asset value, share price and discount at 30th June			**% change**
Shareholders' funds (£'000)	1,120,982	934,642	+19.9
Net asset value per share	904.7p	740.8p	+22.1
Share price	798.5p	635.0p	+25.7
Share price discount to net asset value per share[4]	10.5%	13.2%	
Shares in issue (excluding shares held in Treasury)	123,907,844	126,174,703	
Revenue for the year ended 30th June			
Gross revenue return (£'000)	21,902	17,119	+27.9
Net revenue attributable to shareholders (£'000)	15,972	12,136	+31.6
Revenue return per share	12.75p	9.49p	+34.4
Dividend per share	11.00p	9.00p	+22.2
Gearing/(net cash) at 30th June	**(1.0)%**	**(3.6)%**	
Ongoing charges	**1.07%**	**1.16%**	

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

2 Source: Morningstar/J.P. Morgan, using cum income net asset value per share.

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

4 Source: Bloomberg. Capital only.

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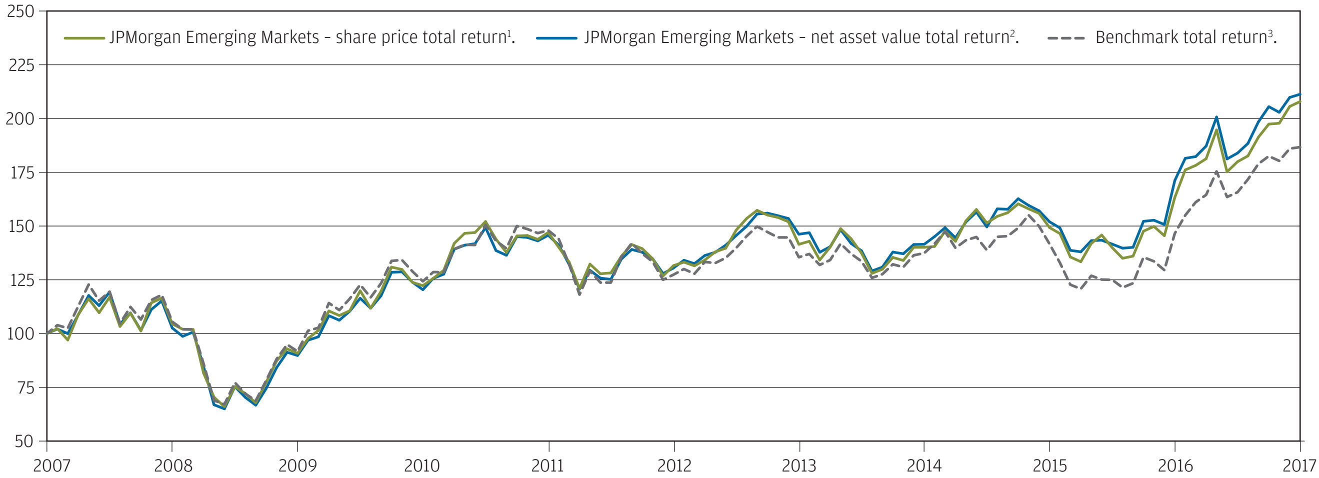
PERFORMANCE

Ten Year Performance

FIGURES HAVE BEEN REBASED TO 100 AT 30TH JUNE 2007



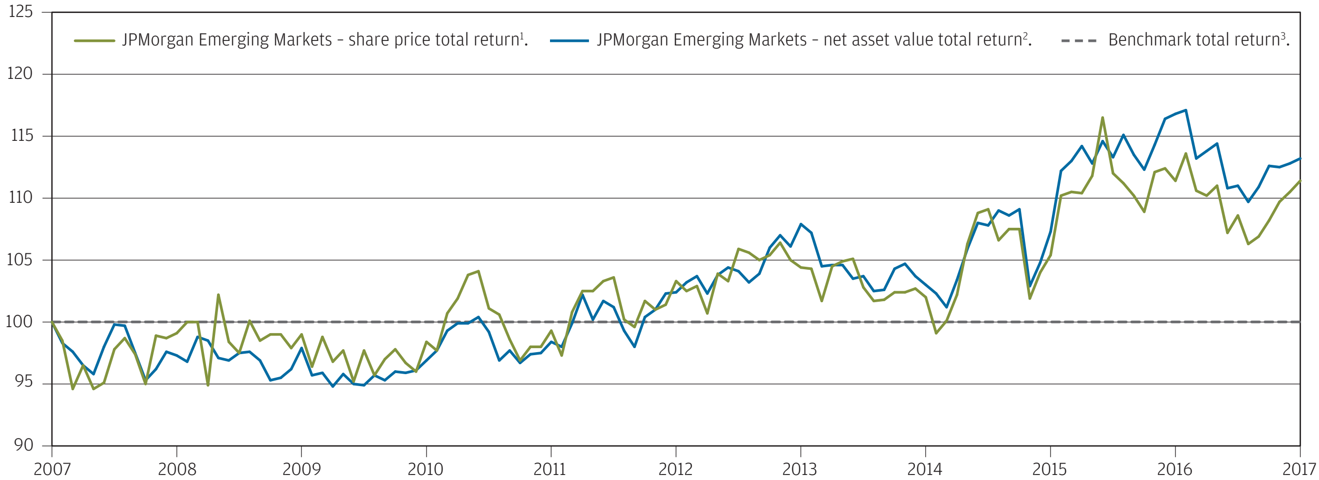
[1]Source: Morningstar.

[2]Source: Morningstar/J.P.Morgan, cum income net asset value. Prior to 30th June 2008, capital only net asset value.

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

Performance Relative to Benchmark

FIGURES HAVE BEEN REBASED TO 100 AT 30TH JUNE 2007



[1]Source: Morningstar.

[2]Source: Morningstar/J.P.Morgan, cum income net asset value. Prior to 30th June 2008, capital only net asset value.

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

TEN YEAR FINANCIAL RECORD

At 30th June	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Shareholders' funds (£m)	508.0	518.4	448.2	631.9	785.1	691.9	785.8	750.6	852.7	934.6	1,121.0
Net asset value per share (p)	460.5	470.0	406.3	544.9	655.7	584.1	649.3	623.4	663.8	740.8	904.7
Share price (p)	416.5	433.5	374.0	500.0	597.5	531.5	567.0	556.0	587.0	635.0	798.5
Discount (%)	9.6	7.8	7.9	8.2	8.8	9.1	11.8	10.1	10.7	13.2	10.5
Gearing/(net cash) (%)	0.8	(4.7)	(0.8)	(1.7)	(5.2)	(3.7)	(4.2)	(4.6)	(3.5)	(3.6)	(1.0)
Year ended 30th June											
Gross revenue return (£'000)	8,055	9,456	11,344	12,335	15,912	16,480	18,487	16,071	19,805	17,119	21,902
Revenue return per share (p)	1.96	2.59	4.43	4.47	5.26	6.22	6.73	5.12	6.68	9.49	12.75
Dividend per share (p)	2.00	2.00	3.20	3.20	3.50	4.50	5.50	5.50	6.00	9.00	11.00
Ongoing charges (%)	1.24	1.25	1.05	1.17	1.15	1.18	1.14	1.17	1.14	1.16	1.07
Rebased to 100 at 30th June 2007											
Share price total return[1]	100	104.5	90.8	122.3	147.0	131.6	141.5	140.1	149.3	163.3	207.9
Net asset value total return[2]	100	102.6	89.8	120.4	145.7	130.5	146.2	141.5	152.0	171.2	211.3
Benchmark total return[3]	100	105.5	91.7	124.3	148.0	127.4	135.5	137.4	141.7	146.6	186.7

[1] Source: Morningstar.

[2] Source: Morningstar/J.P.Morgan, cum income net asset value. Prior to 30th June 2008, capital only net asset value.

