JPMorgan Asian Investment Trust plc

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

J.P.Morgan
Asset Management

Features

Objective

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

Investment Policies

– To have a diversified portfolio of Asian stocks.

– To have a portfolio comprising around 50 to 80 investments.

– To use borrowings to gear the portfolio within a range of 10% net cash to 20% geared in normal market conditions.

Dividend Policy

From the 1st October 2016, the Company implemented a new dividend policy under which it aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equivalent to 1% of the Company's cum-income net asset value ('NAV') on the last business day of each financial quarter, being the end of December, March, June and September. These dividends are paid from a combination of the revenue and capital reserves. There is no change to the investment policies of the Company following the change in dividend policy.

Benchmark

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

Capital Structure

At 30th September 2017, the Company's issued share capital comprised 94,081,493 shares of 25p each, excluding shares held in Treasury.

Discount Management

In normal market circumstances the Company will use its buyback powers in order to ensure that, as far as possible, its ordinary shares trade at a discount no wider than 8% to 10% relative to their cum-income Net Asset Value ('NAV') per share.

Continuation Resolution

In accordance with the Company's Articles of Association, the Directors are required to propose a resolution that the Company continue as an investment trust at the Annual General Meeting in 2020 and every third year thereafter.

Management Company

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

FCA regulation of 'non-mainstream pooled investments'

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

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

Contents

Financial Results

TOTAL RETURNS AT 30TH SEPTEMBER 2017 (INCLUDES DIVIDENDS REINVESTED)

+29.8%
Return to shareholders[1]
(2016: +38.7%)

+21.5%
Return on net assets[2]
(2016: +41.3%)

+18.8%
Benchmark return[3]
(2016: +36.2%)

13.9p
Ordinary dividend[4]
(2016: 3.0p)

LONG TERM PERFORMANCE (INCLUDES DIVIDENDS REINVESTED)

for periods ended 30th September 2017

	Return to shareholders[1]	Return on net assets[2]	Benchmark return[3]
1 Year	29.8%	21.5%	18.8%
3 Year	74.3%	66.6%	51.7%
5 Year	96.6%	87.8%	72.3%
10 Year	87.6%	85.2%	105.7%
Since Inception[5]	424.1%	366.6%	283.9%

[1] Source: Morningstar.

[2] Source: Morningstar/J.P. Morgan, using cum income net asset value per share. The '10 year' and 'Since Inception' performance is using capital only net asset values, due to a lack of historic cum income net asset values.

[3] Source: MSCI.

[4] As of 1st October 2016, the Company adopted a new distribution policy. Further details can be found on page 16.

[5] Returns are measured from 12th September 1997 to 30th September 2017.

KEY FINANCIAL DATA

	30th September 2017	30th September 2016	% change
Shareholders' funds	353,167,000	305,313,000	+15.7[1]
Net asset value per share	375.4p	321.2p	+16.9[1]
Share price	345.5p	278.0p	+24.3[1]
Share price discount to net asset value per share	8.0%	13.4%	
(Net cash)/Gearing	(1.2)%	4.5%	
Ongoing charges	0.73%	0.83%	

[1] % change, excluding dividends paid.

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

CHAIRMAN'S STATEMENT

Performance

I am pleased to report that in the year to 30th September 2017 the Company's return on net assets was +21.5%, representing an outperformance of 2.7 percentage points over the benchmark, the MSCI AC Asia ex Japan Index, which returned +18.8% in sterling terms. The return to shareholders was +29.8%, reflecting a very welcome narrowing of the Company's discount from 13.4% to 8.0%. Most of the outperformance stemmed from good stock selection. The Investment Managers' report on pages 5 to 8 gives more detail on the positioning of the portfolio, actions taken and performance attribution, together with their views on the outlook for the region.

Continuing Appointment of the Manager

At the Company's Annual General Meeting held on 2nd February 2017, shareholders voted overwhelmingly in favour of the Company's continuation as an investment trust for a further three year period. It is therefore pleasing that shareholders have been rewarded for their ongoing support.

Having delivered three consecutive years of strong relative performance, the Company's long term performance record is well ahead of both the benchmark and the average of its open-ended and investment trust peer group over one, three and five years and it is in the top quartile over three years. It is also worth noting that this Company has the lowest ongoing charges ratio of all its peers in the Asia ex-Japan investment trust sector.

The performance of the investment managers has also been acknowledged within the industry, with the Company recently being awarded best Asia Pacific Equities Investment Trust at the inaugural Citywire Investment Trust Performance Awards 2017. The awards were presented to investment trusts with the best underlying, risk-adjusted returns against their benchmarks over three years, highlighting the performance of investment managers who have done a good job with the assets in their care over that time. Based on the Board's evaluation of this performance record, the investment strategy and process, and the support that the Company receives from JPMF and JPMAM, the Board confirms that is it satisfied that the continuing appointment of the Manager is in the best interests of shareholders.

Dividend Policy and Discount Management

Following approval from shareholders, the Company has implemented a new dividend policy. This revised dividend policy aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equivalent to 1% of the Company's NAV on the last business day of each financial quarter, being the end of December, March, June and September. These dividends will be paid from a combination of net revenue and capital reserves. However, this change in dividend policy is not accompanied by a change in the investment policy of the Company, with the Manager mandated to maximise total return to shareholders. In respect of the quarters to 31st December 2016, 31st March 2017, 30th June 2017 and 30th September 2017 dividends of 3.1p, 3.4p, 3.6p and 3.8p respectively were declared.

It is pleasing to report that the improvement in performance and the new dividend policy have contributed to a narrowing of the Company's discount, reducing it by 5.4 percentage points since the end of September 2016. Although the discount is now in line with its comparable peers, the Board would still like to see further reductions in the discount. It is hoped that once the Company's higher dividend is more fully recognised within the industry, a further re-rating of the Company will occur. Over the year the Company has conducted a small number of share buybacks, repurchasing a total of 965,500 shares when the discount widened beyond acceptable levels. The Company will conduct further buybacks as and when deemed necessary, with the aim of the Company's share price trading at a discount no wider than between 8% to 10%.

CHAIRMAN'S STATEMENT *CONTINUED*

For full details of the rationale behind both the change of distribution policy and the use of the buyback powers, shareholders should refer to my predecessor's statement within the Company's financial statements for the year ended 30th September 2016. This is available on the Company's website.

Gearing

In December 2016, the Company put in place a new £40 million three year multi currency loan facility with Scotiabank, with the option of further increasing the facility to £60 million. The investment managers use this facility to gear the portfolio in periods when they believe this leverage will enhance shareholder returns. The Company was not geared at the end of the reporting period.

Board of Directors

Following many years of service to the Company, James Long retired as a Director and Chairman at the conclusion of the Annual General Meeting held in February this year. James Strachan also made the decision to retire at this juncture. I was appointed Chairman at the conclusion of the Annual General Meeting and the Board as it currently stands comprises four Directors with an appropriate balance of tenure and experience.

All Directors will retire at the Company's 2018 Annual General Meeting and, being eligible, will offer themselves for reappointment. The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its committees, confirms that each Director continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that they be reappointed.

Annual General Meeting

The Company's 2018 Annual General Meeting will be held at 60 Victoria Embankment, London EC4Y 0JP on Monday, 26th February 2018 at 12.30 p.m. In addition to the formal proceedings, shareholders will have the opportunity to meet with the investment management team, who will be presenting and will be available to respond to questions on the Company's portfolio, the investment team's strategy and the outlook for Asian markets. Following the Meeting there will be an opportunity for shareholders to meet the Board, investment management personnel and other Company advisers informally and I look forward to seeing as many of you as possible.

Outlook

Asian equities have had a period of significant market improvement over the last year and the results of your Company reflect both that market change and the Manager's success in stock selection. Looking ahead, economic forecasts suggest a broadly positive environment and forecast earnings for companies in the region remain on a positive trajectory. Valuations in the region have increased to reflect this positive outlook, however, on balance, the Managers and your Board feel confident regarding further progress in the year ahead.

Bronwyn Curtis OBE
Chairman

5th December 2017

INVESTMENT MANAGERS' REPORT

Ayaz Ebrahim

Richard Titherington

Summary

During the year under review, the Company's return on net assets was +21.5%, outperforming Asian stock markets, as measured by the MSCI AC Asia ex Japan Index, which delivered a +18.8% return in sterling terms. In this report, we discuss the market backdrop, examine the drivers of the Company's performance, and then consider the outlook for Asian stock markets in 2018.

Market Review

Asian equities rose over the 12 months to 30th September 2017; however, the period was characterised by high levels of volatility. The surprise victory of Donald Trump on 8th November 2016 resulted in higher US dollar and US bond yields, sending all Asian markets into negative territory in absolute terms. The US 10-year bond yield increased from 1.9% pre-election to 2.4%, and the decline in bond prices led to capital outflows and US dollar weakness. The threat of trade conflict was another source of negative sentiment towards Asia. Other major events during the last quarter of 2016 include the passing of Thailand's King Bhumibol, and the surprise announcement by the government of India to demonetise INR500 and INR 1000 banknotes.

The first quarter of 2017 saw Asian equities rallying strongly, registering one of the strongest starts in many years, with all markets and sectors posting positive absolute returns. Economic momentum extended gains from the second half of 2016, while the dollar modestly weakened as expectations for pro-growth policies from the US softened, while corporate earnings revisions continued to accelerate. The positive momentum carried through into the second and third quarters, supported by a rebound in exports and the broadening of positive earnings revisions.

China was the top performing market over the review period, boosted by positive cyclical momentum and strong corporate results as well as resilient macro data. Specifically, companies in the technology, financials and consumer sectors continued to report earnings strength, as the pass-through from upstream industrial price pressure to downstream sectors seemed to have been limited. At the same time, the Chinese government surprised the market in its effort to reduce excessive capacity in basic materials industries, which helped iron ore and metal prices rebound this year. In June, MSCI announced a 5% inclusion of A-shares, which is an acknowledgement of the effort China has made in its overall capital market liberalisation process.

