JPMorgan American Investment Trust plc

Annual Report & Financial Statements for the year ended 31st December 2018

J.P.Morgan
Asset Management

Your Company

Investment Objective

To achieve capital growth from North American investments by outperformance of the Company's benchmark.

Investment Policies

- To invest in North American quoted companies including, when appropriate, exposure to smaller capitalisation companies.
- To emphasise capital growth rather than income.

Please refer to page 25 for full details of the Company's investment policies.

Gearing and Hedging Policies

- To use short and long term gearing to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. Within this range, the Board reviews and sets a strategic gearing level, which is currently 10%. The Manager is accountable for managing the gearing around a tactical gearing level, taking account of shorter term potential market risks and returns. The current tactical level is 0%, plus or minus 2%.
- Until the maturity of the Company's £50 million debenture on 8th June 2018, hedging was in place to manage currency risk.

Benchmark Index

The S&P 500 Index, net of appropriate withholding tax, expressed in sterling total return terms.

Capital Structure

As at 31st December 2018, the Company's share capital comprised 281,633,910 ordinary shares of 5p each, including 63,153,262 shares held in Treasury.

Until 8th June 2018, the Company had a £50 million debenture in issue, carrying a fixed interest rate of 6.875%, per annum. The Company currently has a £25 million floating rate debt facility. When utilised, the facility is drawn in US dollars.

Management and Performance Fees

The management fee was charged at a rate of 0.5% per annum, paid quarterly in arrears, on the Company's total assets less current liabilities until 30th September 2017. With effect from 1st October 2017, the management fee is charged on a tiered basis as follows:

- 0.35% on the first £500 million of net assets;
- 0.30% on net assets above £500 million and up to £1 billion; and
- 0.25% on any net assets above £1 billion.

The performance fee is calculated at the rate of 10% of the difference between the net asset value total return and the total return of the S&P 500 Index. The performance fee is capped in any one year at 0.25% of the cum-income debt at par net asset value at the previous 31st December, and any negative fee resulting from underperformance is deducted from any unpaid fees brought forward from prior years with any remaining amount carried forward until paid in full.

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') which further delegates the management to J.P. Morgan Asset Management, Inc. All of these entities are wholly owned subsidiaries of J.P. Morgan Chase & Co.

Financial Conduct Authority ('FCA') regulation of 'non-mainstream pooled investments' and MiFID II 'complex instruments'

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

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust. The Company's shares are not considered to be 'complex instruments' under the FCA's 'appropriateness' rules and guidance in the Conduct of Business sourcebook.

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

The Company's website, which can be found at www.jpmamerican.co.uk, includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports.

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NOTE: THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains proposals relating to the Company on which you are being asked to vote. 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. If you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in JPMorgan American Investment Trust plc, please forward this document, together with the accompanying documents, immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Strategic Report

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2018	2017	3 Year Cumulative	5 Year Cumulative
Return to shareholders[1,APM]	-0.2%	+11.2%	+49.8%	+79.1%
Return on net assets[2,APM]	+0.6%	+13.1%	+49.3%	+89.5%
Benchmark return[3]	+1.3%	+11.0%	+49.6%	+92.5%
Annualised net asset return performance against benchmark return[3,4]	-0.7%	+2.1%	-0.1%	-0.3%
Dividend[5]	6.5p	5.5p		

[1] Source: Morningstar.

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

[3] The Company's benchmark index is the S&P 500 Index, net of the appropriate withholding tax, expressed in sterling total return terms.

[4] Annualised returns calculated on a geometric basis.

[5] 2018 total dividend is subject to approval by shareholders at the 2019 Annual General Meeting of the final dividend of 4.0p.

[APM] Alternative Performance Measures ('APM').

A glossary of terms and APMs is provided on pages 86 to 88.

