JPMorgan Global Emerging Markets Income Trust plc

Annual Report & Financial Statements for the year ended 31st July 2017

J.P.Morgan
Asset Management

Features

Objective

The Company's investment objective is to provide investors with a dividend income combined with the potential for long term capital growth from a diversified portfolio of emerging markets investments.

Investment Policies

- The Company invests predominantly in listed equities but retains the flexibility also to invest in other types of securities, including, but not limited to, unlisted equities, convertible securities, preference shares, debt securities, cash and cash equivalents.
- The Company is free to invest in any particular market, sector or country in the global emerging markets universe.
- There are no fixed limits on portfolio construction with regard to region, country, sector or market capitalisation.
- Despite the absence of specific region, country, sector or market capitalisation limits, the Company will at all times invest and manage its assets in a manner that is consistent with spreading investment risk and in accordance with its published investment policy.
- No more than 15% of the Company's gross assets shall be invested in the securities of any one company or group at the time the investment is made.
- The Company shall not invest more than 10% of its gross assets in unlisted securities or in other listed closed-ended investment funds at the time the investment is made.
- The Company may undertake option writing in respect of up to 10% of the Company's net assets.
- The Company may use derivative instruments for the purposes of efficient portfolio management. The Company does not have a policy of hedging or otherwise seeking to mitigate foreign exchange risk but reserves the right to do so from time to time as part of the Company's efficient portfolio management.
- The Company has power under its Articles of Association to borrow up to an amount equal to 30% of its net assets at the time of the drawdown.

For further information please see 'Investment Policies, Investment Guidelines and Risk Management' on page 15.

Benchmark

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

Capital Structure

At 31st July 2017, the Company's issued share capital comprised 294,339,438 Ordinary shares of 1p each, including 199,277 shares held in Treasury.

Continuation Vote

At the annual general meeting of the Company held in 2015, an ordinary resolution was put to shareholders that the Company continue in operation. The resolution received the support of 98.4% of voting Shareholders. A further continuation vote will be put to Shareholders at the 2018 AGM.

Management Company

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

FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares it issues can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority ('FCA') 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 can be found at www.jpmglobalemergingmarketsincome.co.uk which includes useful information about the Company, such as daily prices, factsheets and current and historic half year and annual reports.

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Financial Results

TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED) TO 31ST JULY 2017

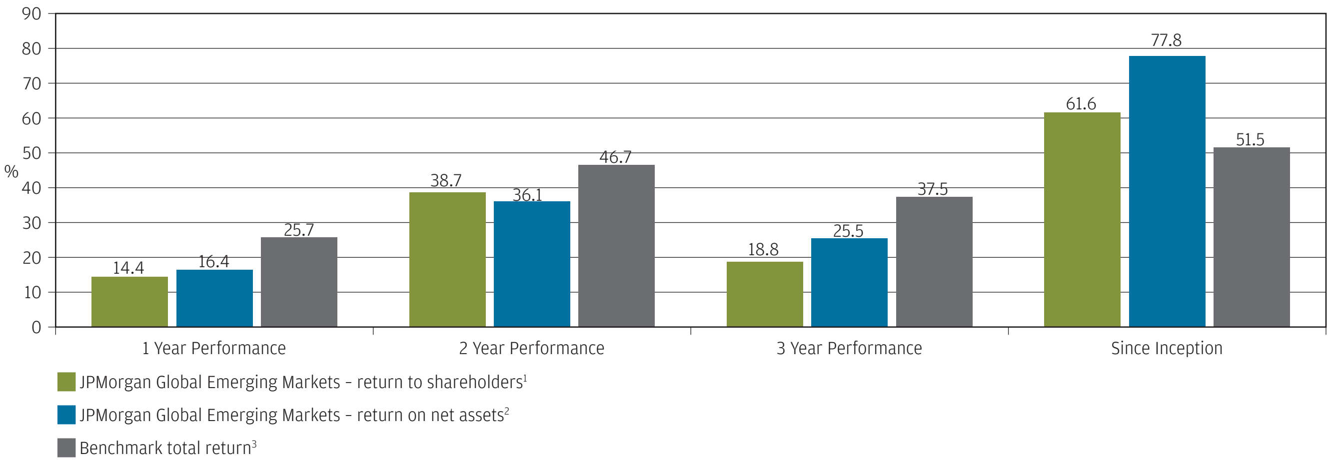
+14.4%
Return to shareholders[1]
(2016: +21.3%)

+16.4%
Return on net assets[2]
(2016: +16.9%)

+25.7%
Return on the MSCI Emerging Markets Index[3]
(2016: +16.7%)

4.9p
Dividend
(2016: 4.9p)

Performance to 31st July 2017



Financial Data

	31st July 2017	31st July 2016	% change
Net assets (£'000)	385,447	344,423	+11.9[4]
Number of shares in issue (excluding shares held in Treasury)	294,140,161	294,140,161	–
Net asset value per share	131.0p	117.1p	+11.9[4]
Share price	126.5p	115.3p	+9.7[4]
Share price premium/(discount) to net asset value per share	(3.4)%	(1.5)%	

[1] Source: Morningstar.
[2] Source: Morningstar/J.P. Morgan using net asset value per share, cum income.
[3] Source: MSCI. The Company's benchmark is the MSCI Emerging Markets Index, with net dividends reinvested, in sterling terms.
[4] Excludes dividends reinvested.

A glossary of terms and alternative performance measures is provided on page 64.

CHAIRMAN'S STATEMENT

Performance

In the financial year to 31st July 2017 the Company generated a total return on net assets of +16.4%. The total return to shareholders was +14.4% reflecting a widening of the share price discount to net asset value from 1.5% to 3.4%. In comparison, the Company's benchmark, the MSCI Emerging Markets Index with net dividends reinvested (in sterling terms), recorded a total return of +25.7% over the reporting period. Since year-end the share price has increased to 133.9p at the time of writing.

The difference between the Company's return and that of the benchmark is due principally to the strong performance of internet and technology stocks, notably in China, which the Company does not own. These businesses pay little or no dividends and are therefore not investments that fit with the Company's income mandate.

Revenue and Dividends

Dividend receipts rose over the year to 31st July 2017 as corporate earnings improved and emerging market currencies strengthened against sterling. Gross revenue for the year amounted to £19.9 million (2016: £17.2 million) and net revenue was £16.3million (2016: £14.1 million). Net revenue per share for the year, calculated on the average number of shares in issue, was 5.54p (2016: 4.79p).

In the current financial year the Board paid three interim dividends of 1.0p per share and has announced the payment of a fourth interim dividend of 1.9p per share. This brings the total dividend for the year to 4.9p, unchanged from last year. After calling on some of the revenue reserve in the previous year, this year the Company's revenue reserve has increased to 4.0p per share from 3.3p per share in 2015/16. The Board continues the approach of paying four interim dividends, reflecting the support we have received from shareholders for a regular and timely income stream.

As shareholders are aware, the Company receives dividends in the currencies of developing countries and US dollars, but pays dividends in sterling. It is not the Company's policy to hedge currency risk. This policy inevitably means that the Company's asset values and cash flows will be buffeted by adverse currency movements and flattered by favourable ones. Over the past year the net impact of currency movements has been favourable.

Share Capital

During the year, the Company neither repurchased nor issued shares. The Board monitors imbalances between the supply of and demand for the Company's shares. When appropriate, the Board may resolve to issue shares, but only if the share price reflects a premium to net asset value. By the same token, the Board is prepared to buy back shares at a discount to net asset value.

A resolution to renew the authority to permit the Company to continue to repurchase shares will be proposed at the forthcoming Annual General Meeting. Resolutions renewing the authorities to issue shares from Treasury and to issue new shares at a premium to net asset value, and to disapply pre-emption rights over such issues, will also be proposed at the Annual General Meeting.

CHAIRMAN'S STATEMENT *CONTINUED*

Key Performance Indicators ('KPIs')

The Board tracks a series of KPIs. Further details may be found on page 16. The Board pays particular attention to performance, income available to pay dividends, share price premium or discount, ongoing charges, the investment risk of the portfolio and governance parameters.

Gearing

The Company has two US$20 million loan facilities with National Australia Bank, due to mature in October 2020 and October 2022. As at 31st July 2017, gearing stood at 6.8% (2016: 4.7%).

Corporate Governance

In accordance with corporate governance best practice, all Directors will seek reappointment at this year's Annual General Meeting. Shareholders who wish to contact the Chairman or other members of the Board may do so through the Company Secretary or the Company's website, details of which appear below. Shareholders are assured that these communications are forwarded to the Chairman accordingly.

The Board

There were no changes to the composition of the Board during the year. I have indicated my intention to retire from the Board at the conclusion of the 2018 Annual General Meeting. Therefore, to ensure continuity and plan for succession, the Board expects to recruit a new non-executive Director in early 2018.

Amendments to the Articles of Association

As part of the business to be proposed at the Annual General Meeting, the Board is seeking approval from shareholders for the adoption of new Articles of Association. Recent amendments to the regulations governing investment trusts removed the requirement for the articles of association of an investment company to prohibit the distribution of capital profits. The Board is conscious of the impact that issuing new Ordinary shares may have on the existing revenue reserves of the Company. Accordingly, the Board wishes to take advantage of the amended rules to allow the Company to distribute from the capital reserves so that it has the means to minimise the impact of dilution on the revenue account from the issuance of any new Ordinary Shares. The Board does not intend to change its approach to the payment of dividends by utilising this flexibility to pay dividends out of capital.

The Board is also taking the opportunity to propose some additional amendments to the Articles of Association to reflect other recent regulatory changes. These changes are further detailed on pages 23 and 24 and the Appendix on page 62.

Annual General Meeting

The Annual General Meeting will be held on Monday, 27th November 2017 at 1.00 p.m. The meeting will include a presentation from the Investment Managers on investment policy and performance. There will also be an opportunity for shareholders to meet the Board and representatives of JPMorgan after the meeting. It would be helpful if shareholders seeking answers to detailed questions put them in writing beforehand, addressed to the Company Secretary at JPMorgan Funds Limited, 60 Victoria Embankment, London EC4Y 0JP. Alternatively, questions may be submitted via the Company's website (www.jpmglobalemergingmarketsincome.co.uk). Shareholders who are unable to attend the Annual General Meeting in person are encouraged to use their proxy votes. Proxy votes may be lodged electronically, whether shares are held through CREST or in certificate form and full details are set out on the form of proxy.

Outlook

The Investment Managers' report points to an improving outlook for the Company. That prospect could be derailed at any time for geopolitical reasons beyond the Manager's control. Looking, however, at the risks that the Manager can control, I want to comment briefly on just three areas: the valuation discipline, corporate engagement and investment costs.

The Company's strategy is grounded in the discipline of investing in businesses that pay dividends out of sustainable cash flows and where the shares are not overvalued. This may be thought of as "grinding out" returns: not especially exciting but a time-tested means of generating high quality and durable returns.

Corporate governance and conduct are inconsistent in these markets. Even though standards are improving, these risks require careful management. The Managers therefore actively engage with companies to evaluate standards of conduct, governance and, in particular, attitudes to minority shareholders. This brings to the Company an additional layer of defensive protection in a notoriously volatile asset class.

Finally, it can be expensive to transact in these markets. The Board and the Manager scrutinise the impact of investment and trading costs on performance. In this context, as of 1st January 2018 when the EU directive 'Market in Financial Instruments Directive II' comes into force, the Manager will absorb external research costs. This will reduce the Company's trading costs and therefore assist performance at the margin. While the amounts involved are not material, the Board welcomes this decision by the Manager.

Andrew Hutton
Chairman

24th October 2017

INVESTMENT MANAGERS' REPORT

Omar Negyal

Jeffrey Roskell

Amit Mehta

Performance review

In the 12 months to 31st July 2017, the Company's return to shareholders (including dividends) was 14.4%, while on a net asset value basis, the return was 16.4%. Although the Company underperformed its benchmark, the MSCI Emerging Markets Index, which returned 25.7% (on a total return (net) basis, in sterling terms), we are encouraged by the fundamentals of the portfolio, which delivered solid double digit returns and, we think, bode well for future performance.