Korea was the second best performing market, led by technology and materials stocks. Semiconductor names continued to benefit from the strong demand/supply dynamics in the NAND and DRAM memory markets as well as smartphone product cycles, while materials performed well on the back of rising commodity prices, partly as a result of Chinese supply-side reform measures. In politics, President Park was finally impeached in March, followed by the election of Moon Jae-in in May, resulting in the dissipation of political uncertainty, which boosted market confidence. The geopolitical tensions between the US and North Korea intensified over the summer; however, the market remained well supported by positive earnings momentum.

In contrast, India lagged behind the broader region as growth momentum in the economy softened, with agriculture and manufacturing being the key sources of weakness. This was also evident in corporate results, which were in aggregate below expectations, largely due to margin pressures. However, reform efforts continued to make progress with the implementation of the goods and services tax bill in July – the most significant change in

INVESTMENT MANAGERS' REPORT *CONTINUED*

the tax landscape in several decades. Despite the short-term disruptions, this is likely to be a significant positive in the long-term as the sustainable growth rate of the economy is expected to rise, with the formal sector gaining share from the informal economy. The RBI also announced a plan to resolve the problem of the non-performing loans of the top 12 defaulters, who account for approximately 25% of overall stressed loans. Whilst this could inevitably lead to higher provisions in the near term, it will also expedite the resolution process and pave the way for a new investment cycle in the long term.

Performance

For the Company's financial year ended 30th September 2017, the portfolio outperformed its benchmark index. Positive relative performance was primarily driven by stock selection, with positions in China and Korea being the standout contributors.

PERFORMANCE ATTRIBUTION FOR THE YEAR ENDED 30TH SEPTEMBER 2017

	%	%
Contributions to total returns		
Benchmark return		18.8
Stock selection	3.9	
Currency effect	-0.1	
Gearing/(net cash)	-0.4	
Investment Manager contribution		3.4
Dividends/residual	0.0	
Portfolio return		22.2
Management fee/other expenses	-0.8	
Structural effects		
Share Buy-back/Issuance	0.1	
Return on net assets		21.5
Effect of movement in discount over the year		8.3
Return to shareholders		29.8

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

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

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

In China, a number of our core holdings in the information technology sector performed well over the period under review, including Alibaba, Tencent and AAC Technologies. These companies consistently delivered on earnings, and we continue to believe they are well positioned for further growth. Ping An Insurance was the top contributor at the stock level, as it benefited from intensified government scrutiny of Tier 2 players, coupled with strong growth in new business and improving underwriting standards. Elsewhere, consumer discretionary holdings such as Brilliance China Automotive and JD.com outperformed on the back of a new BMW model cycle for the former, and a positive surprise on margins and strong execution for the latter. CSPC Pharmaceutical was another notable contributor, with sales of its flagship stroke treatment, NBP, continuing to post strong growth. Finally, zero exposure to China Mobile also added to our relative performance as the stock continued to lag behind the overall market.

In Korea, overweight positions in two Samsung Group companies, Samsung Electronics and Samsung BioLogics, were the primary drivers for returns. Samsung Electronics continues to benefit from the strong demand for DRAM memory chips, while maintaining its leadership position over its peers in the NAND memory market, where the underlying demand is likely to remain strong. Samsung BioLogics, a global leading player in contract manufacturing outsourcing, was listed in November 2016, and returned more than 100% over the review period. Contract manufacturing for biologics is more complex than chemical manufacturing, thereby creating higher barriers to entry. At the same time, the economies of scale enjoyed by contract manufacturers are expected to drive growth at a faster rate than its in-house alternative. Samsung BioLogics will be doubling its capacity by the fourth quarter of 2018, moving from the third largest in this sector to the largest in the world.

On the negative side, stock selection was poor in Hong Kong, with our position in CK Hutchison underperforming for a variety of reasons, including the negative impact from the weaker sterling exchange rate on its UK investments and losses from the Indonesian telecom business due to the delay in rolling out the 4G network. AIA Group, which announced a change in CEO in the first quarter, also lagged over the review period as the market has been taking a wait-and-see approach towards the new management team. At the stock level, KEPCO was the largest detractor, as the company faced multiple headwinds including higher coal prices, uncertainties over tariffs and the construction of its two nuclear plants. Other notable detractors include IMAX China and Hyundai Glovis. IMAX China disappointed on box office sales, while Hyundai Glovis underperformed mainly due to concerns over potential tighter regulation by the new government and restructuring within the Hyundai Motor Group.

We have kept gearing at a low level throughout the year and actually had a small net cash position at the end of the reporting period. The model that we developed to assist with gearing decisions has provided no clear valuation signal to raise the level of gearing and despite retaining a positive view on equities, gearing is likely to remain at low levels with Asian equities no longer trading below average valuations.

INVESTMENT MANAGERS' REPORT *CONTINUED*

Outlook

Asian equities have performed well since the beginning of 2017, supported by both a benign macro-economic environment and strong growth in corporate earnings. The global growth and reflation picture continues to improve, while the weaker US dollar has been beneficial for the Asian region. In addition to these positive external factors, a pick-up in intra-regional trade and better domestic consumption are driving GDP growth, translating into rising corporate earnings. Following this strong period of performance, Asian equities are no longer trading below average valuations, with trailing price to book close to its 10-year average. Nevertheless, we continue to find numerous opportunities for growth throughout the region.

From the country perspective, Korea continues to appeal, as valuations remain attractive whilst earnings momentum is strong, particularly in sectors such as financials and technology. We have trimmed our exposure to China to neutral over the review period, following its strong performance. There are concerns over high levels of debt and its government's ability to successfully implement lasting structural reforms; at the same time, growth rates are trending lower, though economic data has been generally strong, as are earnings trends.

We have moved to an underweight position in India as the number of short-term risks to growth increase. At the same time valuations levels have become extended while the underlying earnings trend remains lacklustre. Looking further ahead we retain a positive view on the longer-term outlook, as a number of reform measures such as the implementation of the Goods and Services Tax are on track but do not believe this will be reflected in returns for some time.

Technology remains a key sector, especially in areas such as e-commerce/ internet, semiconductor and in hardware components such as sensors and camera lenses. The turnaround in domestic consumption should also benefit discretionary spending, fueling Asian brands' ambition to take on multinationals in their own categories. Insurance continues to be an interesting area given the wide protection gap in countries such as China and India, while the current level of commodity prices may indicate company specific opportunities in selected names in materials and energy sectors.

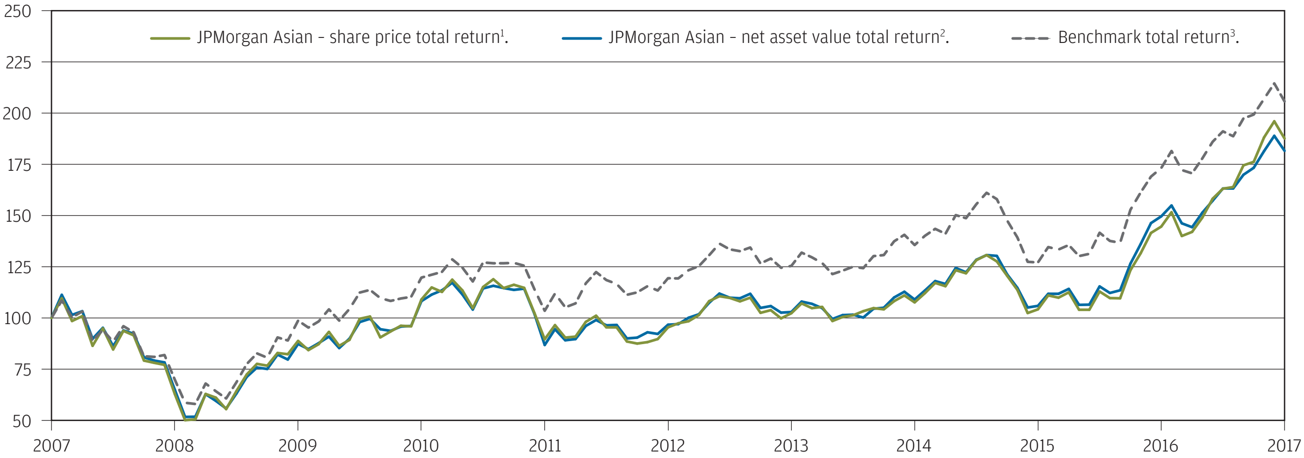
Richard Titherington
Ayaz Ebrahim
Investment Managers

5th December 2017

TEN YEAR PERFORMANCE

Performance

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2007



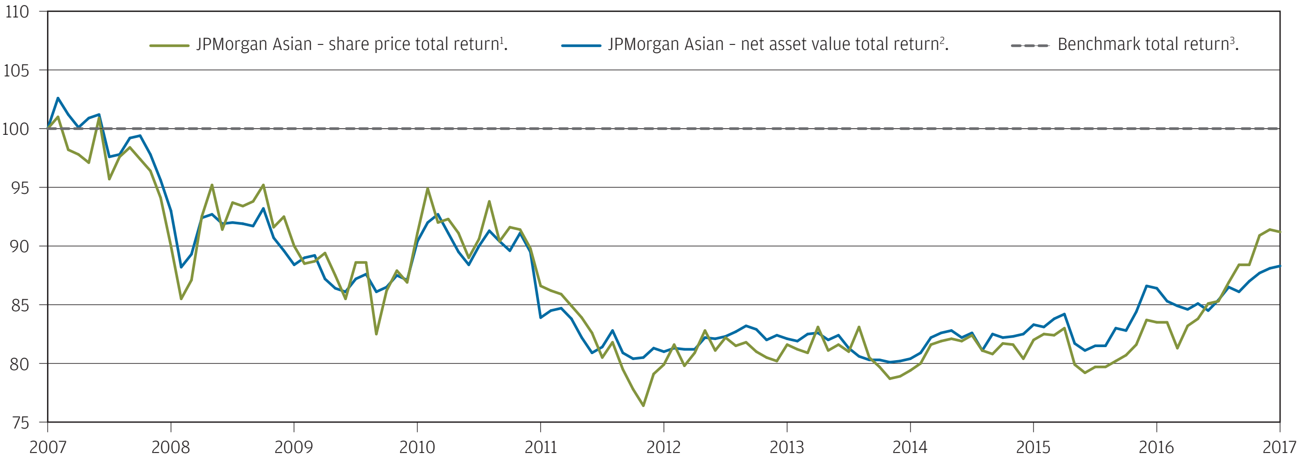
[1]Source: Morningstar.