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

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TEN LARGEST EQUITY INVESTMENTS AT 30TH JUNE

Company	Country	2017 Valuation £'000	2017 Portfolio %[1]	Benchmark %	2016 Valuation £'000	2016 Portfolio %[1]
Housing Development Finance Housing Development Finance provides housing finance in India. The company provides long-term housing loans to low and middle income individuals and corporations. The company also provides construction finance to real estate developers, and lease financing facilities to companies and development authorities for infrastructure and other assets.	India	62,551	5.6	0.8	45,230	5.0
Taiwan Semiconductor Manufacturing Taiwan Semiconductor Manufacturing Company manufactures integrated circuits based on its proprietary designs. The company offers a comprehensive set of integrated circuit fabrication processes to manufacture CMOS logic, mixed-mode, volatile and non-volatile memory and BiCMOS chips. Taiwan Semiconductor is an affiliate of Philips Electronics.	Taiwan	61,167	5.5	3.6	44,589	5.0
Tencent Tencent, an investment holding company, provides internet and mobile value-added services, online advertising services and e-commerce transactions services to users in the People's Republic of China, the United States, Europe and internationally.	China and Hong Kong	59,669	5.4	4.4	29,462	3.3
IndusInd Bank IndusInd Bank is a national bank which provides a range of banking and financial services including wholesale banking, credit monitoring, risk management, tele-banking, investment banking and commercial lending. IndusInd Bank operates branches throughout India as well as an office in Dubai and London.	India	47,955	4.3	–	34,685	3.8
Alibaba[2,4] Alibaba operates as a holding company. The company provides internet infrastructure, e-commerce, online financial, and internet content services through its subsidiaries. Alibaba offers its products and services worldwide.	China and Hong Kong	45,550	4.1	3.4	–	–
AIA AIA Group offers insurance and financial services. The company writes life insurance for individuals and businesses, accident and health insurance, retirement planning, and wealth management services.	China and Hong Kong	41,886	3.8	–	33,230	3.7
EPAM Systems EPAM Systems provides software development, outsourcing services, e-business, enterprise relationship management and content management solutions.	Belarus	28,792	2.6	–	21,398	2.4
Ping An Insurance[2,5] Ping An Insurance provides a variety of insurance services. The Company writes property, casualty, and life insurance products. Ping An Insurance serves customers in Hong Kong.	China and Hong Kong	28,416	2.6	0.7	–	–
Tata Consultancy Services Tata Consultancy Services is a global IT services organisation that provides a comprehensive range of IT services to its clients in diverse industries. The company caters to finance and banking, insurance, telecommunication, transportation, retail, manufacturing, pharmaceutical and utility industries.	India	27,806	2.5	0.4	29,929	3.3
ITC[3] ITC, a member of BAT Group of UK, is a holding company, which has a diversified presence in Cigarettes, Hotels, Paperboards & Specialty Papers, Packaging, Agri Business, Packaged Foods & Confectionery, Branded Apparel, Greeting Cards and other FMCG products.	India	27,361	2.5	0.4	19,347	2.1
Total		**431,153**	**38.9**	**13.7**		

[1] Based on total portfolio of £1,109.3m (2016: £901.0m).

[2] Not included in the list of investments at 30th June 2016.

[3] Not included in the ten largest equity investments at 30th June 2016.

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

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

At 30th June 2016, the value of the ten largest equity investments amounted to £301.7m representing 33.5% of the total portfolio.

PORTFOLIO ANALYSES

Geographical	30th June 2017 Portfolio %[1]	30th June 2017 Benchmark %	30th June 2016 Portfolio %[1]	30th June 2016 Benchmark %
East Asia				
China and Hong Kong	23.4	27.9	15.4	25.8
Taiwan	9.2	12.5	8.7	12.1
South Korea	1.4	15.6	1.6	14.6
Thailand	–	2.2	–	2.2
	34.0	58.2	25.7	54.7
South Asia				
India	21.4	8.8	24.2	8.4
Indonesia	5.5	2.5	5.2	2.7
Philippines	0.4	1.2	0.6	1.6
Malaysia	–	2.4	–	3.0
Pakistan	–	0.1	–	–
	27.3	15.0	30.0	15.7
Latin America				
Brazil	11.2	6.6	12.9	7.2
Mexico	5.1	3.7	5.6	4.1
Argentina	1.3	–	1.4	–
Peru	1.2	0.4	1.2	0.4
Chile	0.9	1.1	0.8	1.2
Colombia	–	0.4	–	0.5
	19.7	12.2	21.9	13.4
Europe/Middle East/Africa				
South Africa	12.1	6.5	13.3	7.3
Belarus	2.6	–	2.4	–
Russia	2.6	3.2	3.2	3.7
Ukraine	0.7	–	0.7	–
Turkey	0.6	1.2	1.4	1.3
United Kingdom	0.4	–	1.1	–
Poland	–	1.3	0.3	1.1
United Arab Emirates	–	0.7	–	0.9
Qatar	–	0.7	–	0.9
Greece	–	0.4	–	0.3
Hungary	–	0.3	–	0.3
Czech Republic	–	0.2	–	0.2
Egypt	–	0.1	–	0.2
	19.0	14.6	22.4	16.2
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total portfolio of £1,109.3m (2016: £901.0m).

PORTFOLIO ANALYSES *CONTINUED*

Sector	30th June 2017 Portfolio %[1]	30th June 2017 Benchmark %	30th June 2016 Portfolio %[1]	30th June 2016 Benchmark %
Financials	32.3	23.6	30.7	23.2
Information Technology	28.7	26.6	25.5	22.5
Consumer Staples	17.3	6.8	19.4	8.5
Industrials	7.5	5.8	8.5	6.2
Consumer Discretionary	7.3	10.6	7.1	10.5
Materials	3.2	6.8	3.5	6.3
Energy	2.1	6.9	2.4	7.4
Health Care	1.4	2.3	2.1	2.7
Telecommunication Services	0.2	5.4	0.8	6.6
Real Estate	–	2.6	–	2.9
Utilities	–	2.6	–	3.2
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total portfolio of £1,109.3m (2016: £901.0m).

INVESTMENT ACTIVITY DURING THE YEAR ENDED 30TH JUNE 2017

	Value at 30th June 2016 £'000	% of portfolio	Purchases £'000	Sales £'000	Changes in value £'000	Value at 30th June 2017 £'000	% of portfolio
China and Hong Kong	138,616	15.4	80,427	(17,798)	58,614	259,859	23.4
India	217,953	24.2	–	(20,941)	40,789	237,801	21.4
South Africa	119,397	13.3	–	(10,085)	25,348	134,660	12.1
Brazil	115,734	12.9	–	(9,151)	17,671	124,254	11.2
Taiwan	79,009	8.7	–	(2,723)	25,869	102,155	9.2
Indonesia	47,243	5.2	–	–	14,098	61,341	5.5
Mexico	50,448	5.6	–	(237)	6,278	56,489	5.1
Belarus	21,398	2.4	–	–	7,394	28,792	2.6
Russia	28,504	3.2	–	(3,861)	3,833	28,476	2.6
South Korea	14,215	1.6	–	(1,463)	2,816	15,568	1.4
Argentina	12,735	1.4	–	–	1,730	14,465	1.3
Peru	11,072	1.2	–	–	2,172	13,244	1.2
Chile	6,979	0.8	–	–	2,449	9,428	0.9
Ukraine	6,517	0.7	–	–	1,320	7,837	0.7
Turkey	12,701	1.4	–	(6,367)	(111)	6,223	0.6
Philippines	5,333	0.6	–	–	(1,023)	4,310	0.4
United Kingdom	9,931	1.1	–	(1,566)	(4,103)	4,262	0.4
Pakistan	92	–	–	–	36	128	–
Poland	3,148	0.3	–	(2,406)	(742)	–	–
Total investments	**901,025**	**100.0**	**80,427**	**(76,598)**	**204,438**	**1,109,292**	**100.0**

LIST OF INVESTMENTS AT 30TH JUNE 2017

Company	Valuation £'000
China and Hong Kong	
Tencent	59,669
Alibaba[1]	45,550
AIA	41,886
Ping An Insurance[2]	28,416
Jardine Matheson	21,982
Baidu[1]	17,768
Cafe de Coral	13,343
JD.com[1]	11,351
Tsingtao Brewery[2]	9,145
51job[1]	6,450
Convenience Retail Asia	4,299
	259,859
India	
Housing Development Finance	62,551
IndusInd Bank	47,955
Tata Consultancy Services	27,806
ITC	27,361
Infosys[1]	24,134
Supreme Industries	21,412
United Breweries	14,540
Lupin	8,305
Ambuja Cements	3,737
	237,801
South Africa	
Clicks	23,657
Bid	21,408
Discovery	16,604
Capitec Bank	14,105
RMB	12,784
Shoprite	9,088
Tiger Brands	8,230
Sanlam	7,703
Bidvest	7,040
Aspen Pharmacare	6,986
Mr Price	4,677
MTN	2,378
	134,660

Company	Valuation £'000
Brazil	
Ultrapar Participações	23,733
Itaú Unibanco Preference	20,127
Lojas Renner	17,262
WEG	16,922
Cielo	15,448
Ambev[1]	15,023
Vale Preference[1]	9,992
CCR	5,747
	124,254
Taiwan	
Taiwan Semiconductor Manufacturing[1]	61,167
President Chain Store	16,633
Delta Electronics	15,425
Chailease	8,930
	102,155
Indonesia	
Bank Rakyat Indonesia Persero	22,544
Astra International	14,948
Unilever Indonesia	12,742
Bank Central Asia	11,107
	61,341
Mexico	
Grupo Aeroportuario del Sureste[1]	19,078
Grupo Financiero Banorte	15,521
Wal-Mart de Mexico	11,795
Gentera	10,095
	56,489
Belarus	
EPAM Systems	28,792
	28,792
Russia	
Magnit	17,707
Sberbank of Russia	10,769
	28,476

Company	Valuation £'000
South Korea	
Hyundai Motor	15,568
	15,568
Argentina	
Globant	14,465
	14,465
Peru	
Credicorp	13,244
	13,244
Chile	
Banco Santander-Chile[1]	9,428
	9,428
Ukraine	
Luxoft	7,837
	7,837
Turkey	
KOC	6,223
	6,223
Philippines	
Jollibee Foods	4,310
	4,310
United Kingdom	
International Personal Finance	4,262
	4,262
Pakistan	
BRR Guardian Modaraba	128
	128
Total investments	**1,109,292**

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

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

BUSINESS REVIEW

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

Structure and Objective of the Company

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

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

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 3 and 4 and in the Investment Managers' Report on pages 5 to 10.