The most important issue from a relative performance perspective has been the very strong performance of technology, and more specifically Chinese internet stocks, with large stocks such as Alibaba and Tencent rising 88% and 68% respectively over the year (in GBP). As these stocks have little or zero yield, and considering our income mandate, we do not have exposure to this area of the market and as such, we are not surprised this has proven a headwind to relative performance given the narrow market leadership we currently see.

Importantly, we do not think that the long-term tailwind from dividend investing has gone away, and we retain our conviction in the benefits of the 'quality-value' and governance points for the yield style. A brief look back at the recent history of investing in emerging markets can help put this current period into perspective. Since December 2000, high-yield stocks within the emerging markets have provided a tailwind to performance. This aligns with our long-term expectations based on our approach of investing in dividend-paying companies in emerging markets. However, when judged over a more contemporary timeframe, yield investing in emerging markets has been more difficult. We can trace this back to 2012, since when yield stocks in emerging markets have significantly underperformed the standard universe by 3.5% per annum

Looking at our China holdings, the negative impact of the performance from internet stocks has been somewhat mitigated by our exposure to A-share names such as Midea and Fuyao Glass Industry Group, which were top stock-level contributors over the period. We continue to feel that the A-share market, and in particular, consumer-focused companies, offer some interesting, long-term opportunities.

Korea remains a longstanding structural underweight for the Trust, based on its generally weak corporate governance environment and low payout ratios. Our limited exposure to the country weighed on performance as the market rallied on expectations of a stable government and expansionary fiscal policy from the new leadership of President Moon.

Certain select markets did provide positive contribution to returns for the portfolio (with for example strong performance from our holdings in Chile, Hungary and Turkey), but these were not enough to drive overall positive relative performance compared to the benchmark.

Dividends

The Company's approach, which is to invest in a diversified portfolio of relatively high-yielding stocks to receive dividends from across sectors and countries, remains unchanged. We remain positive about the dividend generation from our stocks. Last year, the portfolio had faced pressure in terms of its dividend receipts, but this year saw an improvement (as shown in the revenue numbers on page 39), as the earnings cycle in emerging markets has improved, with our positions benefiting as well. As discussed in the Chairman's Report, for this year, the improvement in underlying revenue has been used to build up the revenue reserve for the Company, as well as to maintain the overall dividend it pays.

[11] Using MSCI definitions for EM high-yield stocks compared to the standard universe suggests a 2% annual tailwind.

PERFORMANCE ATTRIBUTION
FOR THE YEAR ENDED 31ST JULY 2017

	%	%
Contributions to total returns		
Return on MSCI Emerging Markets Index (in sterling terms)		25.7
Investment Manager contribution		–8.0
Portfolio total return		17.7
Management fee/other expenses	–1.3	
Return on net assets		16.4
Impact of change in premium/discount		–2.0
Return to shareholders		14.4

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 alternative performance measures is provided on page 64.

Portfolio changes

We continue to find many stocks that look attractive to us from a dividend perspective despite it been a challenging time from a relative performance viewpoint for yield investors in emerging markets. Over the past year, our turnover in the Company could be described as "natural rotation" within the yield universe: buying or adding to positions where yield looks attractive and where opportunities have increased, and generally selling those stocks where valuations have become more stretched. Total turnover has continued to be modest, in line with our desire to invest for the long term.

A good example of this kind of 'natural rotation' during the year was the reduction of our position in Samsung Electronics (Korea, IT) and new purchase of Sberbank (Russia, financials). We had previously purchased a stake in Samsung in 2015 when it became clearer that there would be a meaningful improvement in shareholder return policy. This has come through and the stock has performed well, participating in the technology sector rally discussed earlier. Meanwhile, Sberbank had been lagging the market during 2017, despite its dominant domestic banking franchise and a strengthening balance sheet. This presented us with a highly attractive opportunity to buy a stock with high dividend potential and to fund it from a stock where valuations have certainly re-rated in the recent past. The key takeaway is that we remain disciplined in implementing our process and ensuring that the portfolio is as strong as possible from the perspective both of dividends and future returns.

INVESTMENT MANAGERS' REPORT *CONTINUED*

SALES:

Sales (whether outright or partial) in the year can generally be divided into three types:

1. Dividend payout disappointments

With our research focus on understanding dividend policies, dividend payout disappointments tend to be rare and during the year we had no stocks where the dividend was omitted.

2. Companies where our fundamental view on dividend sustainability or growth deteriorated relative to other opportunities

Examples here include selling Russian telecommunications company Megafon following a disappointing meeting with management, which offered a lesser commitment to the dividend than previously.

3. Companies where our view on dividends remained positive, but valuations had increased to the extent that the stocks looked less attractive.

In South Africa, we sold out of Bidvest, following strong performance after the Bidvest/Bid Corp split last year and the consequent decline in future expected returns and yield. This reduces our market overweight, and although South Africa is a rich source of dividend ideas, we are comfortable with a more moderate overweight given the currency has moved from cheap closer to fair value.

Purchases

In general, we can characterise purchases as either taking advantage of valuation opportunities (as a result of lagging performance) or adding due to fundamental/dividend improvements.

Examples of the former include purchases in Walmex and Ford Otosan – both high-quality, high-return-on-capital stocks with strong dividend characteristics. For example, Mexico was clearly an area of concern for investors in late 2016 due to the potential impact from higher protectionism following the US election. Our view was that this opened up opportunities to add to resilient quality franchises such as Walmart de México (Walmex).

Examples of stocks to which we added on continued dividend improvement include Telekom Indonesia (dominant telecom operator with continued data growth opportunity), Al Rajhi (largest retail bank in Saudi Arabia) and Jiangsu Yanghe Brewery (Chinese spirits company with strong brands).

Environmental, Social and Governance Issues

We believe strongly that ESG considerations (particularly Governance) need to be a foundation of any investment process supporting long-term investing and that corporate policies at odds with environmental and social issues are not sustainable in the long run. An example of engagement with this issue was our discussion with Lukoil over pollution concerns in northern Russia – something which could be important for the business long term.

More generally, we draw a direct link between dividend policies of companies and our views on governance – i.e. a demonstration of a desire to return cash to shareholders is a very tangible governance indicator.

Outlook

The strong performance of emerging markets equities this year is testament to the long-awaited improvement in fundamentals currently under way and emerging markets valuations are only now moving back toward their long-term average.

From a relative performance viewpoint, we are confident of an improvement going forward. Clearly, some change in market leadership is also necessary for relative performance to turn, but in the meantime, we focus on implementing our disciplined process to ensure that the portfolio is as well positioned as possible to capture the opportunities within yield stocks in emerging markets.

We can see earnings improvements across sectors and countries, which ultimately should be reflected in share prices, and we should be able to capture this in our portfolio. The return-on-equity premium of the portfolio compared to the market remains high and consistent, meaning over the long term our stocks can generate earnings and cashflow, pay dividends and still have the ability to reinvest at attractive returns. However, it is important to note that our valuation discipline means we are not overpaying for this exposure.

Omar Negyal
Jeffrey Roskell
Amit Mehta
Investment Managers — 24th October 2017

SUMMARY OF RESULTS

	2017	2016	
Total returns for the year ended 31st July			
Return to shareholders[1]	+14.4%	+21.3%	
Return on net assets[2]	+16.4%	+16.9%	
Benchmark return[3]	+25.7%	+16.7%	
Net asset value, share price and discount			% change
Net assets (£'000)	385,447	344,423	+11.9
Number of shares in issue (excluding shares held in Treasury)	294,140,161	294,140,161	–
Net asset value per share	131.0p	117.1p	+11.9
Share price	126.5p	115.3p	+9.7
Share price premium/(discount) to net asset value per share	(3.4)%	(1.5)%	
Revenue for the year ended 31st July			
Gross revenue return (£'000)	19,854	17,168	+15.6
Net revenue return available for shareholders (£'000)	16,291	14,101	+15.5
Revenue return per share	5.54p	4.79p	+15.7
Dividend per share	4.90p	4.90p	–
Gearing at 31st July	**6.8%**	**4.7%**	
Ongoing charges	**1.30%**	**1.35%**	

[1] Source: Morningstar.

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

[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 alternative performance measures is provided on page 64.

TEN LARGEST EQUITY INVESTMENTS AT 31ST JULY 2017

Company	Sector	2017 Valuation £'000	%[1]	2016 Valuation £'000	%[1]
Taiwan Semiconductor Manufacturing (Taiwan)	Information Technology	18,074	4.4	12,592	3.5
Banco Santander Chile (Chile)	Financials	12,460	3.0	9,006	2.5
Fuyao (China & Hong Kong)[2]	Consumer Discretionary	10,228	2.5	7,901	2.2
Midea (China & Hong Kong)[3]	Consumer Discretionary	9,334	2.3	5,850	1.6
China Resources Power (China & Hong Kong)[3]	Utilities	9,261	2.3	5,700	1.6
Kimberly-Clark de Mexico (Mexico)	Consumer Staples	9,227	2.2	8,937	2.5
Vanguard International Semiconductor (Taiwan)	Information Technology	9,179	2.2	9,426	2.6
FirstRand (South Africa)[3]	Financials	9,122	2.2	7,301	2.0
BB Seguridade Participacoes (Brazil)	Financials	8,863	2.2	8,966	2.5
Ambev (Brazil)	Consumer Staples	8,813	2.1	8,673	2.4
Total		**104,561**	**25.4**		

[1] Based on total portfolio of £411.5m (2016: £360.6m).

[2] Participation notes and common stock.

[3] Not included in the ten largest investments at 31st July 2016.

SECTOR ANALYSIS AT 31ST JULY 2017

	31st July 2017		31st July 2016	
Sector	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Financials	27.6	23.8	25.1	23.3
Information Technology	18.7	26.9	16.8	22.6
Consumer Staples	15.0	6.6	15.3	8.1
Consumer Discretionary	11.8	10.5	9.6	10.6
Telecommunication Services	9.1	5.3	13.1	6.6
Energy	5.6	6.9	3.9	7.2
Materials	4.3	6.9	5.4	6.6
Utilities	4.2	2.6	4.2	3.2
Industrials	2.5	5.6	4.8	6.2
Real Estate	1.2	2.7	–	2.9
Health Care	–	2.2	1.8	2.7
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total portfolio of £411.5m (2016: £360.6m).

GEOGRAPHICAL ANALYSIS AT 31ST JULY 2017

	31st July 2017		31st July 2016	
Sector	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
China & Hong Kong	19.3	28.5	17.5	25.3
Taiwan	16.2	12.0	20.2	12.2
South Africa	11.6	6.7	13.8	7.6
Russia	7.9	3.1	7.6	3.6
Brazil	6.9	7.0	8.9	7.6
Thailand	5.7	2.1	3.5	2.3
Mexico	5.6	3.6	3.3	3.9
South Korea	5.5	15.3	6.0	14.8
Turkey	3.9	1.2	2.2	1.2
India	3.7	9.0	3.5	8.4
Czech Republic	3.1	0.2	3.2	0.2
Chile	3.0	1.2	2.5	1.2
Hungary	2.0	0.3	1.5	0.3
Indonesia	1.7	2.3	1.4	2.8
Saudi Arabia	1.6	-	1.2	-
United Arab Emirates	1.4	0.7	1.5	0.9
Malaysia	0.9	2.3	1.2	2.8
Poland	–	1.3	1.0	1.1
Philippines	–	1.1	–	1.5
Qatar	–	0.7	–	0.9
Colombia	–	0.4	–	0.4
Greece	–	0.4	–	0.4
Peru	–	0.4	–	0.4
Egypt	–	0.1	–	0.2
Pakistan	–	0.1	–	–
Total	**100.0**	**100.0**	100.0	100.0

[1] Based on total portfolio of £411.5m (2016: £360.6m).