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

[3]Source: MSCI.

Performance Relative to Benchmark

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2007



[1]Source: Morningstar.

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

[3]Source: MSCI.

TEN YEAR FINANCIAL RECORD

At 30th September	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Shareholders' funds (£'000)	374,406	241,612	341,477	445,002	333,537	324,296	231,456	228,045	218,456	305,313	353,167
Net asset value per share (p)	234.0	151.0	200.4	246.7	196.7	216.8	227.8	238.7	229.8	321.2	375.4
Share price (p)	211.0	132.0	184.0	224.0	183.0	192.5	203.5	211.5	202.9	278.0	345.5
Share price discount to net asset value per share (%)	9.8	12.6	8.2	9.2	7.0	11.2	10.7	11.4	11.7	13.4	8.0
Gearing/(net cash) (%)	9	(7)	5	4	(4)	(4)	0	4	0	5	(1)
Year ended 30th September											
Gross revenue return (£'000)	6,786	7,280	5,363	7,256	9,175	7,749	5,706	4,799	5,610	5,969	6,516
Revenue return per share (p)	1.33	1.71	1.52	1.75	2.19	2.44	2.63	2.23	2.99	3.48	3.93
Dividend per share (p)[1, 2]	1.30	1.70	1.50	1.70	2.20	2.90	2.60	2.20	2.50	3.00	13.9
Ongoing charges (%)	0.77	0.95	0.88	0.85	0.87	0.88	0.80	0.86	0.82	0.83	0.73
Ongoing charges including any performance fee payable (%)[3]	1.54	0.95	0.88	0.87	0.87	0.88	0.80	0.86	0.82	0.83	0.73
Rebased to 100 at 30th September 2007											
Total return to shareholders[4]	100.0	62.9	88.8	109.0	89.6	95.4	102.3	107.6	104.2	144.6	187.6
Total return on net assets[5]	100.0	65.0	87.3	108.2	86.8	96.7	102.9	109.0	105.9	149.6	181.6
Benchmark total return[6]	100.0	69.0	98.7	119.7	103.5	119.4	125.4	135.6	127.1	173.2	205.7

[1] As of 1st October 2016, the Company adopted a new distribution policy. Further details can be found on page 16.

[2] 2012 comprises an ordinary dividend of 2.4p and a special dividend of 0.5p.

[3] From 1st October 2014, the Company simplified its fee arrangements by abolishing the performance fee element.

[4] Source: Morningstar.

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

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

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TEN LARGEST INVESTMENTS AT 30TH SEPTEMBER

Company	Country	2017 Valuation £'000	%[1]	2016 Valuation £'000	%[1]
Samsung Electronics[4]	South Korea	26,052	7.5	21,483	6.7
Tencent	China	25,403	7.3	23,391	7.3
Alibaba[2,5]	China	19,697	5.6	4,395	1.4
AIA	Hong Kong	19,187	5.5	15,844	5.0
HDFC Bank	India	11,217	3.2	9,333	2.9
Ping An Insurance[6]	China	11,155	3.2	9,905	3.1
CNOOC[2]	China	11,135	3.2	6,510	2.0
DBS[3]	Singapore	9,572	2.7	–	–
CK Hutchison	Hong Kong	9,247	2.7	8,172	2.6
Shinhan Financial[2]	South Korea	8,932	2.6	1,563	0.5
Total		151,597	43.4		

[1] Based on total investments of £349.1m (2016: £319.2m).

[2] Not included in the ten largest investments at 30th September 2016.

[3] Not held in the portfolio at 30th September 2016.

[4] Includes preference shareholding.

[5] American Depositary Receipts (ADRs).

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

At 30th September 2016, the value of the ten largest investments amounted to £129.1m representing 40.5% of total investments.

PORTFOLIO ANALYSIS

Geographic

	30th September 2017 Portfolio %[1]	30th September 2017 Benchmark %	30th September 2016 Portfolio %[1]	30th September 2016 Benchmark %
China	34.8	34.4	34.0	31.4
South Korea	20.2	17.4	18.1	17.3
Hong Kong	12.7	11.5	11.0	12.3
Taiwan	9.4	13.4	13.5	14.1
India	8.7	9.8	11.5	9.9
Indonesia	5.1	2.6	4.6	3.2
Singapore	3.2	4.2	–	4.5
Thailand	2.9	2.6	4.2	2.6
Vietnam	2.0	–	2.3	–
Malaysia	1.0	2.7	–	3.1
Philippines	–	1.3	0.8	1.6
Pakistan	–	0.1	–	–
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £349.1m (2016: £319.2m).

Sector

	30th September 2017 Portfolio %[1]	30th September 2017 Benchmark %	30th September 2016 Portfolio %[1]	30th September 2016 Benchmark %
Financials	34.7	22.8	26.9	23.5
Information Technology	30.5	32.0	29.8	27.6
Consumer Discretionary	8.3	9.4	11.0	9.5
Industrials	6.2	7.1	4.6	7.9
Real Estate	4.0	6.1	3.1	6.1
Energy	3.7	4.2	5.5	4.0
Utilities	3.3	3.0	4.9	3.7
Telecommunication Services	3.0	4.5	5.6	5.8
Health Care	2.3	2.1	2.8	2.5
Investment Fund	2.0	–	2.3	–
Consumer Staples	1.0	4.3	1.8	5.2
Materials	1.0	4.5	1.7	4.2
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £349.1m (2016: £319.2m).

INVESTMENT ACTIVITY DURING THE YEAR ENDED 30TH SEPTEMBER 2017

	Value at 30th September 2016 £'000	Value at 30th September 2016 % of portfolio	Purchases £'000	Sales £'000	Changes in value[1] £'000	Value at 30th September 2017 £'000	Value at 30th September 2017 % of portfolio
China	108,473	34.0	47,439	(67,410)	33,071	121,573	34.8
South Korea	57,875	18.1	41,581	(40,695)	11,601	70,362	20.2
Hong Kong	35,241	11.0	14,679	(8,000)	2,398	44,318	12.7
Taiwan	43,240	13.5	14,048	(28,640)	4,110	32,758	9.4
India	36,855	11.5	10,460	(21,031)	4,049	30,333	8.7
Indonesia	14,570	4.6	9,205	(6,699)	896	17,972	5.1
Singapore	–	–	10,442	–	872	11,314	3.2
Thailand	13,284	4.2	9,723	(15,714)	2,741	10,034	2.9
Vietnam	7,206	2.3	–	(1,061)	669	6,814	2.0
Malaysia	–	–	3,193	–	382	3,575	1.0
Philippines	2,441	0.8	–	(1,944)	(497)	–	–
Total	**319,185**	**100.0**	**160,770**	**(191,194)**	**60,292**	**349,053**	**100.0**

[1] Total capital gains on investments for the year amounted to £60,292,000, comprising gains on sales of investments of £18,220,000 and investment holding gains of £42,072,000.

LIST OF INVESTMENTS AT 30TH SEPTEMBER 2017

Company	Valuation £'000
China	
Tencent	25,403
Alibaba[1]	19,697
Ping An Insurance[2]	11,155
CNOOC	11,135
JD.com[1]	8,617
AAC Technologies	6,194
Shenzhou International	5,887
PICC Property & Casualty[2]	5,841
China Resources Land	4,443
China Construction Bank[2]	4,120
Sino Biopharmaceutical	2,995
CSPC Pharmaceutical	2,957
China Merchants Bank[2]	2,548
Huaneng Power International[2]	2,518
China Resources Gas	2,388
Aluminum Corp. of China[2]	1,914
GF Securities[2]	1,888
IMAX China	1,873
	121,573
South Korea	
Samsung Electronics[3]	26,052
Shinhan Financial	8,932
Korea Electric Power	6,528
Samsung Fire & Marine Insurance	5,468
Hyundai Glovis	4,155
SK Telecom	3,938
Samsung Engineering	3,719
NCSoft	2,484
LG Uplus	2,286
Samsung Biologics	2,133
SK Hynix	2,107
SK Innovation	1,852
Korea Investment	708
	70,362
Hong Kong	
AIA	19,187
CK Hutchison	9,247
CK Asset	5,869
Jardine Matheson	4,401
WH	3,623
Techtronic Industries	1,196
New World Development	795
	44,318

Company	Valuation £'000
Taiwan	
Taiwan Semiconductor Manufacturing	6,817
Largan Precision	6,283
Mega Financial	5,098
Eclat Textile	3,532
Advanced Semiconductor Engineering	3,528
Himax Technologies[1]	2,170
Cathay Financial	1,503
Giant Manufacturing	1,475
Silicon Motion Technology[1]	1,319
China Life Insurance	1,033
	32,758
India	
HDFC Bank	11,217
Axis Bank	7,608
IndusInd Bank	7,284
Tata Consultancy Services	4,224
	30,333
Indonesia	
Bank Central Asia	7,229
Astra International	6,378
Telekomunikasi Indonesia Persero	4,365
	17,972
Singapore	
DBS	9,572
City Developments	1,742
	11,314
Thailand	
Kasikornbank, NVDR	4,787
TMB Bank	3,576
Supalai	932
Kasikornbank	433
Supalai Warrant 20/10/2018	306
	10,034
Vietnam	
JPMorgan Vietnam Opportunities Fund	6,814
	6,814
Malaysia	
CIMB	1,878
Lotte Chemical Titan	1,697
	3,575
Total Investments	**349,053**

[1] American Depositary Receipts (ADRs).
[2] Hong Kong 'H' shares, that is, shares in companies incorporated in mainland China and listed in Hong Kong and other foreign stock exchanges.
[3] Includes preference shareholding.

BUSINESS REVIEW

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

Structure and Objective of the Company

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

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

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

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 3 and 4, and in the Investment Managers' Report on pages 5 to 8.