Investment Policies and Risk Management

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

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

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

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

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

Investment Restrictions and Guidelines

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

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

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

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

Performance

In the year to 30th June 2017, the Company produced a total return to shareholders of +27.3% (2016: +9.3%) and a total return on net assets of +23.4% (2016: +12.7%). This compares with the return on the Company's benchmark index of +27.4% (2016: +3.5%). At 30th June 2017, the value of the Company's investment portfolio was £1,109.3 million (2016: £901.0 million). The Investment Manager's Report on pages 5 to 10 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross total return for the year amounted to £227.3 million (2016: £113.1 million) and net total return after deducting management fee, other administrative expenses, finance costs and taxation amounted to £214.5 million (2016: £102.5 million). Distributable income for the year amounted to £16.0 million (2016: £12.1 million).

The Directors recommend a final dividend of 11.0p per share payable on 1st December 2017 to holders on the register at the close of business on 27th October 2017. This distribution will amount to £13.6 million. The revenue reserve after payment of the final dividend will amount to £12.4 million.

Key Performance Indicators ('KPIs')

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

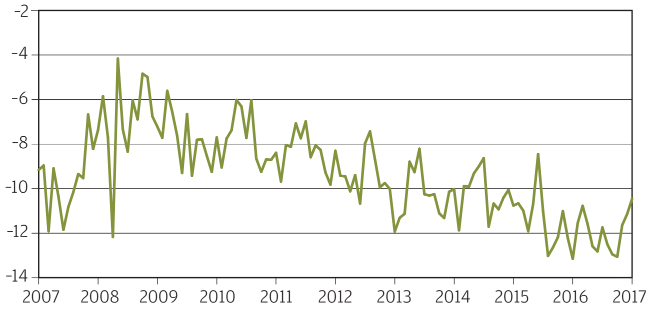
- **Performance against the benchmark index**
  This is the most important KPI by which performance is judged. Information on the Company's performance is given in the Chairman's Statement and the Investment Manager's Report. (Also, please refer to the graphs on page 12).

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

- **Performance attribution**
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. Details of the attribution analysis for the year ended 30th June 2017 are given in the Investment Manager's Report on page 7.

- **Share price discount to net asset value ('NAV') per share**
  The Board has a share repurchase policy which seeks to address imbalances in supply of and demand for the Company's shares within the market. This should help to reduce the volatility and absolute level of the discount to NAV per share at which the Company's shares trade in relation to its peers in the sector. In the year to 30th June 2017, the Company's shares traded at a discount to the capital only net asset value per share between 10.5% and 13.1% based on month end data.

Discount Performance



Source: Morningstar (month end data).

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

- **Ongoing charges**
  The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net assets during the year. The ongoing charges for the year ended 30th June 2017 were 1.07% (2016: 1.16%). The Board reviews each year an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers.

Share Capital

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

A total of 2,266,859 shares (nominal value £566,715) were repurchased into Treasury during the year under review, for a total consideration of £16,878,000. This represented 1.8% of the shares in issue at the start of the financial year. The Company did not allot any new shares for cash. Since the year end 127,348 shares have been repurchased into Treasury.

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

The full text of these Resolutions is set out in the Notice of Meeting on pages 65 and 66.

BUSINESS REVIEW *CONTINUED*

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board. At 30th June 2017, there were five male Directors and one female Director on the Board.

Employees, Social, Community and Human Rights Issues

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

Social, Environmental and Human Rights

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

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our detailed approach to how we implement the principles is available on request.

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

Greenhouse Gas Emissions

The Company is managed by JPMF, has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. *JPMAM is also a signatory to Carbon Disclosure Project. JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.*

The Modern Slavery Act 2015 (the 'MSA')

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

Principal Risks

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

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

- **Investment Underperformance:** An inappropriate investment strategy, for example asset allocation, the level of gearing or the degree of portfolio risk, could lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments and through a set of investment restrictions and guidelines which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Manager, who attends all Board meetings, and reviews data which show statistical measures of the Company's risk profile.
- **Political and Economic:** Administrative risks, such as the imposition of restrictions on the free movement of capital, significant changes to the benchmark index and therefore the investment universe and the underperformance of emerging markets as an asset class. These risks are discussed by the Board on a regular basis.
- **Loss of Investment Team or Investment Manager:** A sudden departure of the investment manager or several members of the investment management team could result in a short-term deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team based approach, as well as special efforts to retain key personnel.

- **Strategy/Business Management:** An inappropriate corporate initiative, for example a takeover of another company or an issue of new capital; misuse of the investment trust structure, for example inappropriate gearing; or if the Company's business strategy is no longer appropriate, may lead to a lack of investor demand. The Board discusses these risks regularly and takes advice from the Manager and its professional advisers.
- **Share Price Discount:** A disproportionate widening of the share price discount relative to the Company's peers could result in loss of value for shareholders. The Board regularly discusses discount policy and has set parameters for the Manager and the Company's broker to follow.
- **Change of Corporate Control of the Manager:** The Board holds regular meetings with senior representatives of JPMF in order to obtain assurance that the Manager continues to demonstrate a high degree of commitment to its investment trusts business through the provision of significant resources.
- **Legal and Regulatory:** In order to qualify as an investment trust, the Company must comply with Section 1158. Details of the Company's approval are given under 'Structure and Objective of the Company' on page 20. Should the Company breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by the Manager and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules and Disclosure Guidance and Transparency Rules ('DTRs'). A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary and its professional advisers to ensure compliance with the Companies Act and the UKLA Listing Rules and DTRs.
- **Corporate Governance and Shareholder Relations:** Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement on pages 28 to 32.
- **Operational and Cyber Crime:** Loss of key staff by the Manager, such as the Investment Manager, could affect the performance of the Company. Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the Depositary or Custodian's records may prevent accurate reporting and monitoring of the Company's financial position. Under the terms of its agreement, the Depositary has strict liability for the loss or misappropriation of assets held in custody. See note 21(c) for further details on the responsibilities of the Depositary. Details of how the Board monitors the services provided by JPMF and its associates and the key elements designed to provide effective risk management and internal controls are included within the Risk Management and Internal Controls section of the Corporate Governance Statement on pages 30 and 31. The threat of cyber attack, in all its guises, is regarded as at least as important as more traditional physical threats to business continuity and security. The Board has received the cyber security policies for its key third party service providers and JPMF has assured Directors that the Company benefits directly or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested by an independent third party and reported every six months against the AAF Standard.
- **Financial:** The financial risks faced by the Company include market price risk, interest rate risk and credit risk. Further details are disclosed in note 21 on pages 58 to 63.

Long Term Viability

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

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

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

For and on behalf of the Board
Alan Saunders,
Chairman

5th October 2017

Directors' Report

BOARD OF DIRECTORS

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

Last reappointed to the Board: 2016.

Remuneration: £38,000.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,000 Ordinary shares.

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

Last reappointed to the Board: 2016.

Remuneration: £27,000.

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

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

Shared directorships with other Directors: None.

Shareholding in Company: 10,000 Ordinary shares.

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

Last reappointed to the Board: 2016.

Remuneration: £27,000.

Non-executive director of Foreign & Colonial Investment Trust plc, Janus Henderson Group plc and a member of the finance committee of the Royal Commission for the Exhibition of 1851. She was previously a member of the Newnham College Cambridge Investment Committee, an advisor to the South Yorkshire Pension Fund and was Chief Investment Officer of Threadneedle Asset Management where she held a number of other senior positions.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,000 Ordinary shares.

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

Last reappointed to the Board: 2016.

Remuneration: £32,000.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,000 Ordinary shares.

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

Last reappointed to the Board: 2016.

Remuneration: £27,000.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 5,000 Ordinary shares.

Ruary Neill *§†‡
A Director since 1st January 2017.

Last reappointed to the Board: n/a.

Remuneration: £27,000.

Chairman of The Investment Committee, Great Ormond Street Children's Charity and a member of The Advisory Council, The SOAS China Institute, London University. Previously worked in investment banking, managing the multi asset sales business at UBS Investment Bank and working closely with chief investment officers and senior asset managers on strategic and tactical asset allocation decisions. Prior to this he spent a number of years working in the Asian equity markets for UBS Investment Bank and Schroder Securities.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 5,000 Ordinary shares.