LIST OF INVESTMENTS AT 31ST JULY 2017

Company	Value £'000
China & Hong Kong	
Fuyao[1,4]	10,228
Midea	9,334
China Resources Power	9,261
Hang Seng Bank	7,364
Sands China	6,552
HKT Trust & HKT	5,709
China Mobile	5,540
CNOOC	5,230
Zhengzhou Yutong Bus	4,164
Pacific Textiles	3,823
Zhejiang Expressway[4]	3,131
Lenovo	2,800
Jiangsu Yanghe Brewery	2,294
VTech	2,018
Henan Shuanghui Investment & Development	1,888
	79,336
Taiwan	
Taiwan Semiconductor Manufacturing[2]	18,074
Vanguard International Semiconductor	9,179
Taiwan Mobile	6,762
MediaTek	5,553
Quanta Computer	4,683
Novatek Microelectronics	4,573
President Chain Store	4,566
Delta Electronics	4,180
Asustek Computer	4,122
Chicony Electronics	2,652
Mega Financial	1,953
Far EasTone Telecommunications	310
	66,607
South Africa	
FirstRand	9,122
Bid	8,356
AVI	7,921
Vodacom	6,693
Barclays Africa	5,813
Woolworths	5,520
MMI	2,528
SPAR	1,741
	47,694

Company	Value £'000
Russia	
Sberbank of Russia[2]	8,328
Moscow Exchange MICEX-Rights	8,271
LUKOIL[2]	5,632
MMC Norilsk Nickel[2]	4,818
Severstal[2]	2,751
PhosAgro[2]	2,504
	32,304
Brazil	
BB Seguridade Participacoes	8,863
Ambev[2]	8,813
Engie Brasil Energia	6,409
Smiles	2,400
AES Tiete Energia	1,812
	28,297
Thailand	
Siam Cement	7,756
Tisco Financial	6,848
Siam Commercial Bank	4,940
Thai Oil	3,809
	23,353
Mexico	
Kimberly-Clark de Mexico	9,227
Wal-Mart de Mexico	5,454
Fibra Uno Administracion	5,034
Bolsa Mexicana de Valores	3,320
	23,035
South Korea	
Samsung Electronics	7,449
KT&G	7,433
SK Telecom[2]	5,205
Kangwon Land	2,735
	22,822
Turkey	
Tofas Turk Otomobil Fabrikasi	5,303
Tupras Turkiye Petrol Rafinerileri	5,182
Turk Traktor ve Ziraat Makineleri	2,878
Ford Otomotiv Sanayi	2,606
	15,969

LIST OF INVESTMENTS AT 31ST JULY 2017 *CONTINUED*

Company	Value £'000
India	
Infosys	7,854
Tata Consultancy Services	3,935
Coal India[3]	3,261
	15,050
Czech Republic	
Komercni banka	7,419
MONETA Money Bank	5,161
	12,580
Chile	
Banco Santander Chile[2]	12,460
	12,460
Hungary	
OTP Bank	8,360
	8,360
Indonesia	
Telekomunikasi Indonesia Persero	7,151
	7,151
Saudi Arabia	
Al Rajhi Bank[3]	6,769
	6,769
United Arab Emirates	
First Abu Dhabi Bank	5,873
	5,873
Malaysia	
Carlsberg Brewery Malaysia	2,120
British American Tobacco Malaysia	1,768
	3,888
Total Portfolio	**411,548**

[1] Participation notes and common stock.

[2] Includes ADRs (American Depositary Receipts)/GDRs (Global Depositary Receipts).

[3] Participation notes.

[4] 'H' Shares.

BUSINESS REVIEW

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. 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 movements, principal risks and how the Company seeks to manage those risks, the Company's environmental, social and ethical policy and its long term viability.

Business of the Company

JPMorgan Global Emerging Markets Income Trust plc is an investment trust company that has a premium listing on the London Stock Exchange. Its objective is to provide investors with a dividend income combined with the potential for long term capital growth from a diversified portfolio of emerging markets investments. In seeking to achieve this objective, the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') which, in turn, delegates portfolio management to JPMorgan Asset Management (UK) Limited ('JPMAM'), to manage the Company's assets actively. The Board has determined an investment policy and related guidelines and limits as described below.

The Company is subject to UK and European legislation and regulations including UK company law, UK Financial Reporting Standards, the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, the Market Abuse Regulations, taxation law and the Company's own Articles of Association.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). As a result the Company is not liable for taxation on capital gains. The Directors have no reason to believe that approval will not continue to be retained. The Company is not a close company for taxation purposes.

Investment Policies, Investment Guidelines and Risk Management

In order to achieve the investment objective, the Company invests in a diversified portfolio and employs a Manager with a strong focus on research and company visits that enables it to identify what it believes to be the most attractive stocks in the market.

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

- The Company invests predominantly in listed equities but retains the flexibility also to invest in other types of securities, including, but not limited to, unlisted equities, convertible securities, preference shares, debt securities, cash and cash equivalents.
- The Company is free to invest in any particular market, sector or country in the global emerging markets universe. It may also invest in securities issued by companies based in or operating in emerging markets but listed or traded on the stock exchanges of developed markets and in the securities of issuers based in developed markets that have substantial exposure to emerging markets.
- The Company's portfolio will typically contain between 50 and 80 holdings.
- There are no fixed limits on portfolio construction with regard to region, country, sector or market capitalisation. In the normal course of business the Company typically invests at least 80% of its gross assets in listed equities but other security types may be used in the event of adverse equity market conditions or where they represent a more efficient means of obtaining investment income for the purposes of making dividend payments. Non-equity portfolio assets are expected to comprise predominantly cash or fixed income securities issued by companies, states or supra-national organisations domiciled in, or with a significant exposure to, emerging markets. In the event of adverse equity market conditions, the Company may increase its holdings in fixed income securities of any kind to a maximum of 50% of its gross assets.
- Despite the absence of specific region, country, sector or market capitalisation limits, the Company will at all times invest and manage its assets in a manner that is consistent with spreading investment risk and in accordance with its published investment policy. The Company shall not conduct any trading activity that is significant in the context of the Company as a whole.
- No more than 15% of the Company's gross assets shall be invested in the securities of any one company or group at the time the investment is made.
- The Company shall not invest more than 10% of its gross assets in unlisted securities or in other listed closed-ended investment funds at the time the investment is made.
- The Company may undertake option writing in respect of up to 10% of the Company's net assets.
- The Company may use derivative instruments for the purposes of efficient portfolio management. The Company does not have a policy of hedging or otherwise seeking to mitigate foreign exchange risk but reserves the right to do so from time to time as part of the Company's efficient portfolio management.
- For the purposes of the investment policy, emerging markets are the capital markets of developing countries, including both

BUSINESS REVIEW *CONTINUED*

recently industrialised countries and countries in transition from planned economies to free-market economies. Many, but not all, emerging market countries are constituents of the MSCI Emerging Markets Index or, in the case of smaller or less developed emerging markets, the MSCI Frontier Index. The Company may invest in securities listed in, or exposed to, these countries or other countries that meet the definition in this paragraph. These markets will tend to be less mature than developed markets and will not necessarily have such a long history of substantial foreign investment.

- The Company measures its performance against the total return of the MSCI Emerging Markets Index (in sterling) with net dividends reinvested.
- The Company has power under its Articles of Association to borrow up to an amount equal to 30% of its net assets at the time of the drawdown, although the Board intends only to utilise borrowings on such occasions as the Manager believes that gearing will enhance returns to shareholders.

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 ended 31st July 2017, the Company produced a total return to shareholders of +14.4% and a total return on net assets of +16.4%. This compares with the return on the Company's benchmark index of +25.7%. As at 31st July 2017, the value of the Company's investment portfolio was £411.5 million. The Investment Managers' Report on pages 6 to 9 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross return for the year amounted to £62.4 million (2016: £54.7 million) and net total return amounted to £55.4 million (2016: £48.5 million). Net revenue return for the year amounted to £16.3 million (2016: £14.1 million).

On 16th August 2017 the Board announced the payment of a fourth interim dividend of 1.9p per share (2016: 1.9p per share), payable on 26th October 2017 to shareholders on the register of members as at the close of business on 25th August 2017. Together with three interim dividends of 1.0p per share each, this will bring the total dividend in respect of the year to 4.9p, unchanged from last year. This distribution will absorb £5,589,000 (2016: £5,589,000).

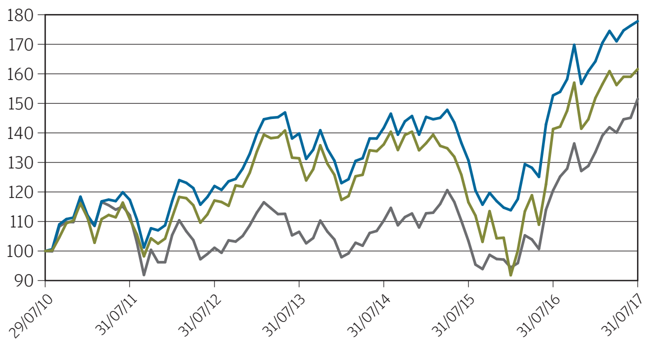
Key Performance Indicators ('KPIs')

At each Board meeting the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The principal KPIs are performance against the benchmark index, performance, performance attribution, share price premium or discount to net asset value per share, ongoing charges, income and the amount available to pay dividends, and the investment risk of the portfolio (on absolute and relative bases). Unless there is a particular reason for the Board to change the KPIs (which would require an explanation to shareholders), consistency is maintained. Further details of the principal KPIs are given below:

- Performance against the benchmark index
  This is the most important KPI by which performance is judged. The Company does not have a wholly comparable benchmark against which to measure its performance. Therefore the Board has chosen the closest possible index of stocks as its benchmark for these purposes. However, the Company's investment strategy does not 'track' this index and, consequently, there may be some divergence between the Company's performance and that of the benchmark. The Company's net asset value total return is measured against the benchmark's total return (i.e. both with dividends reinvested). Information on the Company's performance is given in the Chairman's Statement and the Investment Managers' Report on pages 3 and 6 to 9 respectively.

Performance Since Inception

FIGURES HAVE BEEN REBASED TO 100 AT 29TH JULY 2010



Source: Morningstar/J.P. Morgan.

Share price total return.

Net asset value total return.

Benchmark.

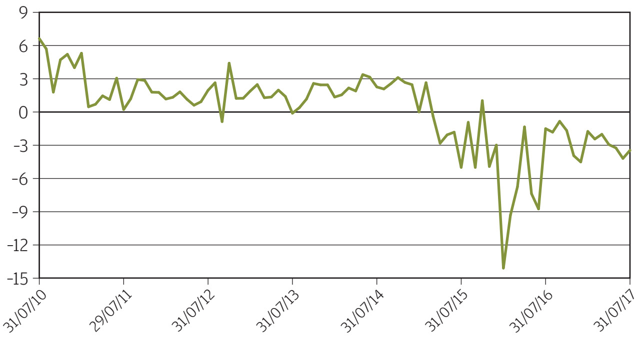
- Performance attribution
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index. Details of the attribution analysis for the year ended 31st July 2017 are given in the Investment Managers' Report on page 7.

- **Income and the amount available to pay dividends**
  The Board recognises the importance of income to shareholders and undertakes detailed consideration of the forecast income for the Company with the Investment Managers and the Company's fund accountants, including reviews of any potential impact of exchange rate movements, further share issues or potential risk of non-receipt of a particular dividend. The review takes place on a monthly basis.

  It is not the Company's investment objective to target a particular level of dividend growth and there is no guarantee that any dividends will be paid in respect of any financial year, the ability to pay dividends being dependent on the level of dividends earned from the portfolio.

- **Share price premium/discount to cum income net asset value ('NAV') per share**
  The Board recognises that the possibility of a narrowing premium or a widening discount can be a key disadvantage of investment trusts that can discourage investors. The share issuance and repurchase programme therefore seeks to address imbalances in supply of and demand for the Company's shares within the market and thereby reduce the volatility and absolute level of the premium or discount to the cum income NAV at which the Company's shares trade.

Premium/(Discount) Performance



Source: Datastream.

— Share price premium/(discount) to cum income net asset value per share.

- **Ongoing Charges**
  The Ongoing Charges Ratio represents 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 Ratio for the year ended 31st July 2017 was 1.30% (2016: 1.35%). Each year, the Board reviews an analysis which shows a comparison of the Company's Ongoing Charges Ratio and its main expenses with those of its peers.

- **The investment risk of the portfolio**
  The Board considers the risk profile of the Company's portfolio, on absolute and relative bases, regularly and monitors the changes in this, challenging the Investment Managers and seeking additional explanations where necessary. See note 21 on pages 52 to 57 for further information.

Share Capital

The Directors have, on behalf of the Company, the authority both to issue new shares for cash at a premium to net asset value and to repurchase shares in the market (for cancellation or to be held in Treasury) at a discount to net asset value.