Investment Objective

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

Investment Policies, Investment Guidelines and Risk Management

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

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

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

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

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

Performance

In the year to 30th September 2017, the Company produced a total return to shareholders of +29.8% (2016: +38.7%) and a total return on net assets of +21.5% (2016: +41.3%). This compares with the return on the Company's benchmark index of +18.8% (2016: +36.2%). At 30th September 2017, the value of the Company's investment portfolio was £349.1 million. The Investment Managers' Report on pages 5 to 8 includes a review of developments during

BUSINESS REVIEW *CONTINUED*

the year as well as information on investment activity within the Company's portfolio and the factors likely to affect the future performance of the Company.

Total Return, Revenue and Dividends

Gross total return for the year amounted to £65.9 million (2016: £91.9 million) and net total return after deducting interest, management expenses and taxation amounted to £63.1 million (2016: £89.2 million). Net revenue return after deducting interest, management expenses and taxation amounted to £3.7 million (2016: £3.3 million).

As of 1st October 2016, the Company adopted a new distribution policy. The new policy aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equivalent to 1% of the Company's NAV on the last business day of each financial quarter, being the end of December, March, June and September. These dividends are paid from a combination of revenues and capital reserves. In respect of the quarters to 31st December 2016, 31st March 2017, 30th June 2017 and 30th September 2017 dividends of 3.1p, 3.4p, 3.6p and 3.8p respectively were declared.

Key Performance Indicators ('KPIs')

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

- **Performance against the benchmark index**
  The Board monitors performance against a benchmark index. Please refer to the graphs on page 9 for further detail.

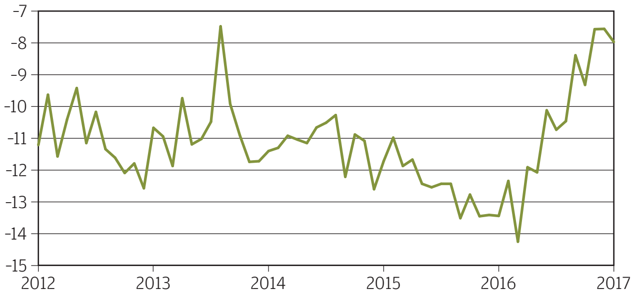
- **Performance against the Company's peers**
  The Board also monitors performance relative to a broad range of competitor closed and open ended funds.

- **Performance attribution**
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as gearing, stock selection and currency gains and losses. Details of the attribution analysis for the year ended 30th September 2017 are given in the Investment Managers' Report on page 6.

- **Share price discount to net asset value ('NAV') per share**
  The Board seeks to address imbalances in the supply of and demand for the Company's shares in the market and thereby seek to reduce the volatility and absolute level of the discount to cum income net asset value ('NAV') at which the Company's Ordinary shares trade. The discount to NAV at the start of the year was 13.4% and at the end it was 8.0%. The highest and the lowest discounts to NAV during the year were 15.5% and 6.3% respectively and the average discount over the year was 11.0%.

  More information on the Company's share discount management policy is given in the Chairman's Statement on pages 3 and 4.

Discount Performance



Source: Morningstar.

JPMorgan Asian – share price discount to cum income net asset value per share (month end data).

- **Ongoing charges**
  'Ongoing charges' is an expression of the Company's management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the daily net assets during the year. The Ongoing charges ratio for the year ended 30th September 2017 is 0.73% (2016: 0.83%). The Board reviews each year an analysis which shows a comparison of the Company's Ongoing charges and its main expenses with those of its peers. The Board considers that the Company's Ongoing charges compare favourably with those of its peers.

Share Capital

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

During the year the Company repurchased 965,500 ordinary shares (2016: nil). No shares have been repurchased for cancellation or into Treasury since the year end.

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

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

The full text of these resolutions is set out in the Notice of Meeting on pages 61 to 63.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board.

At 30th September 2017, there were three male Directors and one female Director on the Board. The Company has no employees. The Company's policy on gender is detailed under the Nomination Committee section on pages 23 and 24.

Employees, Social, Community and Human Rights Issues

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

Social, Community, Environmental and Human Rights

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

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

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

Greenhouse Gas Emissions

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

The Modern Slavery Act 2015 (the 'MSA')

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

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 seeks assurance from its service providers that effective policies and procedures are in place.

Principal Risks

The Directors confirm that they have carried out a thorough assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. Three key risks have been identified and the ways in which they are managed or mitigated are summarised as follows:

- Investment and Strategy: An inappropriate investment decision, in areas such as asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, and may result in the Company's shares trading on a wider discount. The Board seeks to mitigate these risks by diversification of investments through its investment restrictions and guidelines which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution analysis, revenue estimates and shareholder analysis. The Board monitors the implementation and results of the investment process with the investment managers, who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The Manager employs the Company's gearing tactically, within a strategic range set by the Board. The Board holds a separate meeting devoted to strategy each year.
- Political and Economic: Changes in financial or tax legislation, may adversely affect the Company. The Manager makes

BUSINESS REVIEW *CONTINUED*

recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. In addition, the Company is subject to political risks, such as the imposition of restrictions on the free movement of capital.

- Operational Risk and Cybercrime: Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by the Manager and its associates and the key elements designed to provide effective internal control are included with the Internal Control section of the Corporate Governance report on pages 24 and 25. The threat of cyber attack, in all its guises, is regarded as at least as important as more traditional physical threats to business continuity and security. The Company benefits directly or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested by PricewaterhouseCoopers LLP and reported every six months against the AAF Standard.

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

- Change of Corporate Control of the Manager: The Board holds regular meetings with senior representatives of JPMF and JPMAM in order to obtain assurance that the Manager continues to demonstrate a high degree of commitment to its investment trusts business through the provision of significant resources.
- Market: Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss that the Company might suffer through holding investments in the face of negative market movements. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by the Manager. The Board monitors the implementation and results of the investment process with the Manager.
- Loss of Investment Team: A sudden departure of several members of the investment management team could result in a deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team-based approach.
- Financial: The financial risks faced by the Company include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk, credit risk and the failure of any counterparty. Further details are disclosed in note 21 on pages 52 to 58.

Long Term Viability

The Company is an investment trust with an objective of achieving long term total return.

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

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

The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment. This reasonable expectation is also subject to there being no significant adverse change to the regulatory or taxation environment for investment trusts; and subject to there being no sustained adverse investment performance by the current or any successor investment manager, that may result in the Company not being able to maintain a supportive shareholder base.

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

5th December 2017

BOARD OF DIRECTORS

Bronwyn Curtis OBE (Chairman)*†
A Director since September 2013.

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

Connections with Manager: None.

Shared directorships with other Directors: Scottish American Investment Trust P.L.C with Peter Moon.

Shareholding in Company: 5,000.

Dean Buckley*†
A Director since September 2014.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 10,000.

Ronald Gould (Audit Committee Chairman)*†
A Director since September 2005.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 13,241.

Peter Moon*†
A Director since September 2016.

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

Connections with Manager: None.

Shared directorships with other Directors: Scottish American Investment Company P.L.C with Bronwyn Curtis.

Shareholding in Company: 10,000.

* Member of Audit Committee.

† Member of the Nomination Committee.

DIRECTORS' REPORT

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

Management of the Company

The Manager and Company Secretary is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the FCA. Prior to 1st July 2014, these roles were undertaken by JPMorgan Asset Management (UK) Limited ('JPMAM'). JPMF is an affiliate of JPMAM and was appointed as the Company's Alternative Investment Fund Manager ('AIFM') from 1st July 2014 to ensure the Company's compliance with the Alternative Investment Fund Managers Directive. JPMF is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides marketing, banking, dealing and custodian services to the Company.

The Manager is employed under a contract which can be terminated on three months notice, if notice is served on the basis of poor investment performance. The notice period is six months for all other circumstances.

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

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF is the Company's alternative investment fund manager ('AIFM'). 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.jpmasian.co.uk There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

The Company's leverage and JPMF's remuneration disclosures are set out on page 60.

Management Fee

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

Directors

James Long and James Strachan retired from the Board on 2nd February 2017. The Directors of the Company who held office at the end of the year are detailed on page 19.

Details of Directors' beneficial shareholdings may be found on page 19 and also in the Directors' Remuneration Report on page 29.

All Directors will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment. The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its committees, confirms that each Director continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that they be reappointed.

Director Indemnification and Insurance

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

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

Disclosure of information to Auditors

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

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

(b) each of the Directors has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Independent Auditors

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

Section 992 Companies Act 2006

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

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

Voting Rights in the Company's shares
As at 4th December 2017 (being the latest business day prior to the publication of this report), the Company's issued share capital consists of 94,081,493 Ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 94,081,493.

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

Shareholders	Number of voting rights	%
City of London Investment Management Co. Ltd.	20,673,311	21.97
Lazard Asset Management Limited	6,472,184	6.88
Wells Capital Management Inc.	4,665,560	4.96

The Company is also aware that approximately 9.2% of the Company's total voting rights are held by individuals through savings products managed by JPMAM, registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under certain circumstances JPMAM has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

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

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

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

Annual General Meeting

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

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

(i) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 10 and 11)
The Directors will seek renewal of the authority at the AGM to issue up to 9,408,149 Ordinary shares for cash up to an aggregate nominal amount of £2,352,037 such amount being equivalent to 10% of the present issued ordinary share capital as at the last practicable date before the publication of this document. The full text of the resolutions is set out in the Notice of Meeting on page 61. This authority will expire at the conclusion of the Annual General Meeting of the Company in 2019 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares to participants purchasing shares through the JPMorgan savings

DIRECTORS' REPORT *CONTINUED*

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

(ii) Authority to repurchase the Company's shares (resolution 12)

The authority to repurchase up to 14.99% of the Company's issued Ordinary shares, granted by shareholders at the 2017 AGM, will expire on 1st July 2018 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

Resolution 12 gives the Company authority to buy back its own issued Ordinary shares in the market as permitted by the Companies Act 2006 (the 'Act'). The authority limits the number of shares that could be purchased to a maximum of 14,102,815 Ordinary shares, representing approximately 14.99% of the Company's issued Ordinary shares, as at 4th December 2017 (being the latest practicable date prior to the publication of this report). The authority also sets minimum and maximum prices.

If resolution 12 is passed at the Annual General Meeting, Ordinary shares repurchased might not be cancelled but rather held as treasury shares and may subsequently be reissued at a premium. The Company does not have authority to reissue Ordinary shares from treasury at a discount to NAV, therefore any reissue of Ordinary shares from treasury would be at a premium to the prevailing NAV.