*** Member of the Audit Committee**

§ Member of the Nomination Committee

† Member of the Remuneration Committee

‡ Considered by the Board to be independent

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 30th June 2017.

Management of the Company

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

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

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

The Alternative Investment Fund Managers Directive ('AIFMD')

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

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

The Company's leverage and JPMF's remuneration disclosures are set out on page 64.

Management Fee

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

Directors

Nigel Kenny retired from the Board on 16th November 2016. Ruary Neill was appointed a Director on 1st January 2017. The Directors of the Company who held office at the end of the year are detailed on pages 24 and 25.

Details of Directors' beneficial shareholdings in the Company may be found in the Directors' Remuneration Report on page 35. No changes have been reported to the Directors' shareholdings since the year end.

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

Director Indemnification and Insurance

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

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

Disclosure of information to Auditors

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

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

(b) each of the Directors has taken all the steps that he or she ought to have taken as a Director in order to make him or 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 Section 418 of the Companies Act 2006.

Independent Auditors

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

Companies Act 2006 Requirements

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

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

Voting Rights in the Company's shares
Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of Annual General Meeting on page 67.

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

Shareholders	Ordinary shares	%
Lazard Asset Management LLC	28,534,324	22.98
City of London Investment Management Company	23,604,975	18.99
Wells Capital Management	6,968,032	5.20

The Company is also aware that approximately 5.6% of the Company's total voting rights are held by individuals through savings products managed by JPMorgan Asset Management and registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under certain circumstances JPMorgan Asset Management has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

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

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that affect its control following a takeover bid; and no agreements between the Company and its Directors concerning compensation for loss of office.

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

Annual General Meeting

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

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

(i) Continuation vote (resolution 11)
The Directors recommend that the Company continues in existence as an investment trust for a further three year period.

(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 6,189,024 new ordinary shares for cash up to an aggregate nominal amount of £1,547,256 such amount being equivalent to 5% of the present issued ordinary share capital (excluding Treasury shares) as at the last practicable date before the publication of this document. This authority will expire at the conclusion of the AGM of the Company in 2018 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to investors when the Directors consider that it is in the best interests of shareholders to do so. As issues are only made at prices greater than the net asset value (the 'NAV'), they increase the NAV per share and spread the Company's administrative expenses, other than the management fee which is

DIRECTORS' REPORT *CONTINUED*

charged on the value of the Company's assets, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies.

The Company currently holds 8,583,029 shares in the capital of the Company in Treasury. The full text of the resolutions is set out in the Notice of Annual General Meeting on page 65.

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

The authority to repurchase up to 14.99% of the Company's issued ordinary share capital, granted by shareholders at the 2016 AGM will expire on 15th May 2018, unless renewed prior to that time. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

Resolution 14 gives the Company authority to repurchase its own issued ordinary shares in the market as permitted by the Companies Act 2006 (the 'Act'). The authority limits the number of shares that could be purchased to a maximum of: 18,554,696 ordinary shares, representing approximately 14.99% of the Company's issued ordinary shares as at 4th October 2017 (being the latest practicable date prior to the publication of this document). The authority also sets minimum and maximum prices.

If resolution 14 is passed at the AGM it is the Company's current intention to hold in Treasury any shares it may repurchase pursuant to the authority granted to it for possible re-issue at a premium to NAV. This policy is kept under review by the Board.

The full text of the resolution is set out in the Notice of Annual General Meeting on pages 65 and 66. Repurchases of ordinary shares will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares as and when market conditions are appropriate.

Recommendation

The Board considers that resolutions 11 to 14 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 38,000 ordinary shares representing approximately 0.03% 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 37, indicates how the Company has applied the principles of good governance of the Financial Reporting Council 2016 UK Corporate Governance Code (the 'UK Corporate Governance Code') and the AIC's Code of Corporate Governance, (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

The Board is responsible for ensuring the appropriate level of corporate governance and considers that the Company has complied with the best practice provisions of the UK Corporate Governance Code and of the AIC Code throughout the year under review.

Role of the Board

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

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

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

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

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

Board Composition

The Board, chaired by Alan Saunders, consists of six non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 24 and 25.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which may be found below. The Senior Independent Director leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

The Board's policy on diversity, including gender, is to take account of the benefits of this during the appointment process. The Board remains committed to appointing the most appropriate candidate and therefore no targets have been set against which to report.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be appointed by shareholders. Thereafter, a Director's appointment is subject to the performance evaluation carried out each year and the approval of shareholders at each annual general meeting, in accordance with corporate governance best practice. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board takes into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees.

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

A schedule of interests for each Director is maintained by the Company and reviewed at every Board meeting. New interests are considered carefully, taking into account the circumstances surrounding them and, if considered appropriate, are approved.

Induction and Training

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

Meetings and Committees

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

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

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

[1] Retired 16th November 2016.

[2] Appointed 1st January 2017.

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

Board Committees

Nomination Committee

The Nomination Committee, chaired by Alan Saunders, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender.

DIRECTORS' REPORT *CONTINUED*

Corporate Governance Statement *continued*

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

Remuneration Committee

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

Management Engagement Committee

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

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

Audit Committee

The report of the Audit Committee is set out on page 33.

Terms of Reference

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

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders twice each year by way of the annual report and accounts and the half year report. These are supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares and the Company's level of Gearing.

All shareholders have the opportunity, and are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet shareholders and answer their questions. In addition, a presentation is given by the Investment Manager who reviews the Company's performance. The Company's brokers, the Investment Manager and the Manager hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 71 or via the Company's website.

The Company's annual report and accounts is published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 71. A formal process is in place for all letters to the Directors to be immediately forwarded. As part of this process, any feedback from shareholders is also communicated to the Board.

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

Risk Management and Internal Control

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by JPMF and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure that they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 22 and 23). This process has been in place for the year under review and up to the date of the approval of the annual report and accounts, and it accords with the Financial Reporting Council's guidance. The Company does not have an internal audit function of its own, but relies on the internal audit department of the Manager. This arrangement is kept under review.

The key elements designed to provide effective risk management and internal control are as follows:

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

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

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

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

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

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

By the means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 30th June 2017 and to the date of approval of this Annual Report and Accounts.

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

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM through the Manager. The following is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included in the Strategic Report on page 22.

Corporate Governance

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

Proxy Voting

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

DIRECTORS' REPORT *CONTINUED*

Corporate Governance Statement *continued*

Stewardship/Engagement

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

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

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

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website: http://www.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.

AUDIT COMMITTEE REPORT

Role and Composition

The Audit Committee, chaired by Richard Laing and whose membership is set out on pages 24 and 25, meets at least twice each year. The members of the Audit Committee consider that at least one member has recent and relevant financial experience and that the Committee as a whole has competency relevant to the sector in which the Company operates.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual accounts and the Company's compliance with the UK Corporate Governance Code. It examines the effectiveness of the Company's internal control systems, receives information from the Manager's Compliance department and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. The Audit Committee has reviewed the independence and objectivity of the auditors and is satisfied that the auditors are independent. The Audit Committee also has the primary responsibility for making recommendations to the Board on the reappointment and the removal of external auditors.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 30th June 2017, the Audit Committee considered the following significant issues, including those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1(b) to the accounts on page 48. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 48.
Compliance with Sections 1158 and 1159 Corporation Tax Act 2010 ('Section 1158 and 1159')	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

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

Going Concern

The Directors believe that having considered the Company's investment objective (see page 20), risk management policies (see pages 58 to 63), capital management policies and procedures (see page 63), the nature of the portfolio and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements. They have not identified any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of these financial statements.

Auditor Appointment and Tenure

Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Accounts were considered and also engage with Directors as and when required. Having reviewed the performance of the external Auditors, including assessing the quality of work, timing of communications and work with the Manager, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The Board reviews and approves any non-audit services provided by the independent auditors and assesses the impact of any non audit work on the ability of the auditors to remain independent. The only non-audit work carried out by the auditors this year was in relation to their member firm's work on the Company's tax return in Pakistan. The Board has resolved that such non-audit work does not impact the independence of the auditors. Details of the auditors fees paid for audit and non audit services are disclosed in note 6 on page 51. PricewaterhouseCoopers have audited the Company's financial statements since its launch in 1991 and were reappointed following an auditor review in 2013. The Company's year ended 30th June 2017 is the current Audit Partner's third of a five year maximum term. The Company will need to appoint a different audit firm to succeed PricewaterhouseCoopers in 2020.

Fair, Balanced and Understandable

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30th June 2017, 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 37.

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

5th October 2017

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30th June 2017, 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 38 to 43.