At the Annual General Meeting held on 24th November 2016, shareholders granted Directors authority to issue 29,414,016 shares in the Company (being approximately 10% of the issued share capital of the Company (excluding Treasury shares) as at 24th October 2017) for cash. Shareholders also granted the Directors authority to disapply pre-emption rights in respect of these share issues.

During the year no ordinary shares were repurchased. Further details are given on pages 49 and 50. Since the year end, the Company has not repurchased further Ordinary shares.

No new Shares were issued during the year under review or subsequent to the year end. Shares will only be issued when the share price is at a premium to the cum income net asset value per share.

The Company does not have authority to reissue shares from Treasury at a discount to net asset value and will not seek such authority at the forthcoming Annual General Meeting. It will however, seek to renew its authority to reissue shares from Treasury at a premium to net asset value.

Resolutions to renew the authority to issue new shares (up to a maximum of 10% of the issued share capital (excluding Treasury shares) as at the date of the passing of the resolution) and to repurchase shares for cancellation or to be held in Treasury will be put to shareholders at the forthcoming Annual General Meeting. The full text of those resolutions are set out in the Notice of Meeting on pages 59 and 60.

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 31st July 2017, there were two male Directors and two female Directors on the Board.

BUSINESS REVIEW *CONTINUED*

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

Criminal Corporate Offence

The Company has zero tolerance for tax evasion. Shares in the Company are purchased through intermediaries or brokers, therefore no funds flow directly into the Company. As the Company has no employees, the Board's focus is to ensure that the risk of the Company's service providers facilitating tax evasion is also low. To this end it is seeking assurance from its service providers that effective policies and procedures are in place.

Employees, Social, Community and Human Rights Issues

The Company has a management contract with the Manager. 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 policy statements of J.P. Morgan Asset Management ('JPMAM') in respect of Social, Community and Environmental and Human Rights issues, as highlighted in italics below:

Social, Community, Environmental and Human Rights

The following text in italics is a summary of the policy statements of J.P. Morgan Asset Management ('JPMAM') on environmental, social and governance issues, which has been reviewed and noted by the Board. Further details are included in the Investment Managers' Report on Page 8.

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 JPMorgan Funds Limited with portfolio management delegated to JPMorgan Asset Management (UK) Limited. It has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company itself has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. J.P. Morgan Asset Management is a signatory to the Carbon Disclosure Project and JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

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 and Strategy: an inappropriate investment strategy, for example asset allocation or the level of gearing or foreign exchange weakness, may lead to underperformance against the Company's benchmark index and peer companies. This may result in the Company's shares trading on a narrower premium or a wider discount or insufficient local currency income generation which may lead to a cut in the dividend. The Board manages these risks by diversification of investments through its investment restrictions and guidelines, which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, currency performance, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Managers, who attend Board meetings, and reviews data which show statistical measures of the Company's risk profile. The Investment Managers employ the Company's gearing strategically, within a range set by the Board.

- Financial: the financial risks faced by the Company include market price risk, interest rate risk, liquidity risk and credit risk. Further details are disclosed in note 21 on pages 52 to 57.
- Corporate Governance and Shareholder Relations: Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance report on pages 24 to 27.
- Operational: Loss of key staff by the Manager, such as the Investment Managers, could affect the performance of the Company. Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the depositary's or custodian's records could prevent accurate reporting and monitoring of the Company's financial position. This includes the risk of cybercrime and consequent potential threat to security and business continuity. Details of how the Board monitors the services provided by the Manager and its associates and the key elements designed to provide effective internal control are included in the Risk Management and Internal Control section of the Corporate Governance report on pages 24 to 27.
- Accounting, Legal and Regulatory: in order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given under 'Business of the Company' above. Were the Company to breach Section 1158, it would lose its investment trust status and, as a consequence, gains within the Company's portfolio could 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 & 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, the Manager and its professional advisers to ensure compliance with the Companies Act 2006, the UKLA Listing Rules, DTRs and the Alternative Investment Fund Managers Directive.

Long Term Viability

Taking account of the Company's current position and strategy, 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. They have taken into account the fact that the Company had a continuation vote at the 2015 AGM which was strongly supported with over 98% of votes cast in favour. They have also taken into account the termination dates of loans and their belief that these loans will be replaced by similar facilities upon termination.

In determining the appropriate period of assessment the Directors had regard to their view that, given the Company's objective of providing investors with dividend income combined with the potential for long term capital growth, 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 2018 AGM and taking account of the Company's risk profile set out in note 21 on pages 52 to 57, and other factors set out under this heading, 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
Andrew Hutton,
Chairman

24th October 2017

BOARD OF DIRECTORS

Andrew Hutton
(Chairman of Board)
A Director since June 2010. Appointed Chairman in July 2010.

Owner and Director of A. J. Hutton Ltd, an investment advisory practice. Director of Schroder UK Growth Fund PLC. He is a member of the Governing Body of the Lister Institute of Preventive Medicine and a Trustee of the National Trust Retirement & Death Benefits Scheme. He was a Director of Asia Altitude Fund and Asia Altitude Master Fund, up to 30th September 2016. Previously he held senior positions with J.P. Morgan, Coutts Group and RBS Asset Management.

Connections with Manager: None.

Shared directorships with other Directors: None.

Sarah Fromson
(Chairman of the Nomination Committee and Senior independent Director)
A Director since June 2011.

Head of Investment Risk at Wellcome Trust. She was previously at RBS Asset Management (formerly Coutts) where she held a number of senior positions, including Chief Investment Risk Officer, Co-Head of Investments and Head of the Long-Only Investment team.

Connections with Manager: None.

Shared directorships with other Directors: None.

Caroline Gulliver
(Chairman of the Audit and Risk Committee)
A Director since 1st January 2015.

A Chartered Accountant, she spent 25 years with Ernst & Young LLP, latterly as an Executive Director before leaving in 2012. During that time she specialised in the asset management sector and developed an extensive experience of investment trusts and was a member of The Association of Investment Companies' Technical Committee. She is also a director of International Biotechnology Trust plc and Civitas Social Housing plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Richard Robinson
A Director since December 2011.
Investment Director at Paul Hamlyn Foundation. He was previously Group Head of Charities & Foundations at Schroders plc and held a number of senior positions at Rothschild Asset Management. He was a director of Aurora Investment Trust plc from 2007 to 2011.

Connections with Manager: None.

Shared directorships with other Directors: None.

All Directors are members of the Audit and Risk Committee and the Nomination Committee and are considered independent of the Manager.

All Directors are subject to annual reappointment.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31st July 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 accounting, banking, dealing and custodian services to the Company.

The Manager is employed under a contract which 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 Nomination Committee, conducts a formal evaluation of the Manager on an annual basis. The evaluation includes consideration of the investment strategy and process of the Manager, performance against the benchmark over the long term and the quality of support that the Company receives from the Manager including the marketing support provided. The latest evaluation of the Manager was carried out in October 2017. As a result of that process, the Board confirms that it is satisfied that the continuing appointment of the Manager is in the interests of shareholders as a whole.

No separate Management Engagement Committee has been established because all Directors are considered to be independent of the Manager and, given the nature of the Company's business, it is felt that all Directors should take part in the review process.

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.jpmglobalemergingmarketsincome.co.uk There have been no material changes 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 58.

Management Fee

For the year ended 31st July 2017, the management fee was charged at the rate of 1.0% per annum on the Company's total assets less current liabilities. Loans that are drawn down under a loan facility with an original maturity date of one year or more are not classified as current liabilities for the purpose of the management fee calculation. The fee is calculated and paid monthly in arrears. Investments made by the Company in investment funds on which the Manager or a member of its group earns a fee are excluded from the calculation and therefore attract no additional management fee.

The Investment Management Agreement was amended to provide that no performance fee is payable with effect from 1st August 2015.

Directors

All Directors of the Company who held office at the end of the year under review are detailed on page 20. Details of their beneficial shareholdings in the Company may be found in the Directors' Remuneration Report on page 31.

In accordance with corporate governance best practice, all Directors will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment by shareholders.

The Nomination Committee, having considered their qualifications, performance and contribution to the Board and to the 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, each Director has the benefit of an indemnity which is a qualifying third

DIRECTORS' REPORT *CONTINUED*

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 insures 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 the Auditor

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 Auditor is unaware, and

(b) each of the Directors has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information (as defined) and to establish that the Company's Auditor is aware of that information.

The above confirmation is given and should be interpreted in accordance with the provision of Section 418(2) of the Companies Act 2006.

Independent Auditor

Further to a full external tender of audit services in the year to 31st July 2015, Ernst & Young LLP will continue as the Company's Auditor. Ernst & Young LLP have expressed their willingness to continue in office as Auditor to the Company and a resolution proposing their reappointment and to authorise the Directors to determine their remuneration for the ensuing year, will be proposed at the Annual General Meeting.

Companies Act 2006 Requirements

The following disclosures are made in accordance with Section 992 of the Companies Act 2006.

Capital Structure

As at 31st July 2017, the Company's issued share capital comprised 294,140,161 Ordinary shares of 1p each. There were 199,277 shares held in Treasury. The Ordinary shares have a premium listing on the London Stock Exchange.

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 61.

Notifiable Interests in the Company's Voting Rights

At the financial year end, the following had declared a notifiable interest in the Company's voting rights:

Shareholders	Number of voting rights	%
Brewin Dolphin Limited[1]	44,123,687	15.00
Investec Wealth & Investment Limited[2]	24,990,809	8.49
Old Mutual[1]	20,676,694	7.02
Schroders plc[1]	17,551,007	5.96

[1] Indirect holding.
[2] Direct holding.

There have been no changes to the notifiable interests in the Company's voting rights as at the date of this report.

The Company is also aware that, as at 31st July 2017, approximately 2.3% of the Company's total voting rights were held by individuals through savings products managed by JPMAM 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, JPMAM has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

The rules concerning the appointment, reappointment and replacement of Directors, amendment of the Company's 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 to which the Company is party 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 a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out.

The Directors confirm that there are no disclosures to be made in this regard.

Annual General Meeting

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

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting. The full text of the resolutions is set out in the Notice of Annual General Meeting on pages 59 and 60.

(i) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 9 and 10)

The Directors will seek renewal of the authority at the Annual General Meeting to issue new Ordinary shares in the Company. The authority being sought is for up to 29,414,016 new Ordinary shares for cash or by way of a sale of Treasury shares up to an aggregate nominal amount of £294,140, such amount being equivalent to approximately 10% of the issued share capital (excluding Treasury shares) as at the latest practicable date before the publication of this document or, if different, the number of Ordinary shares which is equal to 10% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the resolution.

This authority will expire at the conclusion of the Annual General Meeting of the Company in 2018 unless renewed at a prior general meeting. It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to participants purchasing shares through the J.P. Morgan Asset Management savings products and also to other investors when the Directors consider that it is in the best interests of shareholders to do so. Any such issues would only be made at prices greater than the cum income net asset value, thereby increasing the net asset value per share and spreading the Company's administrative expenses, other than the management fee which is charged on the value of the Company's assets, over a greater number of shares. The issue proceeds would be available for investment in line with the Company's investment policies.

If Resolution 10 is passed, the Directors will also have the power to allot the shares over which they are granted authority pursuant to Resolution 9 for cash on a non pre-emptive basis. Any Ordinary shares allotted on a non pre-emptive basis will not be issued at a price less than the prevailing net asset value per Ordinary share.

(ii) Authority to repurchase the Company's shares (resolution 11)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2016 Annual General Meeting, will expire on 23rd May 2018 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewal of this authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying net asset value enhances the net asset value of the remaining shares.

Resolution 11 gives the Company authority to repurchase its own issued Ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to a maximum of 44,091,610 Ordinary shares, representing approximately 14.99% of the Company's issued Ordinary shares as at the latest practicable date before the publication of this document or, if less, the number of Ordinary shares which is equal to 14.99% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the resolution. The authority also sets minimum and maximum prices.

If Resolution 11 is passed at the Annual General Meeting, the Board may repurchase the shares for cancellation or hold them in Treasury pursuant to the authority granted to it for possible reissue at a premium to net asset value.

Any repurchases will be at the discretion of the Board and will be made in the market only at prices below the prevailing net asset value per share, thereby enhancing the net asset value of the remaining shares, as and when market conditions are appropriate. In the normal course of business the Directors would expect to exercise their discretion to repurchase shares if the discount to NAV at which they trade exceeded 5% over any significant period of time.