Recommendation

The Board considers that resolutions 10 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 shareholders vote in favour of the resolutions as they intend to do, where voting rights are exercisable, in respect of their own beneficial holdings which amount in aggregate to 38,241 Ordinary shares, representing approximately 0.1% of the voting rights of the Company.

Corporate Governance Statement

Compliance

The Company is committed to high standards of Corporate Governance. This statement, together with the Statement of Directors' Responsibilities on page 31, indicates how the Company has applied the principles of good governance of the Financial Reporting Council's UK Corporate Governance Code (the 'UK Corporate Governance Code') and the AIC's Code of Corporate Governance (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

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

Role of the Board

A management agreement dated 1st July 2014 between the Company and JPMF sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administration, and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has previously been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's Corporate Governance and risk control arrangements.

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

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

Board Composition

The Board, chaired by Bronwyn Curtis, consists of four non-executive Directors, all of whom are regarded by the Board as independent. The Chairman's independence was assessed upon her appointment and annually thereafter. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 19. There have been no changes to the Chairman's other significant commitments during the year under review.

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

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter Directors stand for annual reappointment. Subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for the Director to seek an additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking re-appointment but, when making a recommendation, the Board will take into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees. The Board has adopted corporate governance best practice and all Directors now stand for annual reappointment. The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the Annual General Meeting.

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

Meetings and Committees

The Board delegates certain responsibilities and functions to Committees. Details of membership of Committees are shown with the Directors' profiles on page 19.

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

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

Director	Board Meetings Attended	Audit Committee Meetings Attended	Strategy Meetings Attended	Nomination Committee Meetings Attended
Bronwyn Curtis	5	2	1	2
Dean Buckley	5	2	1	2
Ronald Gould	5	2	1	2
Peter Moon	5	2	1	2

Training and Appraisal

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.

The Board conducts a formal evaluation of the Manager, of its own performance and that of its Committees and individual Directors.

Board Committee

Nomination Committee

The Nomination Committee, chaired by Bronwyn Curtis, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. A variety of sources, including external search consultants, may be used to ensure that a wide range of candidates is considered.

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

DIRECTORS' REPORT *CONTINUED*

candidate, regardless of gender or other forms of diversity. Therefore, no targets have been set against which to report.

The Committee conducts an annual performance evaluation of the Board, its committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together.

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

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

Audit Committee
The report of the Audit Committee is set out on page 27.

Terms of Reference

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

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and report formally to shareholders twice a year by way of the Annual Report & Financial Statements and the Half Year Report. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares and the Company's level of gearing.

All shareholders are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet shareholders and answer their questions. In addition, a presentation is usually given by the investment managers who review the Company's performance.

During the year the Company's brokers, the Investment Managers and other representatives of the Manager hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to meet with shareholders and to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 67.

The Company's Annual Report & Financial Statements is published in time to give shareholders at least 21 days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 67.

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

Risk Management and Internal Control

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by JPMF and its associates, the Company's system of internal control mainly comprises monitoring the services provided by JPMF and its associates, including the operating controls established by them, to ensure that they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 17 and 18). This process has been in place for the year under review and up to the date of the approval of the Annual Report & Financial Statements, and it accords with the Turnbull guidance. The

Company does not have an internal audit function of its own, but relies on the internal audit department of the Manager. This arrangement is kept under annual review.

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

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

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

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

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

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

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

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

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

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to the Manager. The following is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details of social and environmental issues are included in the Strategic Report on page 17.

Corporate Governance
JPMAM believes that corporate governance is integral to its investment process. As part of its commitment to delivering superior investment performance to clients, it expects and encourages the companies in which it invests to demonstrate the highest standards of corporate governance and best business practice. JPMAM examines the share structure and voting structure of the companies in which it invests, as well as the board balance, oversight functions and remuneration policy. These analyses then form the basis of JPMAM's proxy voting and engagement activity.

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

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

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

DIRECTORS' REPORT *CONTINUED*

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

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

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

5th December 2017

AUDIT COMMITTEE REPORT

Role and Composition

The Audit Committee, chaired by Ronald Gould, consists of all Directors and meets at least twice each year. The members of the Audit Committee consider that at least one member has recent and relevant financial experience and that the Committee as a whole has competency relevant to the sector in which the Company operates.

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

Financial Statements and Significant Accounting Matters

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

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1(b) to the financial statements on page 42. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the financial statements on page 42.
Compliance with Sections 1158 and 1159 Corporation Tax Act 2010 ('Section 1158 and 1159')	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

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

Going Concern

The Directors believe that having considered the Company's investment objective (see page 15), risk management policies (see pages 52 to 58), capital management policies and procedures (see pages 58 and 59), the nature of the portfolio and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements. They have not identified any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of these financial statements.

Auditor Appointment and Tenure

Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Financial Statements were considered and also engage with Directors as and when required. Having reviewed the performance of the external Auditors, including assessing the quality of work, timing of communications and work with the Manager, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The Board reviews and approves any non-audit services provided by the independent auditors and assesses the impact of any non-audit work on the ability of the auditors to remain independent. No non-audit work was carried out by the auditors this year. Details of the auditors fees paid for audit and non-audit services are disclosed in note 6 on page 45.

PricewaterhouseCoopers LLP have audited the Company's Annual Report & Financial Statements since its launch in 1997. The Company's year ended 30th September 2017 is the current Audit Partner's third of a five year maximum term. The Company will need to appoint a different audit firm to succeed PricewaterhouseCoopers LLP by 2023.

Fair, Balanced and Understandable

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30th September 2017, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 31.

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

5th December 2017

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30th September 2017 which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The Auditors' opinion is included in their report on pages 32 to 37.

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

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote and an ordinary resolution to approve this report was put to shareholders at the 2017 Annual General Meeting. The Board has resolved that, for good governance purposes, the policy vote will be put to shareholders every year. Accordingly a resolution to approve the policy will be put to shareholders at the 2018 Annual General Meeting. The policy, subject to the vote, is set out in full below and is currently in force.

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

The Nomination Committee, comprising all Directors, reviews fees on a regular basis and makes recommendations to the Board. Reviews are based on information provided by the Manager, and includes research carried out by third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The involvement of remuneration consultants has not been deemed necessary as part of this review.

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

In the year under review, Directors' fees were paid at the following rates: Chairman £38,000; Chairman of the Audit Committee £30,500; and other Directors £25,000. With effect from 1st October 2017, fees have increased to £41,500, £34,500 and £27,500 respectively.

No amounts (2016: nil) were paid to third parties for making available the services of Directors.

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

The Company has no Chief Executive Officer and no employees and therefore there was no consultation of employees, and there is no employee comparative data to provide, in relation to the setting of the remuneration policy for Directors.

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

The Directors do not have service contracts with the Company. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 23.

Remuneration Report

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 30th September 2017 and no changes are proposed for the year ending 30th September 2018.

At the Annual General Meeting held on 2nd February 2017, 99.9% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.1% voted against.

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

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 30th September 2017 was £137,897. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

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

Single total figure table[1]

			2017			2016
		Taxable			Taxable	
	Fees	expenses[2]	Total	Fees	expenses[2]	Total
Directors' Name	£	£	£	£	£	£
Bronwyn Curtis[3]	33,558	–	33,558	25,000	–	25,000
Dean Buckley	25,000	1,105	26,105	25,000	–	25,000
Ronald Gould	30,500	93	30,593	30,500	–	30,500
James Long[4]	12,983	–	12,983	38,000	–	38,000
Peter Moon[5]	25,000	1,047	26,047	3,687	–	3,687
James Strachan[4]	8,542	69	8,611	25,000	–	25,000
Total	**135,583**	**2,314**	**137,897**	**147,187**	**–**	**147,187**

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

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

[3] Became Chairman 2nd February 2017.

[4] Retired 2nd February 2017.

[5] Appointed 3rd August 2016.

Directors' Shareholdings[1]

There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The Directors' beneficial shareholdings are detailed below. The Directors have no other share interests or share options in the Company and no share schemes are available.

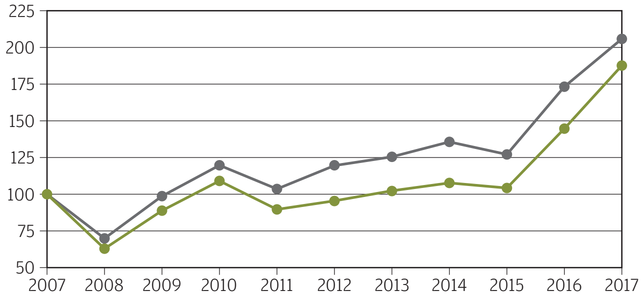
	Number of shares held	
Director's Name	2017	2016
Bronwyn Curtis	5,000	5,000
Dean Buckley	10,000	10,000
Ronald Gould[2]	13,040	11,990
Peter Moon	10,000	10,000

[1] Audited information.

[2] Since the year end, Mr Gould's holding has increased by 201 shares.

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

Ten Year Share Price and Benchmark Total Return Performance to 30th September 2017



Source: Morningstar/Datastream.

Share price total return.

Benchmark total return.

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

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

Year ended 30th September	Fees	Performance related benefits received as a percentage of maximum payable
2017	£38,000	n/a
2016	£38,000	n/a
2015	£36,500	n/a
2014	£36,500	n/a
2013	£34,000	n/a

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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th September	
	2017	2016
Remuneration paid to all Directors	£137,897	£147,367
Distribution to shareholders		
- by way of dividends paid	£12,389,000	£2,376,000
- by way of share repurchases	£2,892,000	£nil
Total distribution to shareholders	**£15,281,000**	**£2,376,000**

For and on behalf of the Board
Bronwyn Curtis OBE
Chairman

5th December 2017

Statement of Directors' Responsibilities

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

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

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

and the Directors confirm that they have done so.

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

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

- the Company's financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the Annual Report & 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.