Directors' Remuneration Policy

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

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

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

All of the Directors are non-executive. There are no performance-related elements to their fees and the Company does not operate any type of incentive, share scheme, award or pension scheme and therefore no Directors receive bonus payments or pension contributions from the Company or hold options to acquire shares in the Company. Directors are not granted exit payments and are not provided with compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in attending the Company's business.

In the year under review, Directors' fees were paid at the following rates: Chairman £38,000; Audit Committee Chairman £32,000; and other Directors £27,000. With effect from 1st July 2017, fees have been increased to £40,000, £33,500 and £28,000 respectively.

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

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

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 29.

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report, which includes details of the Directors' remuneration policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 30th June 2016 and no changes are proposed for the year ending 30th June 2018.

At the Annual General Meeting held on 16th November 2016, of the votes cast, 99.8% of votes were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.2% voted against. Abstentions were received from less than 0.1% of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report from the 2017 Annual General Meeting will be given in the annual report for the year ending 30th June 2018.

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

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 30th June 2017 was £174,698. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

Single total figure table[1]

	2017			2016		
	Fees £	Taxable expenses[2] £	Total £	Fees £	Taxable expenses[2] £	Total £
Alan Saunders	38,000	–	38,000	38,000	–	38,000
Sarah Arkle	27,000	–	27,000	27,000	–	27,000
Anatole Kaletsky	27,000	–	27,000	27,000	–	27,000
Nigel Kenny[3]	12,087	–	12,087	32,000	–	32,000
Richard Laing	30,111	347	30,458	27,000	–	27,000
Percy Mistry[4]	–	–	–	13,500	–	13,500
Ruary Neill[5]	13,500	68	13,568	–	–	–
Andrew Page	27,000	1,056	28,056	27,000	–	27,000
Total	**174,698**	**1,471**	**176,169**	**191,500**	**–**	**191,500**

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

[2] Taxable travel and subsistence expenses incurred in attending Board and Committee meetings.

[3] Retired 16th November 2016.

[4] Retired 31st December 2015.

[5] Appointed on 1st January 2017.

A table showing the total remuneration for the Chairman over the five years ended 30th June 2017 is below:

Remuneration for the Chairman over the five years ended 30th June 2017

Year ended 30th June	Fees
2017	£38,000
2016	£38,000
2015	£35,000
2014	£35,000
2013	£35,000

Directors' Shareholdings[1]

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

Directors' Name	30th June 2017	1st July 2016 or as at date of appointment
Alan Saunders	6,000	6,000
Sarah Arkle	6,000	6,000
Anatole Kaletsky	10,000	10,000
Richard Laing	6,000	6,000
Ruary Neill[2]	5,000	–
Andrew Page	5,000	5,000
Total	**38,000**	**33,000**

[1] Audited information.

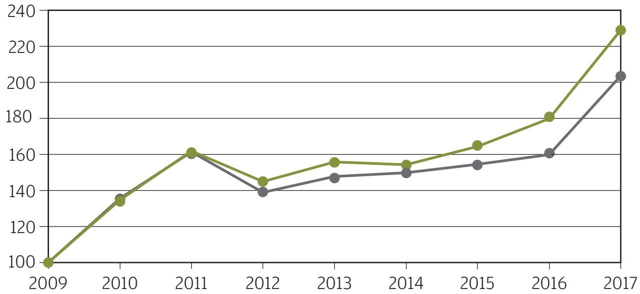
[2] Appointed 1st January 2017.

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

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

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

Eight Year Share Price and Benchmark Total Return Performance to 30th June 2017



Source: Morningstar.

Share price total return.

Benchmark total return.

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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th June 2017 £	2016 £
Remuneration paid to all Directors		
– by way of fees	174,698	191,500
Distribution to shareholders		
– by way of dividend	11,324,000	7,707,000
– by way of share repurchases	16,878,000	12,812,000

For and on behalf of the Board
Alan Saunders
Chairman

5th October 2017

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

and the Directors confirm that they have done so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors 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 Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Each of the Directors, whose names and functions are listed in Directors' Report confirm that, to the best of their knowledge:

- the Company's financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Directors' 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 Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board
Alan Saunders
Chairman

5th October 2017

Independent Auditors’ Report

TO THE MEMBERS OF JPMORGAN EMERGING MARKETS INVESTMENT TRUST PLC

Report on the audit of the financial statements

Opinion

In our opinion, JPMorgan Emerging Markets Investment Trust plc’s financial statements:

- give a true and fair view of the state of the Company’s affairs as at 30th June 2017 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Financial Statements (the ‘Annual Report’), which comprise: the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (‘ISAs (UK)’) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Company.

Other than those disclosed in the Directors’ Report, we have provided no non-audit services to the Company in the period from 1st July 2016 to 30th June 2017.

Our audit approach

Overview

- Overall materiality: £5.6 million (2016: £4.7 million), based on 0.5% of net assets.

- The Company is an Investment Trust Company and engages JPMorgan Funds Limited (the ‘Manager’) to manage its assets.
- We conducted our audit of the financial statements from information provided by JPMorgan Corporate & Investment Bank (the ‘Administrator’) to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the internal controls in place at both the Manager and the Administrator, identified and tested those controls on which we wished to place reliance and then performed substantive testing using reports obtained from the Administrator.

- Income.
- Valuation and existence of investments.

The scope of our audit
As part of designing our audit, we determined materiality and assessed 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.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Income *Refer to page 33 (Audit Committee Report), page 48 (Accounting Policies) and page 51 (Notes to the Financial Statements).* We focused on the accuracy 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'). This is because incomplete or inaccurate income could have material impact on the Company's net assets value. We also focused on the accuracy and occurrence of realised and unrealised gains or losses on the investment portfolio.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. No misstatements were identified which required reporting to those charged with governance. To test for completeness, we tested all investment holdings in the portfolio, to ensure that all dividends declared in the market by investment holdings had been recorded. Our testing did not identify any incorrectly recorded or omitted dividends. We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. Our testing did not identify any misstatements which required reporting to those charged with governance. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any misstatements which required reporting to those charged with governance. We also checked that the gains or losses on investments held at fair value comprise realised and unrealised gains or losses. For realised gains or losses, we tested a sample of disposal proceeds to bank statements. For unrealised gains or losses, we tested the valuation of the portfolio at the year-end, and also tested the reconciliation of opening and closing investments. No misstatements were identified by our testing.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments *Refer to page 33 (Audit Committee Report), page 48 (Accounting Policies) and page 54 (Notes to the Financial Statements).* The investment portfolio at the year-end principally comprised of listed equity investments. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the financial statements.	We tested the valuation of the listed investment portfolio by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation from JPMorgan Chase Bank, N.A. as at 30th June 2017. No misstatements were identified by our testing which required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it 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 understood and assessed the internal controls 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 analysing the relevant control reports issued by the independent service auditor of the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we then identified those relevant controls at the Administrator on which we could place reliance to provide audit evidence. We then applied professional judgement to determine the extent of substantive testing required over each balance in the financial statements.

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 in aggregate 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	£5.6 million (2016: £4.7 million).
How we determined it	0.5% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe that this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £280,000 (2016: £234,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern
In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30th June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company
We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 22 of the Annual Report 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.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.

- The Directors' explanation on page 23 of the Annual Report 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 to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and 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 UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions
We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 33, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on page 33 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration
In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 37, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
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.

Other required reporting

Companies Act 2006 exception reporting

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; 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.

Appointment

We were appointed by the Directors in 1991 to audit the financial statements for the year ended 30th June 1992 and subsequent financial years. The period of total uninterrupted engagement is 26 years, covering the years ended 30th June 1992 to 30th June 2017.

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

5th October 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2017

	Notes	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
Gains on investments held at fair value through profit or loss	3	–	204,432	204,432	–	91,226	91,226
Net foreign currency gains		–	939	939	–	4,723	4,723
Income from investments	4	21,816	–	21,816	16,978	–	16,978
Interest receivable	4	86	–	86	141	–	141
Gross return		**21,902**	**205,371**	**227,273**	**17,119**	**95,949**	**113,068**
Management fee	5	(2,915)	(6,801)	(9,716)	(2,406)	(5,613)	(8,019)
Other administrative expenses	6	(1,478)	–	(1,478)	(1,326)	–	(1,326)
Net return on ordinary activities before taxation		**17,509**	**198,570**	**216,079**	**13,387**	**90,336**	**103,723**
Taxation	7	(1,537)	–	(1,537)	(1,251)	–	(1,251)
Net return on ordinary activities after taxation		**15,972**	**198,570**	**214,542**	**12,136**	**90,336**	**102,472**
Return per share	9	**12.75p**	**158.45p**	**171.20p**	**9.49p**	**70.63p**	**80.12p**

A dividend of 11.0p (2016: 9.0p) per ordinary share has been proposed in respect of the year ended 30th June 2017, totalling £13.6 million (2016: £11.4 million). Further details are given in note 8 on page 53.

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

The 'Total' column of this statement is the profit and loss account of the Company, and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. Net return on ordinary activities after taxation represents the profit for the year and also Total Comprehensive Income.