This new authority to repurchase shares if passed will expire on 26th May 2019, but it is the Board's intention to seek renewal of the authority at the 2018 Annual General Meeting.

(iii) Adoption of new articles of association (resolution 12)

The Companies Act 2006 (Amendment of Part 23) (Investment Companies) Regulation 2012 removed the requirement that the articles of association of an investment company must prohibit the distribution of capital profits. As noted in the Chairman's statement, in the light of the amended rules, the Board no longer consider it appropriate to have such a prohibition in the Articles of Association. Accordingly, the Board are seeking authority at the Annual General Meeting to amend the Articles of Association to allow the Company to distribute capital profits. The Board wishes this additional flexibility in order to minimise the impact of dilution on the revenue account from the issuance of new shares. The proposed Articles of Association therefore reflect this change and remove all references to the prohibition of the distribution of capital profits. As noted in the Chairman's statement the Board does not intend to utilise this power to pay dividends out of capital.

It is proposed that the Articles of Association will also be amended to: (i) reflect the AIFMD and all applicable rules and regulations implementing that Directive; (ii) include provisions to provide the

DIRECTORS' REPORT *CONTINUED*

Company with the ability to require shareholders to co-operate in respect of the exchange of information to comply with the Company's international tax reporting obligations; and (iii) in response to developments in mental health legislation and to reflect the position in the model articles for public companies as set out in the Companies (Model Articles) Regulations 2008/3229, to update the provisions relating to termination of a director's appointment on mental health grounds. A full summary of the proposed amendments to the Articles of Association is set out in the Appendix on page 63.

Recommendation

The Board considers that resolutions 9 to 12 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, as at the year end, amounted in aggregate to 157,540 Ordinary shares, representing 0.05% of the voting rights of the Company.

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 32, indicates how the Company has applied the principles of good governance of the Financial Reporting Council 2014 UK Corporate Governance Code (the 'UK Corporate Governance Code') and the Association of Investment Companies' ('AIC') Code of Corporate Governance (the 'AIC Code'), (see www.theaic.co.uk) 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, insofar as they are relevant to the Company's business, and 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 which have been delegated to the Manager. This includes management of the Company's assets and the provision of accounting, company secretarial, administration and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has 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.

At each Board meeting, Directors' interests are considered. These are reviewed carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved. It was resolved that there were no actual or indirect interests of a Director which conflicted with the interests of the Company, which arose during the year.

Following the introduction of The Bribery Act 2010, the Board has adopted appropriate procedures designed to prevent bribery. It confirms that the procedures have operated effectively during the year under review.

The Board meets on at least four occasions 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, 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, 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 Andrew Hutton, currently consists of four 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. Brief biographical details of each Director are set out on page 20. There have been no changes to the Chairman's other significant commitments during the year under review.

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

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter, a Director's appointment runs from year to year. In the light of the performance evaluation carried out each year, the Board will decide whether it is appropriate for the Director to seek an additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committee. The Board has adopted corporate governance best practice and all Directors stand for annual reappointment.

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

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 the Audit and Risk Committee and the Nomination Committee of which all Directors are members.

The table below details the number of Board and Audit and Risk Committee meetings attended by each Director. During the year under review there were four Board meetings, two Audit and Risk Committee meetings and 3 Nomination Committee meetings.
In addition, there were two other ad hoc Board meetings to deal with various corporate initiatives, procedural matters and formal approvals. In addition, there is regular contact between the Directors and the Manager and Company Secretary throughout the year.

Director	Board Meetings Attended	Audit and Risk Committee Meetings Attended	Nomination Committee Meetings Attended
Andrew Hutton	4/4	2/2	3/3
Sarah Fromson	4/4	2/2	3/3
Caroline Gulliver	4/4	2/2	3/3
Richard Robinson	4/4	2/2	3/3

Board Committees

Nomination Committee
The Nomination Committee, Chaired by Sarah Fromson, meets at least annually.

The Committee ensures that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates, when necessary, for appointment. A variety of sources, including independent search consultants or open advertising, may be used to ensure that a wide range of candidates is considered.

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

The Committee undertakes an annual performance evaluation of the Board, its Committee and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committee. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. Questionnaires, drawn up by the Board are completed by each Director. The responses are then collated and discussed by the Committee. The evaluation of the individual Directors is led by the Chairman who also meets with each Director. The Senior Independent Director leads the evaluation of the Chairman's performance. The Board reviews Directors' fees. 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 people are attracted and retained.

The Committee has a succession plan to refresh the Board in an orderly manner over time. For details of the plan please refer to the Chairman's Statement on page 4.

The Committee reviews the terms of the management agreement between the Company and the Manager, the performance of the Manager, the notice period that the Board has with the Manager and makes recommendations to the Board on the continued appointment of the Manager following these reviews.

Audit and Risk Committee
The report of the Audit and Risk Committee is set out on pages 28 and 29.

Terms of Reference

Each Committees has written terms of reference which define clearly its responsibilities, copies of which are available for

DIRECTORS' REPORT *CONTINUED*

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

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 Managers who review the Company's performance.

During the year the Company's brokers, the Investment Managers and JPMF 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 support these meetings and to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 69.

The Company's annual report and accounts are published in time to give shareholders at least twenty working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 69.

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 the Manager 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 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 18 and 19). 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; the Board considers that it is sufficient to rely on the internal audit department of the Manager. This arrangement is kept under review. The key elements designed to provide effective internal controls 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, depositary and custodian regulated by the 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 and Risk Committee, keeps under review the effectiveness of the Company's system of risk management and internal controls 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 risk management and internal controls and the operations of its Depositary, BNY Mellon Trust &

Depositary (UK) Limited, and its Custodian, JPMorgan Chase Bank, which are independently reviewed; and

- reviews every six months an independent report on the risk management and internal controls and the operations of the Manager.

By means of the procedures set out above, the Board confirms that it has carried out a robust assessment of the effectiveness of the Company's system of risk management and internal controls for the year ended 31st July 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 the Manager. The following text in italics is a summary of the policy statements of J.P. Morgan Asset Management ('JPMAM') on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details on social, environmental and governance issues are included in the Strategic Report on page 18 and in the Investment Managers' Report on page 8.

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

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

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

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

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

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website: http://www.jpmorganinvestmenttrusts.co.uk/governance, which also sets out its approach to the seven principles of the FRC Stewardship Code, its policy relating to conflicts of interest and its detailed voting record.

AUDIT AND RISK COMMITTEE REPORT

Composition and Role

The Audit and Risk Committee, chaired by Caroline Gulliver and comprising all of the independent Directors, meets at least twice each year. The members of the Audit and Risk Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. At least one member of the Committee has recent and relevant financial experience and the Audit and Risk Committee as a whole has competence relevant to the sector.

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.

The Committee reviews and examines the effectiveness of the Company's internal control systems. It monitors the Company's key risks, and the controls relating to those risks. It receives controls reports on the Manager and the custodian, and monitors the controls and service levels at the Company's other key third party suppliers. It also receives information from the Manager's Compliance department and reviews the scope and results of the external audit, its cost effectiveness, the balance of audit and non-audit services and the independence and objectivity of the external Auditor. In the Directors' opinion the Auditor is considered independent. The Board reviews and approves any non-audit services provided by the independent Auditor and assesses the impact of any non-audit work on the ability of the Auditor to remain independent. In order to safeguard the Auditor's objectivity and independence, any significant non-audit services are carried out through a partner other than the audit engagement partner. No such work was undertaken during the year under review. The Committee also receives confirmations from the Auditor as part of its reporting, in regard to its objectivity and independence. Representatives of the Company's Auditor attend the Audit and Risk Committee meeting at which the draft annual report and accounts are considered.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 31st July 2017, the Committee considered the following significant issues, in particular 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 financial statements on page 42. Controls are in place to ensure that valuations are appropriate and ownership is verified through Depositary and Custodian reconciliations. The audit includes the review of the existence, ownership and valuation of the investments.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the financial statements on page 42. The Board reviews subjective elements of income such as special dividends and agrees their treatment as appropriate.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st August 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 1), risk management policies (see pages 51 to 56), capital management policies and procedures (see page 56), the nature of the portfolio and expenditure and cash flow 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, being at least 12 months from the approval of the Annual Report and Accounts. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements.

Auditor Appointment and Tenure

The Audit and Risk Committee has the primary responsibility for making recommendations to the Board on the reappointment and removal of external auditors. As part of its review of the continuing appointment of the Auditor, the Audit and Risk Committee considers the length of tenure of the audit firm, its fees, its independence from the Alternative Investment Fund Manager and the Investment Managers and any matters raised during the audit. Representatives of the Company's Auditor attend the Committee meeting at which the draft annual report and accounts are considered and also engage with the Directors as and when required. Having reviewed the performance of the external Auditor, including the quality of work, timing of communications and work with the Manager, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting.

The current audit firm has audited the Company's financial statements since launch in July 2010. During 2015 a tender for audit services was undertaken and it was resolved to continue to retain Ernst & Young LLP. In accordance with present professional guidelines the Audit Partner is rotated after no more than five years and the current year is the third year for which the present Audit Partner, Sarah Williams, has served. Details of the fees paid for audit services are included in note 6 on page 44.

Fair, Balanced and Understandable

Having taken all available information into consideration and having discussed the content of the annual report and accounts with the Alternative Investment Fund Manager, Investment Managers, Company Secretary and other third party service providers, the Audit and Risk Committee has concluded that the annual report and accounts for the year ended 31st July 2017, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 32.

The Directors' statement on the Company's system of Risk Management and Internal Control is set out on pages 26 and 27.

By order of the Board
Divya Amin, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

24th October 2017

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 31st July 2017 which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The Auditor's opinion is included in their report on pages 33 to 38.

Remuneration of the Directors is considered by the Board on a regular basis.

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 and retained. The Chairman of the Board and the Chairman of the Audit and Risk Committee are paid higher fees than the other Directors, reflecting the greater time commitment involved in fulfilling those roles. As a guide, Directors' fees are generally determined in accordance with the median level of the fees paid to directors of JPMorgan investment trusts.

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 no consultation of employees is required 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 £32,500; Chairman of the Audit and Risk Committee £26,000; and other Directors £22,000. Following the Board's review of Directors' fees, with effect from 1st August 2017, the fees have been increased to the following annual rates: Chairman £34,000; Chairman of the Audit and Risk Committee £27,500; Senior Independent Director £24,500 and, other Directors £23,500. Prior to this, Directors' fees were last increased in 2012 for the other Directors and 2013 for the Chairman and Chairman of the Audit and Risk Committee. All of the Directors' fees continue to remain below the median level for JPMorgan Investment trusts after this increase.

The Company's Articles of Association provide that any increase in the maximum aggregate annual limit on Directors' fees, currently £175,000, requires both Board and shareholder approval.

The Company has not sought shareholder views on its remuneration policy. The Board 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 24.

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 31st July 2016 and no changes are currently proposed for the year ending 31st July 2018.

At the Annual General Meeting held on 24th November 2016, of votes cast, 99.9% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) both the remuneration policy and the remuneration report and 0.1% voted against each resolution. Abstentions were received from less than 0.05% respectively of the votes cast for each of these resolutions.

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 31st July 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 each Director is detailed below together with the prior year comparative.

Single total figure table[1]

	Total fees[1] 2017 £	2016 £
Andrew Hutton	32,500	32,500
Sarah Fromson	22,000	22,000
Caroline Gulliver[2]	26,000	24,333
Richard Robinson	22,000	22,000
Paul Wallace[3]	–	8,356
Total	**102,500**	**109,189**

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

[2] Appointed chair of the Audit & Risk Committee 19th November 2015.

[3] Retired 19th November 2015.

A table showing the total remuneration for the Chairman since launch to 31st July 2017 is below:

Remuneration for the Chairman since launch to 31st July 2017

Year ended 31st July	Fees
2017	£32,500
2016	£32,500
2015	£32,500
2014	£32,500
2013	£30,000
2012	£25,000
2011[1]	£28,109
Total	**£213,109**

[1] From appointment as the Company's first Chairman in 2010.

Directors' Shareholdings[1]

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

Directors' Name	31st July 2017	31st July 2016
Andrew Hutton	90,000	90,000
Sarah Fromson	21,990	21,990
Caroline Gulliver	25,000	25,000
Richard Robinson[2]	20,550	20,550
Total	**157,540**	**157,540**

[1] Audited information.