For and on behalf of the Board
Bronwyn Curtis OBE
Chairman

5th December 2017

Independent Auditors' Report

TO THE MEMBERS OF JPMORGAN ASIAN INVESTMENT TRUST PLC

Report on the audit of the financial statements

Opinion

In our opinion, JPMorgan Asian Investment Trust plc's financial statements:

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

We have audited the financial statements, included within the Annual Report & Financial Statements (the 'Annual Report'), which comprise: the Statement of Financial Position as at 30th September 2017, the Statement of Comprehensive Income, the Statement of Cash flows, the Statement of Changes in Equity; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we have provided no non-audit services to the Company in the period from 1st October 2016 to 30th September 2017.

Our audit approach

Overview

- Overall materiality: £3.5m (2016: £3.1m), based on 1% of net assets.

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

- Income.
- Valuation and existence of investments.

The scope of our audit

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Income *Refer to page 27 (Audit Committee Report), pages 42 to 44 (Accounting Policies) and pages 42 to 59 (Notes to the Financial Statements).* We focused on the accuracy and completeness of dividend income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'). This is because incomplete or inaccurate income could have material impact on the Company's net assets value. We also focused on the accuracy and occurrence of realised and unrealised gains or losses on the investment portfolio.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. No material misstatements were identified which required reporting to those charged with governance. To test for completeness, we tested all investment holdings in the portfolio, to ensure that all dividends declared in the market by investment holdings had been recorded. Our testing did not identify any incorrectly recorded or omitted dividends. We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. Our testing did not identify any material misstatements which required reporting to those charged with governance. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any misstatements which required reporting to those charged with governance. We also checked that the gains or losses on investments held at fair value comprise realised and unrealised gains or losses. For realised gains or losses, we tested a sample of disposal proceeds to bank statements. For unrealised gains or losses, we tested the valuation of the portfolio at the year-end, and also tested the reconciliation of opening and closing investments. No material misstatements were identified which required reporting to those charged with governance.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments *Refer to page 27 (Audit Committee Report), pages 42 to 44 (Accounting Policies) and pages 42 to 59 (Notes to the Financial Statements).* The investment portfolio at the year-end principally comprised of listed equity investments. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the financial statements.	We tested the valuation of the listed investment portfolio by agreeing the prices used in the valuation to independent third party sources. No material misstatements were identified by our testing which required reporting to those charged with governance. We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation from JPMorgan Chase Bank, N.A. as at 30th September 2017. No material misstatements were identified by our testing which required reporting to those charged with governance.

How we tailored the audit scope

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

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

As part of our risk assessment, we understood and assessed the internal controls in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant controls reports issued by the independent service auditor of the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we then identified those relevant controls at the Administrator on which we could place reliance to provide audit evidence. We also assessed the gap period of six months between the period covered by the controls reports and the year end date of the Company. We then applied professional judgement to determine the extent of substantive testing required over each balance in the financial statements.

Materiality

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

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

Overall materiality	£3.5 million (2016: £3.1 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe that this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £177,000 (2016: £153,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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

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

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

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

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

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

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

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

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

- The Directors' confirmation on page 17 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.

- The Directors' explanation on page 18 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. *(Listing Rules)*

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

- The statement given by the Directors, on page 31, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on page 27 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 31, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 12th September 1997 to audit the financial statements for the year ended 30th September 1998 and subsequent financial periods. The period of total uninterrupted engagement is 20 years, covering the years ended 30th September 1998 to 30th September 2017.

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

5th December 2017

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

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH SEPTEMBER 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	–	60,256	60,256	–	87,626	87,626
Net foreign currency losses		–	(839)	(839)	–	(1,700)	(1,700)
Income from investments	4	6,509	–	6,509	5,965	–	5,965
Interest receivable and similar income	4	7	–	7	4	–	4
Gross return		6,516	59,417	65,933	5,969	85,926	91,895
Management fee	5	(1,639)	–	(1,639)	(1,277)	–	(1,277)
Other administrative expenses	6	(754)	–	(754)	(737)	–	(737)
Net return on ordinary activities before finance costs and taxation		4,123	59,417	63,540	3,955	85,926	89,881
Finance costs	7	(224)	–	(224)	(292)	–	(292)
Net return on ordinary activities before taxation		3,899	59,417	63,316	3,663	85,926	89,589
Taxation	8	(181)	–	(181)	(356)	–	(356)
Net return on ordinary activities after taxation		3,718	59,417	63,135	3,307	85,926	89,233
Return per share	9	3.93p	62.87p	66.80p	3.48p	90.40p	93.88p

A fourth quarterly dividend of 3.8p (2016 final: 3.0p) per share has been proposed in respect of the year ended 30th September 2017, totalling £3,575,000 (2016: £2,851,000).

Further details are given in note 10 on page 47.

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

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

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 59 form part of these financial statements.

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

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves[1] £'000	Revenue reserve[1] £'000	Total £'000
At 30th September 2015	23,762	31,646	977	25,121	132,198	4,752	218,456
Net return on ordinary activities	–	–	–	–	85,926	3,307	89,233
Dividends paid in the year (note 10)	–	–	–	–	–	(2,376)	(2,376)
At 30th September 2016	23,762	31,646	977	25,121	218,124	5,683	305,313
Repurchase of shares into Treasury	–	–	–	–	(2,892)	–	(2,892)
Net return on ordinary activities	–	–	–	–	59,417	3,718	63,135
Dividends paid in the year (note 10)	–	–	–	–	(2,988)	(9,401)	(12,389)
At 30th September 2017	23,762	31,646	977	25,121	271,661	–	353,167

[1] These reserves form the distributable reserves of the Company and may be used to fund distribution of profits to investors via dividend payments.

The notes on pages 42 to 59 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 30TH SEPTEMBER 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	349,053	319,185
Current assets	12		
Derivative financial assets		–	1
Debtors		526	2,475
Cash and cash equivalents		4,687	1,065
		5,213	**3,541**
Current liabilities	13		
Creditors: amounts falling due within one year		(1,099)	(17,413)
Net current assets/(liabilities)		**4,114**	**(13,872)**
Total assets less current liabilities		**353,167**	**305,313**
Net assets		**353,167**	**305,313**
Capital and reserves			
Called up share capital	14	23,762	23,762
Share premium	15	31,646	31,646
Exercised warrant reserve	15	977	977
Capital redemption reserve	15	25,121	25,121
Capital reserves	15	271,661	218,124
Revenue reserve	15	–	5,683
Total shareholders' funds		**353,167**	**305,313**
Net asset value per share	16	**375.4p**	**321.2p**

The financial statements on pages 38 to 59 were approved and authorised for issue by the Board of Directors on 5th December 2017 and signed on their behalf by:

Bronwyn Curtis OBE
Chairman

The notes on pages 42 to 59 form an integral part of these financial statements.

The Company is registered in England and Wales.

Company registration number: 3374850.

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

	Notes	2017 £'000	2016 £'000
Net cash outflow from operations before dividends and interest	17	(2,721)	(1,935)
Dividends received		5,654	5,197
Interest received		5	4
Overseas tax recovered		473	164
Interest paid		(203)	(294)
Net cash inflow from operating activities		**3,208**	**3,136**
Purchases of investments		(161,805)	(124,394)
Sales of investments		193,140	112,291
Settlement of forward currency contracts		8	113
Net cash inflow/(outflow) from investing activities		**31,343**	**(11,990)**
Repurchase of shares into Treasury		(2,892)	–
Dividends paid		(12,389)	(2,376)
Repayment of bank loans		(15,602)	(10,000)
Drawdown of bank loans		–	13,273
Net cash (outflow)/inflow from financing activities		**(30,883)**	**897**
Increase/(decrease) in cash and cash equivalents		**3,668**	**(7,957)**
Cash and cash equivalents at start of year		1,065	9,017
Exchange movements		(46)	5
Cash and cash equivalents at end of year		4,687	1,065
Increase/(decrease) in cash and cash equivalents		**3,668**	**(7,957)**
Cash and cash equivalents consist of:			
Cash and short term deposits		2,451	1,065
Cash held in JPMorgan US Dollar Liquidity Fund		2,236	–
Total		**4,687**	**1,065**

The notes on pages 42 to 59 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 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 27 of the Directors' Report form part of these financial statements.

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

(b) Valuation of investments

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

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are treated by the Company as 'held at fair value through profit or loss'. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

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

(c) Accounting for reserves

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

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

(d) Income

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

Overseas dividends are included gross of any withholding tax.

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

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

Interest receivable is taken to revenue on an accruals basis.

(e) Expenses

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

- Expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 11 on page 48.

(f) Finance costs

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

Finance costs are allocated wholly to revenue.

(g) Financial instruments

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

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

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

Derivative financial instruments, including short term forward currency contracts are classified as 'held for trading' and 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.

(h) Taxation

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

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

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

(i) Value added tax ('VAT')

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

(j) Foreign currency

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

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

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

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

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 approved by shareholders.

(l) Repurchases of ordinary shares for cancellation or to be held in Treasury

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

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

2. Significant accounting judgements, 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 on investments held at fair value through profit or loss based on historic cost	54,534	6,836
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	(36,314)	3,644
Gains on sales of investments based on the carrying value at the previous balance sheet date	18,220	10,480
Net movement in investment holding gains and losses	42,072	77,187
Other capital charges	(36)	(41)
Total capital gains on investments held at fair value through profit or loss	**60,256**	**87,626**

4. Income

	2017 £'000	2016 £'000
Income from investments:		
Overseas dividends	6,348	5,908
Scrip dividends	161	57
	6,509	5,965
Interest receivable and similar income:		
Interest from liquidity fund	6	4
Deposit interest	1	–
	7	4
Total income	6,516	5,969

5. Management fee

	2017 £'000	2016 £'000
Management fee	1,639	1,277

Details of the management fee are given in the Directors' Report on page 20.

6. Other administrative expenses

	2017 £'000	2016 £'000
Administration expenses	344	351
Custody fees	161	131
Directors' fees[1]	136	147
Depositary fees	50	41
Savings scheme costs[2]	36	41
Auditors' remuneration for audit services	27	26
Total	754	737

[1] Full disclosure is given in the Directors' Remuneration Report on page 29.