The notes on pages 48 to 63 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2017

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve[1] £'000	Total £'000
At 30th June 2015	33,091	173,657	1,665	69,939	557,345	16,992	852,689
Repurchase of shares into Treasury	–	–	–	–	(12,812)	–	(12,812)
Net return on ordinary activities	–	–	–	–	90,336	12,136	102,472
Dividend paid in the year	–	–	–	–	–	(7,707)	(7,707)
At 30th June 2016	33,091	173,657	1,665	69,939	634,869	21,421	934,642
Repurchase of shares into Treasury	–	–	–	–	(16,878)	–	(16,878)
Net return on ordinary activities	–	–	–	–	198,570	15,972	214,542
Dividend paid in the year	–	–	–	–	–	(11,324)	(11,324)
At 30th June 2017	33,091	173,657	1,665	69,939	816,561	26,069	1,120,982

[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 48 to 63 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 30TH JUNE 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	1,109,292	901,025
Current assets	11		
Debtors		3,285	2,771
Cash and cash equivalents		10,580	31,052
		13,865	**33,823**
Current liabilities			
Creditors: amounts falling due within one year	12	(2,173)	(206)
Derivative financial liabilities	13	(2)	–
Net current assets		**11,690**	**33,617**
Total assets less current liabilities		**1,120,982**	**934,642**
Net assets		**1,120,982**	**934,642**
Capital and reserves			
Called up share capital	14	33,091	33,091
Share premium	15	173,657	173,657
Capital redemption reserve	15	1,665	1,665
Other reserve	15	69,939	69,939
Capital reserves	15	816,561	634,869
Revenue reserve	15	26,069	21,421
Total shareholders' funds		**1,120,982**	**934,642**
Net asset value per share	16	**904.7p**	**740.8p**

The financial statements on pages 44 to 63 were approved and authorised for issue by the Directors on 5th October 2017 and were signed on their behalf by:

Richard Laing
Director

The notes on pages 48 to 63 form an integral part of these financial statements.

The Company is registered in England and Wales.

Company registration number: 2618994.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2017

	Notes	2017 £'000	2016 £'000
Net cash outflow from operations before dividends and interest	17	**(10,218)**	**(4,648)**
Dividends received		19,551	15,694
Interest received		86	141
Overseas tax recovered		229	57
Net cash inflow from operating activities		**9,648**	**11,244**
Purchases of investments		(80,427)	(20,794)
Sales of investments		76,582	28,918
Settlement of forward currency contracts		110	(37)
Net cash (outflow)/inflow from investing activities		**(3,735)**	**8,087**
Repurchase of shares into Treasury		(15,045)	(12,812)
Dividend paid		(11,324)	(7,707)
Net cash outflow from financing activities		**(26,369)**	**(20,519)**
Decrease in cash and cash equivalents		**(20,456)**	**(1,188)**
Cash and cash equivalents at start of year		31,052	32,219
Exchange movements		(16)	21
Cash and cash equivalents at end of year		10,580	31,052
Decrease in cash and cash equivalents		**(20,456)**	**(1,188)**
Cash and cash equivalents consist of:			
Cash and short term deposits		3,871	697
Cash held in JPMorgan US Dollar Liquidity Fund		6,709	30,355
Total		**10,580**	**31,052**

The notes on pages 48 to 63 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value, and 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, and updated in January 2017.

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 33 of the Directors' Report form part of these financial statements.

The policies applied in these financial statements are consistent with those applied in the preceding year.

(b) 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.

(c) Accounting for reserves

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

Increases and decreases in the valuation of investments held at the year end including the related foreign exchange gains and losses, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Investment holding gains and losses'.

(d) Income

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

Overseas dividends are included gross of any withholding tax.

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

(e) Expenses

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

- The management fee and any finance costs incurred are allocated 30% to revenue and 70% to capital, in line with Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- Expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 10 on page 54.

(f) Financial instruments

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

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

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

(g) 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.

(h) 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.

(i) Foreign currency

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates.

The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the financial statements are presented.

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

Any gain or loss arising on monetary assets from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature.

(j) Dividends payable

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

(k) Repurchase of shares for cancellation

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

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

1. Accounting policies *continued*

(l) Repurchase of shares to hold in Treasury

The cost of repurchasing shares into Treasury, including the related stamp duty and transaction costs, is charged to the 'Gains and losses on sales of investments' and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. Where shares held in Treasury are subsequently cancelled, the nominal value of those shares is transferred out of 'Called up share capital' and into the 'Capital redemption reserve'.

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

2. Significant accounting judgements and estimates

The preparation of the Company's financial statements on occasion requires the Board 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.

The Board 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 on investments held at fair value through profit or loss

	2017 £'000	2016 £'000
Gains/(losses) on investments held at fair value through profit or loss based on historic cost	3,435	(5,977)
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	(2,097)	4,281
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	1,338	(1,696)
Net movement in investment holding gains and losses	203,100	92,922
Other capital charges	(6)	–
Total capital gains on investments held at fair value through profit or loss	**204,432**	**91,226**

4. Income

	2017 £'000	2016 £'000
Income from investments		
UK dividends	381	432
Overseas dividends	21,435	16,546
	21,816	**16,978**
Interest receivable and similar income		
Interest from liquidity fund	82	139
Deposit interest	4	2
	86	**141**
Total income	**21,902**	**17,119**

5. Management fee

	2017			2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	**2,915**	**6,801**	**9,716**	**2,406**	**5,613**	**8,019**

Details of the management fee are given in the Directors' Report on page 26.

The management fee is allocated 30% to revenue and 70% to capital.

6. Other administrative expenses

	2017 £'000	2016 £'000
Other administration expenses	359	328
Safe custody fees	551	424
Depositary fees[1]	193	152
Directors' fees[2]	175	192
Savings scheme costs[3]	134	171
Overseas board trip expenses	33	28
Auditors' remuneration – for audit services[4]	32	30
Auditors' remuneration – for non-audit services (taxation compliance)	1	1
	1,478	**1,326**

[1] Includes £19,000 (2016: £15,000) irrecoverable VAT. The prior year figure has been amended to include £15,000 of irrecoverable VAT.

[2] Full disclosure is given in the Directors' Remuneration Report on page 35.

[3] Paid to the Manager for the marketing and administration of savings scheme products. Includes £13,000 (2016: £16,000) irrecoverable VAT.

[4] Includes £3,000 (2016: £3,000) irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

7. Taxation

(a) Analysis of tax charge in the year

	2017 £'000	2016 £'000
Overseas withholding tax	1,537	1,251
Total tax charge for the year	1,537	1,251

(b) Factors affecting total tax charge for the year

The tax charge for the year is lower than (2016: lower) the Company's applicable rate of corporation tax of 19.75% (2016: 20.00%) The factors affecting the total tax charge for the year are as follows:

	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
Net return on ordinary activities before taxation	**17,509**	**198,570**	**216,079**	**13,387**	**90,336**	**103,723**
Net return on ordinary activities before taxation multiplied by the applicable rate of corporation tax of 19.75% (2016: 20.00%)	3,458	39,218	42,676	2,677	18,067	20,744
Effects of:						
Non taxable capital gains	–	(40,561)	(40,561)	–	(19,190)	(19,190)
Non taxable UK dividends	(75)	–	(75)	(86)	–	(86)
Non taxable overseas dividends	(3,557)	–	(3,557)	(3,004)	–	(3,004)
Tax attributable to expenses charged to capital	(1,343)	1,343	–	(1,123)	1,123	–
Timing differences relating to the receipt of dividends	–	–	–	45	–	45
Unrelieved expenses	1,602	–	1,602	1,491	–	1,491
Overseas withholding tax	1,537	–	1,537	1,251	–	1,251
Deferred tax relief expensed	(85)	–	(85)	–	–	–
Total tax charge for the year	**1,537**	**–**	**1,537**	**1,251**	**–**	**1,251**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £10,882,000 (2016: £10,108,000) based on a prospective corporation tax rate of 17% (2016: 18%). The UK Government announced in July 2015 that the corporation tax rate is set to be cut to 19% in 2017 and 18% in 2020. In March 2016 a further cut to 17% in 2020 was announced. These reductions in the standard rate of corporation tax were substantively enacted on 15th September 2016 and became effective from 1st January 2017. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

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

8. Dividends

(a) Dividends paid and proposed

	2017 £'000	2016 £'000
Dividend paid		
2016 Final dividend of 9.0p (2015: 6.0p) per share	11,324	7,707
Dividend proposed		
2017 Final dividend proposed of 11.0p (2016: 9.0p) per share	13,630	11,356

The final dividend declared in respect of the year ended 30th June 2016 amounted to £11,356,000. However, the amount paid amounted to £11,324,000 due to shares repurchased after the balance sheet date but prior to the share register record date.