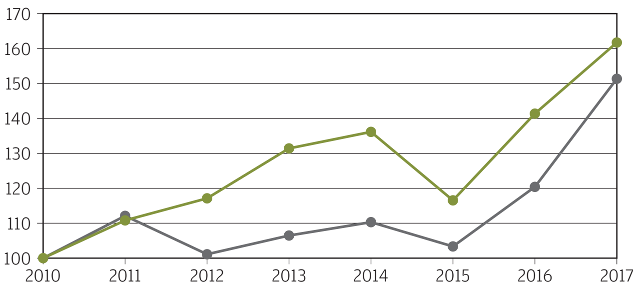
[2] Richard Robinson held a further non-beneficial interest in 41,960 shares as 31st July 2017.

As at the latest practicable 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 its benchmark, the MSCI Emerging Markets Index, with net dividends reinvested, in sterling terms, since the date the Company began investing is shown below. The MSCI Emerging Markets Index has been chosen as this is the Company's adopted benchmark index, for reasons given on pages 15 and 16.

Share price and benchmark total return since launch to 31st July 2017



Source: Morningstar/MSCI.

Share price total return.

Benchmark.

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 31st July 2017 £	2016 £
Remuneration paid to all Directors	£102,500	£109,189
Distribution to shareholders		
– by way of dividend	£14,412,000	£14,418,000
– by way of share repurchases	–	£163,000

For and on behalf of the Board
Andrew Hutton
Chairman

24th October 2017

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including FRS 102 'The financial Reporting Standard applicable in the UK Republic of Ireland' and applicable law. Under Company law the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, the annual report and accounts are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

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

and the Directors confirm that they have done so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts are published on the www.jpmglobalemergingmarketsincome.co.uk website, which is maintained by the Manager. The maintenance and integrity of the website maintained by the Manager is, so far as it relates to the Company, the responsibility of the Manager. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. The accounts are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

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

Each of the Directors, whose names and roles are listed on page 20 confirm that, to the best of their knowledge the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and return or loss of the Company.

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

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

For and on behalf of the Board
Andrew Hutton
Chairman

24th October 2017

Independent Auditor's Report

TO THE MEMBERS OF JPMORGAN GLOBAL EMERGING MARKETS INCOME TRUST PLC

Our opinion on the financial statements

We have audited the financial statements of JPMorgan Global Emerging Markets Income Trust Plc for the year ended 31st July 2017 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity. Statement of Financial Position and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31st July 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs(UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures as set out on pages 18 and 19 in the annual report that describe these principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation as set out on page 18 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement as set out on page 28 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 19 in the annual report as to how they have assessed the prospects of the entity, 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 entity 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.

Overview of our audit approach

Key audit matters	• Incomplete or inaccurate income recognition through failure to recognise proper income entitlements or apply appropriate accounting treatment; and • Incorrect valuation and existence of the investment portfolio.
Materiality	• Materiality of £3.85 million which represents 1% of net assets of the Company (2016: £3.44 million).

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate income recognition through failure to recognise proper income entitlements or apply appropriate accounting treatment (as described on page 28 in the Report of the Audit Committee). The investment income receivable by the Company during the period directly drives the Company's ability to make a dividend payment to shareholders. The investment income receivable for the year to 31st July 2017 was £19.8 million (2016: 17.1 million). Special dividends by their nature require the exercise of judgement as to whether the income receivable should be classified as 'revenue' or 'capital'; dependent upon the circumstances behind payment During the year the Company received five special dividends with an aggregate value of £0.84 million.	We reviewed the process in place at both the Manager and Administrator in relation to income recognition and allocation of special dividends. We agreed a sample of dividends received from the income report to an independent source. We agreed a sample of investee company dividends from an independent source to the income report. We agreed 100% of accrued dividends to an independent source. We checked that the withholding tax suffered on a sample of dividends receivable has been calculated appropriately and is in accordance with the relevant tax legislation. We reviewed the income report for all dividends above our testing threshold and checked these against an independent source to determine if any were special. We also reviewed the acquisitions and disposals report for any potential special dividends treated as capital to assess if any should be treated as revenue. None of the special dividends received during the year were above our testing threshold, however we reviewed the treatment of the special dividends on a sample basis. We agreed, on a sample basis, revenue journal entries for the year back to the income report and the details from the income report to the corresponding announcements made by the investee company.	We have no matters to communicate with respect to our review of the process and controls in relation to income recognition including the allocation of special dividends. We noted no issues in agreeing a sample of dividends received from the income report to an independent pricing source. We noted no issues in agreeing a sample of investee company dividends from an independent source to the income report. We noted no issues in agreeing 100% accrued dividends to an independent source. We noted no issues in checking the withholding tax suffered on a sample of dividends receivable has been calculated appropriately and is in accordance with the relevant tax legislation. We noted no issues in reviewing, on sample basis, the treatment of the special dividends received. We noted no issues in agreeing the sample of income journal entries back to the income report and details to an independent source.

Risk	Our response to the risk	Audit Committee
Incorrect valuation and existence of the investment portfolio (as described on page 28 in the Report of the Audit Committee). The valuation of the assets held in the investment portfolio is the key driver of the Company's investment return. The value of the Company's investment portfolio at 31st July 2017 was £411.5 million (2016: £360.6 million), consists entirely of listed equities. Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.	We agreed 100% of investment valuations and exchange rates to a relevant independent source and assessed any differences between the prices obtained and those quoted by the Company. We reviewed the liquidity of a sample of investments to validate that the quoted price remains an appropriate basis upon which to calculate fair value. We obtained independent confirmation from the Custodian and Depositary of all securities held at the year end and agreed all securities held from the Company's records to the confirmations received.	We noted no issues while agreeing 100% of prices used in the valuation of the investment portfolio and exchange rates to a relevant independent source. We noted no issues in reviewing the liquidity of a sample of investments to validate that the quoted price remains an appropriate basis upon which to calculate fair value. We noted no issues agreeing all securities held at year-end in the Company's records to those of the Custodian and Depositary.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £3.85 million (2016: £3.44 million) which is 1% (2016: 1%) of net assets of the Company. We believe that net assets of the Company provides us the basis for setting materiality since it is the basis for the key measurement of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2016: 75%) of our planning materiality, namely £2.89 million (2016 £2.58 million). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold of £0.88 million (2016: £0.77 million) for the revenue column of the Income Statement being 5% of profit before tax.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.19 million (2016: £0.17 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report as set out on page 3 to 33, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 29** – the statement given by the Directors that they consider the annual report and financial statements 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, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on page 28** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 24** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires use to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 32, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's 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.

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to incomplete or inaccurate revenue recognition relating to the allocation of special dividends. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Other matters we are required to address

- We were appointed as auditors by the Company as part of the initial listing process and signed an engagement letter on 24 June 2010 to audit the financial statements for the period ending 31 July 2011 and subsequent financial periods. Our appointment was subsequently ratified at the first annual general meeting of the Company held on 10 November 2011. The period of total uninterrupted engagement including previous renewals and reappointments is 7 years, covering the years ending 31 July 2011 to 31 July 2017.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Sarah Williams (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP
Statutory Auditor
London

24th October 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST JULY 2017

			2017			2016	
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	3	–	42,158	42,158	–	41,205	41,205
Net foreign currency gains/(losses)		–	374	374	–	(3,669)	(3,669)
Income from investments	4	19,763	–	19,763	17,136	–	17,136
Interest receivable and similar income	4	91	–	91	32	–	32
Gross return		**19,854**	**42,532**	**62,386**	**17,168**	**37,536**	**54,704**
Management fee	5	(1,187)	(2,770)	(3,957)	(933)	(2,176)	(3,109)
Other administrative expenses	6	(840)	–	(840)	(721)	–	(721)
Net return on ordinary activities before finance costs and taxation		**17,827**	**39,762**	**57,589**	**15,514**	**35,360**	**50,874**
Finance costs	7	(264)	(617)	(881)	(234)	(545)	(779)
Net return on ordinary activities before taxation		**17,563**	**39,145**	**56,708**	**15,280**	**34,815**	**50,095**
Taxation	8	(1,272)	–	(1,272)	(1,179)	(448)	(1,627)
Net return on ordinary activities after taxation		**16,291**	**39,145**	**55,436**	**14,101**	**34,367**	**48,468**
Return per share	9	**5.54p**	**13.31p**	**18.85p**	**4.79p**	**11.68p**	**16.47p**

All revenue and capital items in the above statement derive from continuing operations.

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. The net return on ordinary activities after taxation represents the profit for the year and also the total comprehensive income.

The notes on pages 42 to 57 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST JULY 2017

	Called up share capital £'000	Capital redemption reserve £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve[1] £'000	Total £'000
At 31st July 2015	2,943	13	218,497	101,276	(22,358)	10,165	310,536
Repurchase of shares into Treasury	–	–	–	(163)	–	–	(163)
Net return on ordinary activities	–	–	–	–	34,367	14,101	48,468
Dividends paid in the year (note 10)	–	–	–	–	–	(14,418)	(14,418)
At 31st July 2016	2,943	13	218,497	101,113	12,009	9,848	344,423
Net return on ordinary activities	–	–	–	–	39,145	16,291	55,436
Dividends paid in the year (note 10)	–	–	–	–	–	(14,412)	(14,412)
At 31st July 2017	2,943	13	218,497	101,113	51,154	11,727	385,447

[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 accompanying notes on pages 42 to 57 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 31ST JULY 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	411,548	360,612
Current assets	12		
Derivative financial assets		7	1
Debtors		2,848	5,612
Cash and cash equivalents		1,605	11,663
		4,460	**17,276**
Current liabilities	13		
Creditors: amounts falling due within one year		(220)	(3,337)
Derivative financial liabilities		(1)	–
Net current assets		**4,239**	**13,939**
Total assets less current liabilities		**415,787**	**374,551**
Creditors: amounts falling due after more than one year	14	(30,340)	(30,128)
Net assets		**385,447**	**344,423**
Capital and reserves			
Called up share capital	15	2,943	2,943
Capital redemption reserve	16	13	13
Share premium	16	218,497	218,497
Other reserve	16	101,113	101,113
Capital reserves	16	51,154	12,009
Revenue reserve	16	11,727	9,848
Total shareholders' funds		**385,447**	**344,423**
Net asset value per share	17	**131.0p**	**117.1p**

The financial statements on pages 39 to 57 were approved by the Directors and authorised for issue on 24th October 2017 and are signed on their behalf by:

Sarah Fromson
Director

The accompanying notes on pages 42 to 57 form an integral part of these financial statements.

Company incorporated and registered in England and Wales number: 7273382

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017

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 28 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. The Company has elected not to prepare a Statement of Cash Flows for the current year on the basis that substantially all of its investments are liquid and carried at market value and a Statement of Changes in Equity is provided.

(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 providing shareholders with a dividend income and the potential for long term 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 and realised gains or losses on derivatives, including the related foreign exchange gains and losses, realised gains and losses on foreign currency contracts, management fee and finance costs allocated to capital and any other capital charges, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Gains and losses on sales of investments'. Increases and decreases in the valuation of investments, and other derivatives 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 considered 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.

Deposit interest and interest from the liquidity fund are 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:

- Management fees are allocated 30% to revenue and 70% to capital in line with the 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 11 on page 48.

(f) Finance costs

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

Finance costs are allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(g) Financial instruments

Cash and cash equivalents may comprise cash including demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Liquidity funds are considered cash equivalents as they are held for cash management purposes as an alternative to cash, are short term, and readily convertible to a known amount of 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. Changes in the fair value of derivative financial instruments are recognised in the Statement of Comprehensive Income as capital.

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

(h) Taxation

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

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is more likely than not that taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Value Added Tax ('VAT')

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

(j) Foreign currency

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

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

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

Any gains or loss arising from a change in exchange rates subsequent to the date of the translation is included in the Statement of Comprehensive Income as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

1. Accounting policies *continued*

(k) Dividends payable

Dividends are included in the financial statements in the year in which they are paid to shareholders.

(l) Repurchase of shares to hold in Treasury

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

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

(m) Share issue costs

Share capital is classified as equity and the costs of new share issues are netted from proceeds and charged to the share premium account and dealt with in the Statement of Changes in Equity.

2. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements on occasion requires the Directors 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 Directors 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	15,878	(33,270)
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	(5,509)	19,358
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	10,369	(13,912)
Net movement in investment holding gains and losses	31,830	55,144
Other capital charges	(41)	(27)
Total capital gains on investments held at fair value through profit or loss	**42,158**	**41,205**

4. Income

	2017 £'000	2016 £'000
Income from investments:		
Overseas dividends	18,866	15,879
Dividends from Participation notes	895	1,255
Scrip dividends	2	2
	19,763	17,136
Interest receivable and similar income:		
Interest from liquidity fund	84	29
Deposit interest	7	3
	91	32
Total income	19,854	17,168

5. Management fee

	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
Management fee	1,187	2,770	3,957	933	2,176	3,109

Details of the management fee are given in the Directors' Report on page 21.

6. Other administrative expenses

	2017 £'000	2016 £'000
Administration expenses	597	465
Directors' fees[1]	103	109
Depositary fees[2]	69	56
Savings scheme costs[3]	42	63
Auditors' remuneration for audit services[4]	29	28
	840	721

[1] Full disclosure is given in the Directors' Remuneration Report on pages 30 and 31.

[2] Includes £5,000 (2016: £3,000) irrecoverable VAT.

[3] Paid to the Manager for the administration of saving scheme products. Includes £3,000 (2016: £4,000) irrecoverable VAT.

[4] Includes £3,000 (2016: £2,000) irrecoverable VAT.

7. Finance costs

	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
Interest on bank loans and overdrafts	264	617	881	234	545	779

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

8. Taxation

(a) Analysis of tax charge in the year

	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
Overseas withholding tax	1,272	–	1,272	1,627	–	1,627
Tax relief from expenses charged to capital	–	–	–	(448)	448	–
Total tax charge for the year	**1,272**	**–**	**1,272**	**1,179**	**448**	**1,627**

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

The tax charge for the year is lower (2016: lower) than the Company's applicable rate of corporation tax of 19.67% (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	17,563	39,145	56,708	15,280	34,815	50,095
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 19.67% (2016: 20.00%)	3,454	7,700	11,154	3,056	6,963	10,019
Effects of:						
Non taxable capital gains	–	(8,366)	(8,366)	–	(7,507)	(7,507)
Non taxable overseas dividends	(3,635)	–	(3,635)	(3,070)	–	(3,070)
Tax attributable to costs charged to capital	(666)	666	–	(544)	544	–
Tax relief on expenses charged to capital	–	–	–	(448)	448	–
Overseas withholding tax	1,272	–	1,272	1,627	–	1,627
Unutilised expenses carried forward to future periods	847	–	847	558	–	558
Total tax charge for the year	**1,272**	**–**	**1,272**	**1,179**	**448**	**1,627**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £3,372,000 (2016: £3,077,000) 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 retain approval, the Company has not provided for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

9. Return per share

	2017 £'000	2016 £'000
Revenue return	16,291	14,101
Capital return	39,145	34,367
Total return	**55,436**	**48,468**
Weighted average number of shares in issue during the year	294,140,161	294,242,522
Revenue return per share	5.54p	4.79p
Capital return per share	13.31p	11.68p
Total return per share	**18.85p**	**16.47p**

10. Dividends

(a) Dividends paid and declared

	2017 £'000	2016 £'000
2016 Fourth interim dividend paid of 1.9p (2015: 1.9p)	5,589	5,592
First interim dividend paid of 1.0p (2016: 1.0p)	2,941	2,944
Second interim dividend paid of 1.0p (2016: 1.0p)	2,941	2,941
Third interim dividend paid of 1.0p (2016: 1.0p)	2,941	2,941
Total dividends paid in the year	**14,412**	**14,418**
Dividend declared		
Fourth interim dividend of 1.9p (2016: 1.9p)	5,589	5,589

(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 £16,291,000 (2016: £14,101,000). The revenue reserve after paying the proposed dividend will be £6,138,000 (2016: £4,259,000).

	2017 £'000	2016 £'000
First interim dividend paid of 1.0p (2016: 1.0p)	2,941	2,944
Second interim dividend paid of 1.0p (2016: 1.0p)	2,941	2,941
Third interim dividend paid of 1.0p (2016: 1.0p)	2,941	2,941
Fourth interim dividend declared of 1.9p (2016: 1.9p)	5,589	5,589
Total dividends for Section 1158 purposes	**14,412**	**14,415**

All dividends paid and proposed in the period have been and will be funded from the revenue reserve.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

11. Investments

	2017 £'000	2016 £'000
Investments listed on a recognised stock exchange and Participation notes	411,548	360,612
Opening book cost	302,385	344,092
Opening investment holding gains/(losses)	58,227	(16,275)
Opening valuation	360,612	327,817
Movements in the year:		
Purchases at cost	113,797	94,878
Sales proceeds	(105,060)	(103,315)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	10,369	(13,912)
Net movement in investment holding gains and losses	31,830	55,144
	411,548	360,612
Closing book cost	327,000	302,385
Closing investment holding gains	84,548	58,227
Total investments held at fair value through profit or loss	**411,548**	**360,612**

Transaction costs on purchases during the year amounted to £225,000 (2016: £176,000) and on sales during the year amounted to £181,000 (2016: £211,000). These costs comprise mainly brokerage commission.

During the year, prior year investment holding gains amounting to £5,509,000 have been transferred to gains on sales of investments as disclosed in note 16.

12. Current assets

Derivative financial assets

	2017 £'000	2016 £'000
Forward foreign currency contracts	7	1

Debtors

	2017 £'000	2016 £'000
Securities sold awaiting settlement	1,402	2,820
Dividends and interest receivable	1,362	2,727
Overseas tax recoverable	65	39
Other debtors	19	26
	2,848	**5,612**

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.

13. Current liabilities

	2017 £'000	2016 £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	–	3,152
Other creditors	171	132
Loan interest payable	49	53
	220	3,337

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

Derivative financial liabilities

	2017 £'000	2016 £'000
Forward foreign currency contracts	1	–

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

	2017 £'000	2016 £'000
Bank loan - US Dollar 20 million fixed rate loan with National Australia Bank (maturing 2018)	15,170	15,064
Bank loan - US Dollar 20 million fixed rate loan with National Australia Bank (maturing 2020)	15,170	15,064
	30,340	30,128

The Company has two US Dollar $20 million fixed rate loans with National Australia Bank, repayable in October 2018 (3.18% per annum) and October 2020 (2.31% per annum).

15. Called up share capital

	2017 £'000	2016 £'000
Issued and fully paid share capital:		
Ordinary shares of 1p each[1]		
Opening balance of 294,140,161 (2016: 294,339,438) Ordinary shares excluding shares held in Treasury	2,941	2,943
Repurchase of nil (2016: 199,277) Ordinary shares into Treasury	–	(2)
Subtotal of 294,140,161 (2016: 294,140,161) Ordinary shares excluding shares held in Treasury	2,941	2,941
199,277 (2016: 199,277) Ordinary shares held in Treasury	2	2
Closing balance of 294,339,438 (2016: 294,339,438) Ordinary shares including shares held in Treasury	2,943	2,943

[1] Fully paid ordinary shares, which have a par value of 1p each, carry one vote per share and carry a right to receive dividends.

Further details of transactions in the Company's shares are given in the Business Review on page 17.

Share capital transactions

The Company has the authority to repurchase shares in the market for cancellation or to be held in Treasury. During the year nil (2016: 199,277) shares were repurchased into Treasury for a total consideration of £nil (2016: 163,000).

Resolutions to renew the authority to issue new shares and to repurchase shares will be put to shareholders at the forthcoming Annual General Meeting. More details are given on page 23 and the full text of the resolutions is set out in the Notice of Annual General Meeting on pages 59 and 60.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

16. Reserves

	Called up share capital £'000	Capital redemption reserve £'000	Share premium £'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	2,943	13	218,497	101,113	(41,722)	53,731	9,848	344,423
Net foreign currency gains	–	–	–	–	582	–	–	582
Unrealised gains on foreign currency contracts	–	–	–	–	–	6	–	6
Unrealised gains on forward currency contracts from prior period now realised	–	–	–	–	1	(1)	–	–
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	10,369	–	–	10,369
Net movement in investment holding gains and losses	–	–	–	–	–	31,830	–	31,830
Transfer on disposal of investments	–	–	–	–	5,509	(5,509)	–	–
Unrealised foreign currency losses on loans	–	–	–	–	–	(214)	–	(214)
Management fee and finance costs charged to capital	–	–	–	–	(3,387)	–	–	(3,387)
Other capital charges	–	–	–	–	(41)	–	–	(41)
Dividends paid in the year	–	–	–	–	–	–	(14,412)	(14,412)
Retained revenue for the year	–	–	–	–	–	–	16,291	16,291
Closing balance	**2,943**	**13**	**218,497**	**101,113**	**(28,689)**	**79,843**	**11,727**	**385,447**

[1] The balance of the share premium account was cancelled on 20th October 2010 and transferred to the 'Other reserve'. The 'Other reserve' is for the purposes of financing share repurchases and it is a non-distributable reserve.

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

17. Net asset value per share

	2017	2016
Net assets (£'000)	385,447	344,423
Number of shares in issue	294,140,161	294,140,161
Net asset value per share	**131.0p**	**117.1p**

18. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2016: same).

19. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 21. The management fee payable to the Manager for the year was £3,957,000 (2016: £3,109,000) of which £nil (2016: £nil) was outstanding at the year end.

During the year £42,000 (2016: £63,000), including VAT, was payable to the Manager for the administration of savings scheme products, of which £13,000 (2016: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 45 are safe custody fees amounting to £227,000 (2016: £175,000) payable to JPMorgan Chase of which £39,000 (2016: £31,000) 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 £2,000 (2016: £40,000) 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 £nil (2016: £11.3 million). Income amounting to £84,000 (2016: £29,000) was receivable during the year of which £nil (2016: £6,000) was outstanding at the year end.

Handling charges on dealing transactions amounting to £41,000 (2016: £27,000) were payable to JPMorgan Chase Bank, N.A. during the year of which £5,000 (2016: £2,000) was outstanding at the year end.

At the year end, total cash of £1,605,000 (2016: £381,000) was held with JPMorgan Chase Bank, N.A.. A net amount of interest of £7,000 (2016: £3,000) was receivable by the Company during the year from JPMorgan Chase of which £1,000 (2016: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on pages 30 and 31, and in note 6 on page 45.

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 and derivative financial instruments.

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

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

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

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

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

The following table sets out the fair value measurements using the FRS 102 hierarchy at 31st July.

	2017		2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	411,548	–	360,612	–
Level 2[1]	7	(1)	1	–
Total	**411,555**	**(1)**	**360,613**	**–**

[1] Foreign currency contracts.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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 and participation notes of overseas companies, which are held in accordance with the Company's investment objective;
- cash held within a liquidity fund;
- short term debtors, creditors and cash arising directly from its operations;
- two fixed rate loans with National Australia Bank; and
- short term forward currency contracts for the purpose of settling short term liabilities.

(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 31st July 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	Hong Kong Dollar £'000	Taiwan Dollar £'000	South Africa Rand £'000	Thailand Baht £'000	Mexico Peso £'000	Brazil Real £'000	Other £'000	Total £'000
Current assets	2,314	–	1,214	995	176	7	–	833	5,539
Creditors	(30,340)	–	(99)	(995)	(56)	–	–	–	(31,490)
Foreign currency exposure on net monetary items	(28,026)	–	1,115	–	120	7	–	833	(25,951)
Investments held at fair value through profit or loss	102,248	54,148	48,533	47,694	23,353	23,035	19,484	93,053	411,548
Total net foreign currency exposure	**74,222**	**54,148**	**49,648**	**47,694**	**23,473**	**23,042**	**19,484**	**93,886**	**385,597**

	2016								
	US Dollar £'000	Hong Kong Dollar £'000	Taiwan Dollar £'000	South Africa Rand £'000	Thailand Baht £'000	Mexico Peso £'000	Brazil Real £'000	Other £'000	Total £'000
Current assets	13,573	2,086	1,167	–	–	287	2	809	17,924
Creditors	(31,551)	(2,086)	–	–	–	(350)	–	–	(33,987)
Foreign currency exposure on net monetary items	(17,978)	–	1,167	–	–	(63)	2	809	(16,063)
Investments held at fair value through profit or loss	95,218	47,569	60,174	49,955	12,476	11,850	23,533	59,837	360,612
Total net foreign currency exposure	77,240	47,569	61,341	49,955	12,476	11,787	23,535	60,646	344,549

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

Foreign currency sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (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	(1,985)	1,985	(1,717)	1,717
Capital return	2,595	(2,595)	1,606	(1,606)
Total return after taxation	610	(610)	(111)	111
Net assets	**610**	**(610)**	**(111)**	**111**

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*

In the opinion of the Directors, the above sensitivity analysis is not representative of the whole of the current or comparative year due to fluctuations in the Company's investment in the JPMorgan US Dollar Liquidity Fund.