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

7. Finance costs

	2017 £'000	2016 £'000
Interest on bank loans and overdrafts	224	292

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	181	–	181	356	–	356
Total tax charge for the year	**181**	**–**	**181**	**356**	**–**	**356**

(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 19.5% (2016: 20.0%).

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	3,899	59,417	63,316	3,663	85,926	89,589
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 19.5% (2016: 20.0%)	760	11,586	12,346	732	17,185	17,917
Effects of:						
Non taxable capital gains	–	(11,586)	(11,586)	–	(17,185)	(17,185)
Non taxable scrip dividends	(31)	–	(31)	(11)	–	(11)
Non taxable overseas dividends	(1,238)	–	(1,238)	(1,181)	–	(1,181)
Unrelieved expenses	509	–	509	460	–	460
Overseas withholding tax	181	–	181	356	–	356
Total tax charge for the year	**181**	**–**	**181**	**356**	**–**	**356**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £3,752,000 (2016: £3,308,000) based on a prospective corporation tax rate of 17% (2016: 17%). 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, this was substantively enacted on 15th September 2016 and became effective from 1st April 2017. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

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

9. Return per share

	2017 £'000	2016 £'000
Revenue return	3,718	3,307
Capital return	59,417	85,926
Total return	**63,135**	**89,233**
Weighted average number of shares in issue during the year	94,511,001	95,046,993
Revenue return per share	3.93p	3.48p
Capital return per share	62.87p	90.40p
Total return per share	**66.80p**	**93.88p**

10. Dividends

(a) Dividends paid and proposed

	2017 £'000	2016 £'000
Dividend paid		
2016 final dividend of 3.0p (2015: 2.5p)	2,851	2,376
First quarterly dividend of 3.1p (2016: nil)	2,947	–
Second quarterly dividend of 3.4p (2016: nil)	3,204	–
Third quarterly dividend of 3.6p (2016: nil)	3,387	–
Total dividends paid in the period	**12,389**	**2,376**
Dividend proposed		
Fourth quarterly dividend proposed of 3.8p (2016 final: 3.0p) per share	3,575	2,851

As of 1st October 2016, the Company adopted a new distribution policy. Further details can be found on page 16.

A fourth quarterly dividend of 3.8p has been declared and was paid on 7th November 2017 for the financial year ended 30th September 2017. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 30th September 2018.

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

The requirements of Section 1158 are considered on the basis of the dividend proposed in respect of the financial year, shown below. The aggregate of the distributable reserves is £271,661,000 (2016: Revenue reserve £5,683,000. At the time only the revenue reserve was distributable).

	2017 £'000	2016 £'000
First quarterly dividend of 3.1p (2016: nil)	2,947	–
Second quarterly dividend of 3.4p (2016: nil)	3,204	–
Third quarterly dividend of 3.6p (2016: nil)	3,387	–
Fourth quarterly dividend proposed of 3.8p (2016 final: 3.0p)	3,575	2,851
	13,113	**2,851**

The aggregate of the distributable reserves after the payment of the final dividend will amount to £268,086,000 (2016: Revenue reserve £2,832,000. At the time only the revenue reserve was distributable).

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

11. Investments

	2017 £'000	2016 £'000
Investments listed on a recognised stock exchange	349,053	319,185
Opening book cost	235,086	215,472
Opening investment holding gains	84,099	3,268
Opening valuation	319,185	218,740
Movements in the year:		
Purchases at cost	160,770	126,484
Sales – proceeds	(191,194)	(113,706)
Gains on sales of investments based on the carrying value at the previous balance sheet date	18,220	10,480
Net movement in investment holding gains and losses	42,072	77,187
	349,053	**319,185**
Closing book cost	259,196	235,086
Closing investment holding gains	89,857	84,099
Total investments held at fair value through profit or loss	**349,053**	**319,185**

Transaction costs on purchases during the year amounted to £261,000 (2016: £248,000) and on sales during the year amounted to £495,000 (2016: £313,000). These costs comprise mainly brokerage commission.

During the year, prior year investment holding losses amounting to £36,314,000 have been transferred to gains and losses on sales of investments as disclosed in note 15.

12. Current assets

Derivative financial assets

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

Debtors

	2017 £'000	2016 £'000
Securities sold awaiting settlement	–	1,981
Dividends and interest receivable	493	449
Overseas tax recoverable	19	2
Other debtors	14	43
Total	**526**	**2,475**

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		
Bank loan – Scotiabank	–	15,204
Securities purchased awaiting settlement	837	2,033
Other creditors and accruals	212	147
Loan interest payable	50	29
Total	**1,099**	**17,413**

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

The Company had a three year unsecured multicurrency revolving loan facility with Scotiabank (Ireland) Designated Activity Company, which expired on 2nd December 2016. Under the terms of this facility, the Company could draw down up to £25 million, or its foreign currency equivalent, at a money market rate offered for the loan period by prime banks in the London market as quoted in the market for the loan period, plus a margin of 1.10%, plus 'mandatory costs' which are the lender's costs of complying with certain regulatory requirements of the Bank of England and the Financial Conduct Authority.

On 2nd December 2016, the Company entered into a new £40 million three year unsecured multicurrency revolving loan facility with Scotiabank (Ireland) Limited. The terms of the new facility are substantially the same as the previous facility, however, the margin has increased to 1.25%. The facility is subject to covenants and restrictions which are customary for a facility of this nature, all of which have been met during the year and continue to be met.

14. Called up share capital

	2017 £'000	2016 £'000
Issued and fully paid share capital:		
Ordinary shares of 25p each[1]		
Opening balance of 95,046,993 (2016: 95,046,993) Ordinary shares	23,762	23,762
Repurchase of 965,500 (2016: nil) shares into Treasury	(241)	–
Subtotal 94,081,493 (2016: 95,046,993) shares of 25p each excluding shares held in Treasury	23,521	–
965,500 (2016: nil) shares held in Treasury	241	–
Closing balance of 95,046,993 (2016: 95,046,993) shares of 25p each including shares held in Treasury	**23,762**	**23,762**

[1] Fully paid ordinary shares, which have a par value of 25p 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 16.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

15. Capital and reserves

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves[1] Gains and losses on sales of investments £'000	Capital reserves[1] Investment holding gains and losses £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	23,762	31,646	977	25,121	135,954	82,170	5,683	305,313
Net losses on foreign currency transactions	–	–	–	–	(441)	–	–	(441)
Unrealised gains on forward foreign currency contracts from prior period now realised	–	–	–	–	1	(1)	–	–
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	18,220	–	–	18,220
Net movement in investment holding gains and losses	–	–	–	–	–	42,072	–	42,072
Transfer on disposal of investments	–	–	–	–	36,314	(36,314)	–	–
Repurchase of shares into Treasury	–	–	–	–	(2,892)	–	–	(2,892)
Realised losses on repayment of loans	–	–	–	–	(398)	–	–	(398)
Transfer on loans repaid in period	–	–	–	–	(1,931)	1,931	–	–
Other capital charges	–	–	–	–	(36)	–	–	(36)
Dividends paid in the year	–	–	–	–	(2,988)	–	(9,401)	(12,389)
Retained revenue for the year	–	–	–	–	–	–	3,718	3,718
Closing balance	**23,762**	**31,646**	**977**	**25,121**	**181,803**	**89,858**	**–**	**353,167**

[1] These reserves form the distributable reserves of the Company and may be used to fund distribution of profits to investors via dividend payments.

16. Net asset value per share

	2017	2016
Net assets (£'000)	353,167	305,313
Number of shares in issue	94,081,493	95,046,993
Net asset value per share	**375.4p**	**321.2p**

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

	2017 £'000	2016 £'000
Net return on ordinary activities before finance costs and taxation	63,540	89,881
Less capital return on ordinary activities before finance costs and taxation	(59,417)	(85,926)
Scrip dividends received as income	(161)	(57)
Increase in accrued income and other debtors	(34)	(221)
Increase/(decrease) in accrued expenses	64	(14)
Overseas withholding tax	(652)	(508)
Dividends received	(5,654)	(5,197)
Interest received	(5)	(4)
Realised (loss)/gains on foreign currency transactions	(395)	28
Exchange (loss)/gains on liquidity fund	(7)	83
Net cash outflow from operations before dividends and interest	**(2,721)**	**(1,935)**

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 20. The management fee payable to the Manager for the year was £1,639,000 (2016: £1,277,000) of which £nil (2016: £nil) was outstanding at the year end.

During the year £36,000 (2016: £41,000), was payable to the Manager for the administration of savings scheme products, of which £23,000 (2016: £nil) was outstanding at the year end.

Safe custody fees amounting to £161,000 (2016: £131,000) were payable to JPMorgan Chase Bank N.A. during the year of which £43,000 (2016: £27,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities Limited for the year was £9,000 (2016: £15,000) of which £nil (2016: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £36,000 (2016: £41,000) were payable to JPMorgan Chase Bank N.A. during the year of which £8,000 (2016: £7,000) was outstanding at the year end.

During the year the Company held cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £2,236,000 (2016: £nil). Interest amounting to £6,000 (2016: £4,000) was receivable during the year of which £2,000 (2016: £nil) was outstanding at the year end.

At the year end, total cash of £2,451,000 (2016: £1,065,000) was held with JPMorgan Chase Bank N.A. A net amount of interest of £1,000 (2016: £nil) was receivable by the Company during the year of which £nil (2016 £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 29 and in note 6 on page 45.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

20. Disclosures regarding financial instruments measured at fair value

The fair value hierarchy disclosures required by FRS 102 are given below.

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

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

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

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

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

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

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 42.

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

	2017		2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	342,239	–	311,979	–
Level 2[1]	6,814	–	7,201	–
Total	**349,053**	**–**	**319,186**	**–**

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

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

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

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

These financial risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk.

The Directors' policy for managing these risks is set out below. The Company Secretary, in close cooperation with the Board and the Manager, coordinates the Company's risk management policy.