The dividend proposed in respect of the year ended 30th June 2017 is subject to shareholder approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 30th June 2018.

(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 £15,972,000 (2016: £12,136,000). The revenue reserve after payment of the final dividend will amount to £12,439,000 (2016: £14,713,000).

	2017 £'000	2016 £'000
Final dividend proposed of 11.0p (2016: 9.0p)	**13,630**	**11,356**

9. Return per share

	2017 £'000	2016 £'000
Revenue return	15,972	12,136
Capital return	198,570	90,336
Total return	**214,542**	**102,472**
Weighted average number of shares in issue during the year	125,320,130	127,893,440
Revenue return per share	12.75p	9.49p
Capital return per share	158.45p	70.63p
Total return per share	**171.20p**	**80.12p**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

10. Investments

	2017 £'000	2016 £'000
Investments listed on a recognised stock exchange	**1,109,292**	**901,025**
Opening book cost	531,139	549,812
Opening investment holding gains	369,886	272,683
Opening valuation	901,025	822,495
Movements in the year:		
Purchases at cost	80,427	13,987
Sales – proceeds	(76,598)	(26,683)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	1,338	(1,696)
Net movement in investment holding gains	203,100	92,922
	1,109,292	901,025
Closing book cost	538,403	531,139
Closing investment holding gains	570,889	369,886
Total investments held at fair value through profit or loss	**1,109,292**	**901,025**

Transaction costs on purchases during the year amounted to £71,000 (2016: £33,000) and on sales during the year amounted to £150,000 (2016: £49,000). These costs comprise mainly brokerage commission.

During the year, prior year investment holding gains amounting to £2,097,000 have been transferred to gains on sales of investments as disclosed in note 15 on page 56.

11. Current assets

	2017 £'000	2016 £'000
Debtors		
Dividends and interest receivable	3,210	2,718
Other debtors	59	44
Overseas tax recoverable	16	9
	3,285	**2,771**

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

Cash and cash equivalents

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

12. Current liabilities

	2017 £'000	2016 £'000
Creditors: amounts falling due within one year		
Repurchase of the Company's own shares awaiting settlement	1,833	–
Other creditors and accruals	340	206
	2,173	**206**

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

13. Derivative financial liabilities

	2017 £'000	2016 £'000
Forward foreign currency contracts	2	–
	2	**–**

14. Called up share capital

	2017 £'000	2016 £'000
Issued and fully paid share capital:		
Ordinary shares of 25p each		
Opening balance of 126,174,703 (2016: 128,448,376) Ordinary shares excluding shares held in Treasury	31,544	32,112
Repurchase of 2,266,859 (2016: 2,273,673) shares into Treasury	(567)	(568)
Subtotal of 123,907,844 (2016: 126,174,703) Ordinary shares excluding shares held in Treasury	30,977	31,544
8,455,681 (2016: 6,188,822) Ordinary shares held in Treasury	2,114	1,547
Closing balance of 132,363,525 (2016: 132,363,525) Ordinary shares including shares held in Treasury	33,091	33,091
Total called up share capital	**33,091**	**33,091**

Share capital transactions

During the year 2,266,859 shares were repurchased into Treasury for a total consideration of £16,878,000.

Further details of transactions in the Company's shares are given in the Business Review on page 21.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

15. Capital and reserves

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve[1] £'000	Capital reserves: Gains and losses on sales of investments £'000	Capital reserves: Investment holding gains and losses £'000	Revenue reserve[2] £'000	Total £'000
Opening balance	33,091	173,657	1,665	69,939	265,587	369,282	21,421	934,642
Net foreign currency gains	–	–	–	–	941	–	–	941
Unrealised losses on foreign currency contracts	–	–	–	–	–	(2)	–	(2)
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	1,338	–	–	1,338
Net movement in investment holding gains and losses	–	–	–	–	–	203,100	–	203,100
Transfer on disposal of investments	–	–	–	–	2,097	(2,097)	–	–
Repurchase of shares into Treasury	–	–	–	–	(16,878)	–	–	(16,878)
Management fee charged to capital	–	–	–	–	(6,801)	–	–	(6,801)
Other capital charges	–	–	–	–	(6)	–	–	(6)
Dividend paid in the year	–	–	–	–	–	–	(11,324)	(11,324)
Retained revenue for the year	–	–	–	–	–	–	15,972	15,972
Closing balance	**33,091**	**173,657**	**1,665**	**69,939**	**246,278**	**570,283**	**26,069**	**1,120,982**

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

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

16. Net asset value per share

	2017	2016
Net assets (£'000)	1,120,982	934,642
Number of shares in issue	123,907,844	126,174,703
Net asset value per share	**904.7p**	**740.8p**

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

	2017 £'000	2016 £'000
Net return on ordinary activities before taxation	216,079	103,723
Less: capital return on ordinary activities before taxation	(198,570)	(90,336)
(Increase)/decrease in accrued income and other debtors	(507)	20
Increase/(decrease) in accrued expenses	144	(60)
Overseas withholding tax	(1,773)	(1,286)
Expenses charged to capital	(6,801)	(5,613)
Dividends received	(19,551)	(15,694)
Interest received	(86)	(141)
Realised (losses)/gains on foreign currency transactions	(633)	84
Exchange gain on liquidity fund	1,480	4,655
Net cash outflow from operations before dividends and interest	**(10,218)**	**(4,648)**

18. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2016: none).

19. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 26. The management fee payable to the Manager for the year was £9,716,000 (2016: £8,019,000) of which £nil (2016: £nil) was outstanding at the year end.

During the year £134,000 (2016: £171,000), including VAT, was payable to the Manager for the marketing and administration of savings scheme products, of which £38,000 (2016: £nil) was outstanding at the year end.

Safe custody fees amounting to £551,000 (2016: £424,000) were payable during the year to JPMorgan Chase of which £139,000 (2016: £72,000) 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 £8,000 (2016: £9,000) of which £nil (2016: £nil) was outstanding at the year end.

The Company also holds cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £6.7 million (2016: £30.4 million). Interest amounting to £82,000 (2016: £139,000) was received during the year of which £nil (2016: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £6,000 (2016: £nil) were payable to JPMorgan Chase during the year of which £2,000 (2016: £11,000) was outstanding at the year end.

At the year end, total cash of £3,871,000 (2016: £697,000) was held with JPMorgan Chase. A net amount of interest of £4,000 (2016: £2,000) was receivable by the Company during the year from JPMorgan Chase of which £nil (2016: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 35.

20. Disclosures regarding financial instruments measured at fair value

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

20. Disclosures regarding financial instruments measured at fair value *continued*

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

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

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 48.

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

	2017		2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	1,109,292	–	901,025	–

There were no transfers between Level 1, 2 or 3 during the year (2016: same).

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

As an investment trust, the Company invests in equities for the long term so as to secure its investment objective stated on the 'Features' page. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company Secretary, in close cooperation with the Board and the Manager, coordinates the Company's risk management policy.

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

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

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

(a) Market risk

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

(i) Currency risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling which is the Company's functional currency and presentation currency. As a result, movements in exchange rates may affect the sterling value of those items.

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of this exposure by considering the effect on the Company's net asset value and income of a movement in rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Income denominated in foreign currencies is converted to sterling on receipt. The Company may use short term forward currency contracts to manage working capital requirements. It is currently not the Company's policy to hedge against foreign currency risk.

Foreign currency exposure

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

	2017							
	US Dollar £'000	Indian Rupee £'000	South African Rand £'000	Hong Kong Dollar £'000	Brazilian Real £'000	Indonesian Rupiah £'000	Other £'000	Total £'000
Net current assets	11,774	614	329	–	196	–	791	13,704
Foreign currency exposure on net monetary items	11,774	614	329	–	196	–	791	13,704
Investments held at fair value through profit or loss	329,645	218,759	134,660	156,758	99,239	61,341	104,628	1,105,030
Total net foreign currency exposure	**341,419**	**219,373**	**134,989**	**156,758**	**99,435**	**61,341**	**105,419**	**1,118,734**

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

In the opinion of the Directors, the above year end amounts are not representative of the exposure to foreign currency risk during the year. Cash held in the JPMorgan US Dollar Liquidity Fund has fluctuated between £nil and £40,795,000 during the year (2016: £22,250,000 and £36,999,000).

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(a) Market risk *continued*

(i) Currency risk *continued*

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% (2016: 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.