(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	1,605	381
JPMorgan US Dollar Liquidity Fund	–	11,282
Total net exposure	**1,605**	**11,663**

Interest receivable on cash balances, or payable on overdrafts, is at a margin below or above LIBOR respectively (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	16	(16)	117	(117)
Capital return	–	–	–	–
Total return after taxation for the year	16	(16)	117	(117)
Net assets	**16**	**(16)**	**117**	**(117)**

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 31st July comprises its holdings in equity investments as follows:

	2017 £'000	2016 £'000
Investments held at fair value through profit or loss	411,548	360,612

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

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 13 and 14. This shows that the investments' value is in a broad spread of countries with no concentration of exposure to any one country. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (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		2016	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(123)	123	(108)	108
Capital return	40,867	(40,867)	35,809	(35,809)
Total return after taxation for the year and net assets	**40,744**	**(40,744)**	**35,701**	**(35,701)**

(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:

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(b) Liquidity risk *continued*

	Within one year £'000	2017 More than one year £'000	Total £'000
Creditors: amounts falling due within one year			
Other creditors	171	-	171
Derivative financial instruments	1	–	1
Creditors: amounts falling due after more than one year			
Bank loans including interest	880	31,200	32,080
	1,052	**31,200**	**32,252**

	Within one year £'000	2016 More than one year £'000	Total £'000
Creditors: amounts falling due within one year			
Securities purchased awaiting settlement	3,152	–	3,152
Other creditors	132	–	132
Creditors: amounts falling due after more than one year			
Bank loans including interest	880	31,811	32,691
	4,164	**31,811**	**35,975**

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

(c) Credit risk

Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in loss to the Company.

Management of credit risk

Portfolio dealing

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

Cash and cash equivalents

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

JPMorgan Chase Bank N.A. and the JPMorgan US Dollar Liquidity Fund have S+P credit ratings of A-1 and AAAm respectively.

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 management objectives are to ensure that it will continue as a going concern and to provide investors with a dividend income combined with the potential for long term capital growth.

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

	2017 £'000	2016 £'000
Debt		
US Dollar 20 million fixed rate loan with National Australia Bank (maturing 2018)	15,170	15,064
US Dollar 20 million fixed rate loan with National Australia Bank (maturing 2020)	15,170	15,064
	30,340	**30,128**
Equity		
Called up share capital	2,943	2,943
Reserves	382,504	341,480
	385,447	**344,423**
Total debt and equity	**415,787**	**374,551**

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	411,548	360,612
Net assets	385,447	344,423
Gearing	**6.8%**	**4.7%**

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, either for cancellation or to hold in Treasury, which takes into account the share price discount or premium;
- the opportunity 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 noted any subsequent events.

Regulatory Disclosures

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ('AIFMD') DISCLOSURES (UNAUDITED)

Leverage

For the purposes of the Alternative Investment Fund Managers Directive (the 'AIFMD'), leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated on a gross and a commitment method, in accordance with the 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, as at 31st July 2017, which gives the following figures:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	175%	175%
Actual	108%	108%

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.jpmglobalemergingmarketsincome.co.uk.

These leverage calculations are made on a different basis to the methodology used for the calculation of gearing.

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-selling 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 31st July 2017.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the seventh Annual General Meeting of JPMorgan Global Emerging Markets Income Trust plc will be held at the Offices of J.P.Morgan, 60 Victoria Embankment, London EC4Y 0JP on Monday, 27th November 2017 at 1.00 p.m. for the following purposes:

1. To receive the Directors' Report & Accounts and the Auditor's Report for the year ended 31st July 2017.
2. To approve the Company's Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st July 2017.
4. To reappoint Andrew Hutton as a Director of the Company.
5. To reappoint Sarah Fromson as a Director of the Company.
6. To reappoint Richard Robinson as a Director of the Company.
7. To reappoint Caroline Gulliver as a Director of the Company.
8. To reappoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

9. 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 for 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 £294,140 or, if different, the aggregate nominal amount representing approximately 10% of the Company's issued Ordinary share capital (excluding Treasury shares) 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

10. THAT subject to the passing of Resolution 9 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 9 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 £294,140 or, if different the aggregate nominal amount representing approximately 10% of the issued share capital (excluding Treasury shares) 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 9 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 pursuance of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

11. 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 of 1p each in the capital of the Company 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 49,091,610 or, if different, that number of Ordinary shares which is equal to 14.99% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of this Resolution;

    (ii) the minimum price which may be paid for an Ordinary share shall be 1p;

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

NOTICE OF ANNUAL GENERAL MEETING *CONTINUED*

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 26th 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.

Adoption of new articles of association – Special Resolution

12 THAT the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the new Articles of Association of the Company in the substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the 2017 Annual General Meeting.

By order of the Board
Divya Amin, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

27th 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 1.00 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 Auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting ('AGM'); or (b) any circumstances connected with the Auditor of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditor 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 cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmglobalemergingmarketsincome.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 AGM. 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 Direction 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 24th October 2017 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 294,339,438 Ordinary Shares (of which 199,277 are held in Treasury) carrying one vote each. Therefore the total voting rights in the Company are 294,140,161.

17. A copy of the current articles of association of the Company and the proposed new articles of association of the Company will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at the offices of J.P. Morgan, 60 Victoria Embankment, London EC4Y 0JP from the date of the Annual Report in which this notice is included up until the close of the AGM. Copies will also be available at the offices of J.P. Morgan, 60 Victoria Embankment, London EC4Y 0JP, being the place of the AGM, for 15 minutes prior to, and during, the meeting.

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.

APPENDIX

The Company proposes to adopt new articles of association (the '**New Articles**'). The principal changes proposed to be introduced in the New Articles and their effects are set out below.

1. Distributions out of capital

The Companies Act 2006 (Amendment of Part 23) (Investment Companies) Regulation 2012 removed the requirement that the articles of association of an investment company must prohibit the distribution of capital profits. In compliance with the previous statutory regime, the Company has a provision in its Articles which expressly prohibits the distribution of any surplus arising from the realisation of any investment. In light of the amended statutory rules, the Board no longer considers it appropriate to have such a prohibition in the Articles and therefore proposes that it is removed.

2. The Alternative Investment Fund Managers Directive (2011/61/EU) ('AIFMD') and the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) (the 'AIFM Regulations')

The Board is proposing to make amendments to the Existing Articles in response to the AIFMD and all applicable rules and regulations implementing that Directive. The proposed new provisions are as follows:

2.1 The Existing Articles will be amended to provide that the net asset value per share of the Company shall be calculated at least annually and be disclosed to shareholders from time to time in such manner as may be determined by the Board. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.

2.2 The AIFM Regulations require that prior to any new or existing investor making an investment in the Company certain prescribed information is to be made available to them. Therefore, the New Articles will include language with the effect that such information shall be made available to prospective and existing shareholders in such manner as may be determined by the Board from time to time (including, in certain cases, on the Company's website or by electronic notice).

2.3 The valuation of the Company's assets will be performed in accordance with prevailing accounting standards, in line with guidance from the Financial Conduct Authority. This reflects best practice and has no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.

2.4 The Existing Articles will be amended to provide that the Company's annual report and accounts may be prepared either in accordance with generally acceptable accounting principles of the United Kingdom or such other international accounting standards as may be permitted under the law of England and Wales. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.

3. International tax regimes requiring the exchange of information

The Board is proposing to include provisions in the New Articles to provide the Company with the ability to require shareholders to co-operate in respect of the exchange of information to comply with the Company's international tax reporting obligations.

The Hiring Incentives to Restore Employment Act 2010 of the United States of America commonly known as the Foreign Account Tax Compliance Act and all associated regulations and official guidance ('**FATCA**') imposes a system of information reporting on certain entities including foreign financial institutions such as the Company following the enactment of the UK International Tax Compliance (United States of America) Regulations 2013 on 1 September 2013. These regulations have now been replaced by the International Tax Compliance Regulations 2015 (the '**Regulations**').

The Existing Articles will be amended to provide the Company with the ability to require shareholders to co-operate with it in ensuring that the Company is able to comply with its obligations under the Regulations in order to avoid being deemed to be a 'Nonparticipating Financial Institution' for the purposes of FATCA and consequently having to pay withholding tax to the US Internal Revenue Service. The Existing Articles will also be amended to ensure that the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, as such liability would be to the detriment of shareholders as a whole.

The Regulations also include the automatic exchange of information regimes being brought in by the new tax regulation under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the Common Reporting Standard) which will require investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. As a result, the Company will have to provide information annually to the local tax authority on the tax residency of a number of non-UK based certified Shareholders and corporate entities.

Therefore, the Existing Articles will also be amended in order to provide the Company with the ability to require shareholders to co-operate in respect of these broader obligations including its obligations under the OECD and FATCA.

4. Termination of a director's appointment

Finally, the Board is proposing to amend the provision in the Existing Articles that provides for automatic termination of a person's appointment as a director in circumstances where, by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have. This is in response to developments in mental health legislation and reflects the position in the model articles for public companies as set out in the Companies (Model Articles) Regulations 2008/3229.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

Return to Shareholders

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

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 total 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, without transaction costs, into 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 '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, in line with current AIC methodology (see page 10). If the amount calculated is negative, this is shown as a 'net cash' position.

Ongoing Charges

The Ongoing Charges represent the Company's management fees and all other operating expenses, excluding finance costs expressed as a percentage of the average of the daily net assets during the year (see page 10).

Share Price Premium/Discount to Net Asset Value ('NAV') Per Share

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 10). 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.

The Board recognises that the possibility of a narrowing premium or a widening discount can be a key disadvantage of investment trusts that can discourage investors. The share issuance and repurchase programme therefore seeks to address imbalances in supply of and demand for the Company's shares within the market and thereby reduce the volatility and absolute level of the premium or discount to the cum income NAV at which the Company's shares trade.

H-Shares

Companies incorporated in mainland China and listed in Hong Kong and on other foreign exchanges.

Performance Attribution

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

Performance Attribution Definitions:

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

Emerging Markets

For the purposes of the investment policy, emerging markets are the capital markets of developing countries, including both recently industrialised countries and countries in transition from planned economies to free-market economies. Many, but not all, emerging market countries are constituents of the MSCI Emerging Markets Index or, in the case of smaller or less developed emerging markets, the MSCI Frontier Index. The Company may invest in securities listed in, or exposed to, these countries or other countries that meet the definition in this paragraph. These markets will tend to be less mature than developed markets and will not necessarily have such a long history of substantial foreign investment.

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

Information about the Company

FINANCIAL CALENDAR

Financial year end	31st July
Final results announced	October
Half year end	31st January
Half year results announced	March
Interim dividends declared	February, June, August and November
Annual General Meeting	November

History

JPMorgan Global Emerging Markets Income Trust plc is an investment trust which was launched in July 2010 with assets of £102.3 million.

Directors

Andrew Hutton (Chairman)
Sarah Fromson
Caroline Gulliver
Richard Robinson

Company Numbers

Company registration number: 7273382

Ordinary Shares

London Stock Exchange ISIN code: GB00B5ZZY915
Bloomberg code: JEMI
SEDOL B5ZZY91

Market Information

The Company's unaudited net asset value ('NAV') is published daily, via the London Stock Exchange.

The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman and on the JPMorgan website at www.jpmglobalemergingmarketsincome.co.uk, where the share price is updated every fifteen minutes during trading hours.

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

For company secretarial and administrative matters please contact Divya Amin at the above address.

Depositary

BNY Mellon Trust and 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 3570
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0371 384 2857

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 3570. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Independent Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY

Brokers

Winterflood Securities
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA
Telephone number: 020 3100 0000

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.jpmglobalemergingmarketsincome.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