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

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

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

(a) Market risk

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

(i) Currency risk

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

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of this exposure by considering the effect on the Company's net asset value and income of a movement in rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Income denominated in foreign currencies is converted to sterling on receipt. Foreign currency borrowing may be used to limit the Company's exposure to changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

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

Foreign currency exposure

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

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(a) Market risk *continued*

(i) Currency risk *continued*

Foreign currency exposure

	2017									
	Hong Kong Dollar £'000	South Korea Won £'000	Singapore Dollar £'000	Taiwan Dollar £'000	Thailand Baht £'000	India Rupee £'000	Indonesia Rupiah £'000	US Dollar £'000	Other £'000	Total £'000
Current assets	767	62	115	1,602	10	1	–	2,623	–	5,180
Creditors	(795)	–	–	(43)	–	–	–	–	–	(838)
Foreign currency exposure on net monetary items	(28)	62	115	1,559	10	1	–	2,623	–	4,342
Investments held at fair value through profit or loss	133,175	70,363	11,314	29,269	10,035	30,332	17,972	43,018	3,575	349,053
Total net foreign currency exposure	**133,147**	**70,425**	**11,429**	**30,828**	**10,045**	**30,333**	**17,972**	**45,641**	**3,575**	**353,395**

	2016									
	Hong Kong Dollar £'000	South Korea Won £'000	Singapore Dollar £'000	Taiwan Dollar £'000	Thailand Baht £'000	India Rupee £'000	Indonesia Rupiah £'000	US Dollar £'000	Other £'000	Total £'000
Current assets	1,217	791	–	171	–	1,155	18	773	2	4,127
Creditors	(1,410)	(1,059)	–	–	–	(191)	–	(15,204)	–	(17,864)
Foreign currency exposure on net monetary items	(193)	(268)	–	171	–	964	18	(14,431)	2	(13,737)
Investments held at fair value through profit or loss	129,953	57,875	–	39,604	13,284	34,584	14,570	26,874	2,441	319,185
Total net foreign currency exposure	**129,760**	**57,607**	**–**	**39,775**	**13,284**	**35,548**	**14,588**	**12,443**	**2,443**	**305,448**

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

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 If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	2016 If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(651)	651	(597)	597
Capital return	(434)	434	(1,374)	1,374
Total return after taxation	(1,085)	1,085	(1,971)	1,971
Net assets	**(1,085)**	**1,085**	**(1,971)**	**1,971**

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

(ii) Interest rate risk

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

Management of interest rate risk

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

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

Interest rate exposure

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

	2017 £'000	2016 £'000
Exposure to floating interest rates:		
Cash and short term deposits	2,451	1,065
Bank loan	–	(15,204)
JPMorgan US Dollar Liquidity Fund	2,236	–
Total exposure	**4,687**	**(14,139)**

Interest receivable on cash balances, or paid 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 0.5% (2016: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(a) Market risk *continued*

(ii) Interest rate risk *continued*

Interest rate sensitivity *continued*

	2017		2016	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	23	(23)	(71)	71
Capital return	–	–	–	–
Total return after taxation	23	(23)	(71)	71
Net assets	**23**	**(23)**	**(71)**	**71**

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

(iii) Other price risk

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

Management of other price risk

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

Other price risk exposure

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

	2017 £'000	2016 £'000
Equity investments held at fair value through profit or loss	349,053	319,185

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 11 to 14. This shows that the portfolio comprises investments quoted on Asian stock markets. Accordingly, there is a concentration of exposure to that region. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (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	(209)	209	(192)	192
Capital return	34,905	(34,905)	31,919	(31,919)
Total return after taxation	34,696	(34,696)	31,727	(31,727)
Net assets	**34,696**	**(34,696)**	**31,727**	**(31,727)**

(b) Liquidity risk

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

Management of the risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft facilities.

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

Short term borrowings may be used to manage short term liabilities and working capital requirements. Details of the current facility are given on page 49.

Liquidity risk exposure

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

	2017		
	Within one year £'000	More than one year £'000	Total £'000
Creditors:			
Securities purchased awaiting settlement	837	–	837
Other creditors and accruals	212	–	212
Bank loan including interest	50	–	50
	1,099	**–**	**1,099**

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

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

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(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 delivery versus payment ('DVP') settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. The Manager continuously monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparty lists are maintained and adjusted accordingly.

Cash and cash equivalents

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

Exposure to JPMorgan Chase

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading.

The Depositary, BNY Mellon Trust and Depositary (UK) Limited, is responsible for the safekeeping of all custodial assets of the Company and for verifying and maintaining a record of all other assets of the Company. However, no absolute guarantee can be given on the protection of all the assets of the Company.

Credit risk exposure

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

(d) Fair values of financial assets and financial liabilities

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

22. Capital management policies and procedures

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

	2017 £'000	2016 £'000
Debt		
Bank loan	–	15,204
	–	15,204
Equity		
Called up share capital	23,762	23,762
Reserves	329,405	281,551
	353,167	305,313
Total debt and equity	**353,167**	**320,517**

The Company’s capital management objectives are to ensure that it will continue as a going concern and to maximise the income and capital return to its equity shareholders through an appropriate level of gearing.

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	349,053	319,185
Net assets	**353,167**	**305,313**
(Net cash)/Gearing	**(1.2)%**	**4.5%**

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

- the planned level of gearing, which takes into account the Manager's views on the market;
- 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; and
- the need for issues of new shares, including issues from Treasury.

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

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

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

[1] The above figures are theoretical and are calculated in accordance with the methodology prescribed by the AIFMD.

JPMF Remuneration

JPMF is the authorised manager of the Company and is part of the JPMorgan Chase & Co. group of companies. In this disclosure, the terms ‘JPMorgan’ or ‘Firm’ refer to that group, and each of the entities in that group globally, unless otherwise specified.

This disclosure has been prepared in accordance with the AIFMD, the European Commission Delegated Regulation supplementing the AIFMD, the ‘Guidelines on sound remuneration policies’ under the AIFMD issued by the European Securities and Markets Authority under the AIFMD. The disclosure has also been prepared in accordance with the relevant provisions of the Financial Conduct Authority Handbook (FUND 3.3.5 and COLL 4.5.7).

JPMF Remuneration Policy

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

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

JPMF Quantitative Disclosures

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-first Annual General Meeting of JPMorgan Asian Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Monday, 26th February, 2018 at 12.30 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th September 2017.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th September 2017.
4. To reappoint Mrs Bronwyn Curtis as a Director.
5. To reappoint Mr Dean Buckley as a Director.
6. To reappoint Mr Ronald Gould as a Director.
7. To reappoint Mr Peter Moon as a Director.
8. To reappoint PricewaterhouseCoopers LLP as Auditors to the Company.
9. To authorise the Directors to determine the remuneration of the Auditors.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary resolution

10. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £2,352,037, representing approximately 10% of the Company's issued Ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2019 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

11. THAT subject to the passing of Resolution 10 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 10 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 £2,352,037 representing approximately 10% of the issued Ordinary share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 10 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuant of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special resolution

12. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of its issued Ordinary shares and Subscription shares on such terms and in such manner as the Directors may from time to time determine.

    PROVIDED ALWAYS THAT

    (i) the maximum number of Ordinary shares hereby authorised to be purchased shall be 14,102,815, or if less, that number of Ordinary shares which is equal to 14.99% of the issued share capital as at the date of the passing of this Resolution;

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

    (iii) the maximum price which may be paid for a share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for a share of that class of share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding

NOTICE OF ANNUAL GENERAL MEETING *CONTINUED*

the day on which the share is contracted to be purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

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

(v) the authority hereby conferred shall expire on 25th July 2019 unless the authority is renewed at the Company's Annual General Meeting in 2019 or at any other general meeting prior to such time; and

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

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

11th December 2017

Notes
These notes should be read in conjunction with the notes on the reverse of the proxy form.

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.

2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.

3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.

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

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

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

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

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

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

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

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

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

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

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

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

16. As at 4th December 2017 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 94,081,493 Ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 94,081,493.

Electronic appointment – CREST members

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. See further instructions on the proxy form.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

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

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

Benchmark Return
Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested 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 follow or 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Gearing/Net Cash
Gearing represents the excess amount above shareholders' funds of total investments expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position (see page 2).

Ongoing Charges
Management fees and all other operating expenses excluding interest and performance fee payable, expressed as a percentage of the average of the daily net assets during the year (see page 2).

Share Price Discount to Net Asset Value ('NAV') per Ordinary Share
If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium (see page 2).

Active Position
The active position shows the difference between the Company's holding of an individual stock, sector or country, compared with that stock, sector or country's weighting in the Company's benchmark. A positive number indicates an active decision by the investment manager to own more of (i.e. be overweight) that stock, sector or country versus the benchmark and a negative number, a decision to hold less of (i.e. be underweight) a particular stock, sector or country versus the benchmark (see page 12).

Performance Attribution
Analysis of how the Company achieved its recorded performance relative to its benchmark (see page 6).

Performance Attribution Definitions:

Stock Selection
Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark, or of investing in securities which are not included in the benchmark.

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

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

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

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

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

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

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

1. Directly from J.P. Morgan

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

Stocks & Shares Individual Savings Accounts (ISA)
The Company's shares are eligible investments within a J.P. Morgan ISA. For the 2017/18 tax year, from 6th April 2017 and ending 5th April 2018, the total ISA allowance is £20,000. The shares are also available in a J.P. Morgan Junior ISA. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk/investor

2. Via a third party provider

Third party providers include:

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

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

3. Through a professional adviser

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

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

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

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

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

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

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

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

Report a Scam

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

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

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

FCA
FINANCIAL CONDUCT AUTHORITY

Information about the Company

FINANCIAL CALENDAR

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

History

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

Directors

Bronwyn Curtis OBE (Chairman)
Dean Buckley
Ronald Gould
Peter Moon

Company Numbers

Company registration number: 3374850

Ordinary Shares

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

Market Information

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

Website

www.jpmasian.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited.

Company's Registered Office

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

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

Depositary

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

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

Registrars

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

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

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1090. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Independent Auditors

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

Brokers

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

Savings Product Administrators

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

Awards

Awarded best Asia Pacific Equities Investment Trust at the Citywire Investment Trust Performance Awards 2017.

The award recognises investment trusts and companies whose portfolios are calculated to have added the most value for investors over the past three years.

aic
The Association of Investment Companies

A member of the AIC

www.jpmasian.co.uk

J.P. MORGAN HELPLINE

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

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

J.P.Morgan
Asset Management