	2017		2016	
	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	(2,152)	2,152	(1,668)	1,668
Capital return	(1,370)	1,370	(3,373)	3,373
Total return after taxation	(3,522)	3,522	(5,041)	5,041
Net assets	**(3,522)**	**3,522**	**(5,041)**	**5,041**

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

(ii) Interest rate risk

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

Management of interest rate risk

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

Interest rate exposure

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

	2017 £'000	2016 £'000
Exposure to floating interest rates:		
Cash and short term deposits	3,871	697
JPMorgan US Dollar Liquidity Fund	6,709	30,355
Total net exposure	**10,580**	**31,052**

Interest receivable on cash balances is at a margin below LIBOR (2016: 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 1% (2016: 1%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2017		2016	
	1% increase in rate £'000	1% decrease in rate £'000	1% increase in rate £'000	1% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	106	(106)	311	(311)
Capital return	–	–	–	–
Total return after taxation for the year	106	(106)	311	(311)
Net assets	**106**	**(106)**	**311**	**(311)**

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and cash held in the liquidity fund.

(iii) Other price risk

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

Management of other price risk

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

Other price risk exposure

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

	2017 £'000	2016 £'000
Equity investments held at fair value through profit or loss	1,109,292	901,025

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

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 14 to 19. This shows that the investments' value is in a broad spread of countries with no concentration of exposure to any one country. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(a) Market risk *continued*

(iii) Other price risk *continued*

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% (2016: 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.

	2017 10% increase in fair value £'000	2017 10% decrease in fair value £'000	2016 10% increase in fair value £'000	2016 10% decrease in fair value £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(250)	250	(203)	203
Capital return	110,347	(110,347)	89,629	(89,629)
Total return after taxation for the year and net assets	**110,097**	**(110,097)**	**89,426**	**(89,426)**

(b) Liquidity risk

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

Management of the risk

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

Liquidity risk exposure

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

	2017 Within one year £'000	2017 Total £'000	2016 Within one year £'000	2016 Total £'000
Creditors: amounts falling due within one year				
Repurchase of the Company's own shares awaiting settlement	1,833	1,833	–	–
Other creditors and accruals	340	340	206	206
Derivative financial liabilities	2	2	–	–
	2,175	**2,175**	**206**	**206**

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

Management of credit risk

Portfolio dealing

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

Cash and cash equivalents

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

Exposure to JPMorgan Chase

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

Credit risk exposure

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

(d) Fair values of financial assets and financial liabilities

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

22. Capital management policies and procedures

The Company's capital comprises the following:

	2017 £'000	2016 £'000
Equity:		
Called up share capital	33,091	33,091
Reserves	1,087,891	901,551
Total capital	**1,120,982**	**934,642**

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

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

	2017 £'000	2016 £'000
Investments held at fair value through profit or loss	1,109,292	901,025
Net assets	1,120,982	934,642
Net gearing/(cash)	**(1.0)%**	**(3.6)%**

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

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

23. Subsequent events

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

Regulatory Disclosures

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

Leverage

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

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD, at 30th June 2017, which gives the following figures:

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

[1] It should be noted that the Company does not have a borrowing facility and does not currently employ gearing. At the year end the Company’s position was 1.0% net cash. The above figures are theoretical and are calculated in accordance with the methodology prescribed by the AIFMD.

JPMF Remuneration

JPMF is the authorised manager of the Company and is part of the JPMorgan Chase & Co. group of companies. In this disclosure, the terms ‘JPMorgan’ 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 under the AIFMD. The disclosure has also been prepared in accordance with the relevant provisions of the Financial Conduct Authority Handbook (FUND 3.3.5 and COLL 4.5.7).

JPMF Remuneration Policy

The current remuneration policy for the Management Company (the ‘Remuneration Policy’) can be found at https://am.jpmorgan.com/gb/en/asset-management/gim/adv/legal/emea-remuneration-policy. This policy includes details of how remuneration benefits are calculated, including the financial and non-financial criteria used to evaluate performance. The responsibilities and composition of the Firm’s Compensation and Management Development and the measures adopted to avoid or manage conflicts of interest. A copy of this policy can be requested free of charge from the Management Company. The Remuneration Policy applies to all employees of the Management Company, including individuals whose professional activities may have a material impact on the risk profile of the Management Company or the funds it manages (‘**Identified Staff**’). The Identified Staff include members of the Board of the Management Company (the ‘**Board**’), senior management, the heads of relevant Control Functions, and holders of other key functions. Individuals are notified of their identification and the implications of this status on at least an annual basis.

JPMF reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of Identified Staff.

JPMF Quantitative Disclosures

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

SECURITIES FINANCING TRANSACTIONS REGULATION (‘SFTR’) DISCLOSURES (UNAUDITED)

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) or total return swaps. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 30th June 2017.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty fifth Annual General Meeting of JPMorgan Emerging Markets Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Friday, 24th November 2017 at 3.00 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th June 2017.
2. To approve the Company's Remuneration policy.
3. To approve the Directors' Remuneration Report for the year ended 30th June 2017.
4. To approve a final dividend of 11.0p per share.
5. To reappoint Sarah Arkle as a Director of the Company.
6. To reappoint Anatole Kaletsky as a Director of the Company.
7. To reappoint Richard Laing as a Director of the Company.
8. To reappoint Ruary Neill as a Director of the Company.
9. To reappoint Andrew Page as a Director of the Company.
10. To reappoint PricewaterhouseCoopers LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Continuation Vote – Ordinary Resolution

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

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 £1,547,256, 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 to 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 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 £1,547,256 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 on such terms and in such manner as the Directors may from time to time determine.

    PROVIDED ALWAYS THAT

    (i) the maximum number of Ordinary shares hereby authorised to be purchased shall be 18,554,696, or if less, that number of Ordinary shares which is equal to 14.99% of the issued share capital as at the date of the passing of this Resolution;

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

    (iii) the maximum price which may be paid for an Ordinary share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for an

NOTICE OF ANNUAL GENERAL MEETING *CONTINUED*

Ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is contracted to be purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

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

(v) the authority hereby conferred shall expire on 23rd May 2019 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 Ordinary shares under the authority hereby conferred prior to the expiry of such authority which contract will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

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

12th October 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 no later than 3.00 p.m. two business days prior to the Meeting (i.e. excluding weekends and bank holidays).

4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.

6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.

7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

   Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.

8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.

9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.

10. Under sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmemergingmarkets.co.uk.

13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.

14. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.

15. As an alternative to completing a hard copy Form of Proxy/Voting Instruction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.

16. As at 4th October 2017 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 132,363,525 Ordinary shares (of which 8,583,029 shares are held in Treasury), carrying one vote each. Therefore the total voting rights in the Company are 123,780,496.

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 ALTERNATIVE PERFORMANCE MEASURES

Return to shareholders

Total return to the shareholder on a last traded price to last traded price basis, assuming that all dividends received were reinvested, without transaction costs, in the shares of the Company at the time the shares were quoted ex-dividend (see page 2).

Return on net assets

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

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV per share when calculating the return on net assets (see page 2).

Benchmark return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested in the shares of the underlying companies at the time the shares were quoted ex-dividend (see page 2).

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

Gearing/Net Cash

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds, and is calculated in accordance with guidance issued by the Association of Investment Companies. If the amount calculated is negative, this is shown as a 'net cash' position (see page 11).

Ongoing charges

The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average daily net assets during the year (see page 11).

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

If the share price of an investment trust is lower than the NAV per share, the Company's shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share (see page 11). The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

Performance attribution

Analysis of how the Company achieved its recorded performance relative to its benchmark (see page 7).

Performance attribution definitions:

- **Asset allocation**
  Measures the impact of allocating assets differently to those in the benchmark, via the portfolio's weighting in different countries, sectors or asset types.
- **Stock selection**
  Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark, or of investing in securities which are not included in the benchmark.
- **Gearing/cash**
  Measures the impact on returns of borrowings or cash balances on the Company's relative performance.
- **Currency**
  Measures the impact of currency exposure differences between the Company's portfolio and its benchmark.
- **Management fee/other expenses**
  The payment of fees and expenses reduces the Company's net assets and therefore has a negative effect on relative performance.

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

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

1. Directly from J.P. Morgan

Investment Account

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

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within a J.P. Morgan ISA. For the 2017/18 tax year, from 6th April 2017 and ending 5th April 2018, the total ISA allowance is £20,000. 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
FundsNetwork	The Share Centre
Hargreaves Lansdown	Trustnet Direct

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

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at **www.fca.org.uk/consumers/report-scam-unauthorised-firm.** You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at www.fca.org.uk/scamsmart

FCA FINANCIAL CONDUCT AUTHORITY

Information about the Company

FINANCIAL CALENDAR

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

History

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

Company Numbers

Company registration number: 2618994

Ordinary Shares

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

Market Information

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

Website

www.jpmemergingmarkets.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan Junior ISA. These products are all available on the online service at jpmorgan.co.uk/online

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

For Company Secretarial and administrative matters, please contact Jonathan Latter.

Depositary

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

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

Registrars

Equiniti Limited
Reference 1081
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0371 384 2320

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

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

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

Independent Auditors

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

Brokers

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

Savings Product Administrators

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

aic
The Association of Investment Companies

A member of the AIC

www.jpmemergingmarkets.co.uk

J.P. MORGAN HELPLINE

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

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

J.P.Morgan
Asset Management