SUMMARY OF RESULTS

	2018	2017	% change
Total returns for the year ended 31st December			
Return to shareholders[1,APM]	-0.2%	+11.2%	
Return on net assets with debt at fair value[2,APM]	+0.6%	+13.1%	
Return on net assets with debt at par value[2,APM]	+0.5%	+12.8%	
Benchmark return[1,3]	+1.3%	+11.0%	
Net asset value, share price, discount and market data at 31st December			
Net asset value per share with debt at fair value[4]	420.7p	423.6p	-0.7
Net asset value per share with debt at par value	420.7p	424.3p	-0.8
S&P 500 Index expressed in sterling (capital only)[5]	1,968.3	1,976.4	-0.4
Share price	399.0p	405.4p	-1.6
Share price discount to net asset value per share with debt at fair value[APM]	5.2%	4.3%	
Share price discount to net asset value per share with debt at par value[APM]	5.2%	4.5%	
Shareholders' funds (£'000)	919,176	980,430	-6.2
Market capitalisation (£'000)	871,738	936,822	-6.9
Exchange rate	1 £ = $ 1.2736	1 £ = $ 1.3527	-5.8
Shares in issue (excluding shares held in Treasury)	218,480,648	231,085,811	-5.5
Revenue for the year ended 31st December			
Net revenue attributable to shareholders (£'000)	17,250	14,280	+20.8
Return revenue per share	7.71p	5.93p	+30.0
Dividend per share	6.5p	5.5p	+18.2
(Net cash)/gearing at 31st December[APM]	(1.0)%	9.2%	
Ongoing Charges Ratio[APM]	0.38%	0.55%	
Ongoing Charges Ratio including any performance fee payable[APM]	0.38%	0.55%	
Management Fee[6]	0.35%	0.35%	

[1] Source: Morningstar.

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

[3] The Company's benchmark is the S&P 500 Index, net of the appropriate withholding tax, expressed in sterling total return terms.

[4] The debenture of £50m issued by the Company matured in June 2018. For 2017, the fair value of the £50m debenture issued by the Company was calculated using discounted cash flow techniques, using the yield from a similarly dated gilt plus a margin based on the five year average for the AA Barclays Sterling Corporate Bond spread.

[5] Source: Datastream.

[6] The maximum level of the management fee, excluding any performance fee payable. With effect from 1st October 2017, the annual management fee is charged on a tiered basis. Details of the management fee are given in the Directors' Report on page 32.

[APM] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 86 to 88.

Dr Kevin Carter
Chair

Returns to investors in US equities for the year to 31st December 2018 were muted. The S&P 500 Index on a total return basis fell 4.4% for US investors. Sterling weakness over the year had the effect of converting this negative dollar performance into a small but positive return of 1.3% for UK investors. Over the year, your Company underperformed its benchmark on a net asset value cum-income, with debt at fair value ('NAV') per share basis, returning 0.6%. The discount of the share price to NAV (calculated using the cum-income net asset value, with debt at fair) widened marginally, from 4.3% to 5.2%, producing a total return to shareholders for the year of -0.2%.

Performance Attribution

The Company's objective is to achieve capital growth from North American investments through outperformance of the Company's benchmark, which is the S&P 500 Index (with both NAV and benchmark measured in sterling total return terms and net of the effects of withholding tax).

As can be seen from the attribution report detailed in the Investment Manager's Report on page 16, the Company's large cap portfolio detracted from relative returns. The small cap allocation neither added nor detracted from returns. Gearing added to returns, with a more active approach to tactical gearing levels by the Company bearing fruit. It is disappointing that the large cap strategy has again underperformed, notably in the second half of year which was a period of heightened volatility in which returns on the S&P index swung by some 20% from high to low. It is interesting to observe that while the relative returns for the year are disappointing, your Company's returns are above the median performing fund in our peer group demonstrating the challenge of generating outperformance in the US equity market.

Review of Large Cap Investment Process

In recent years, the Company's large cap investment process has undergone a process of evolution. As I referred to in my Chairman's statement last year, this included a reduction in the number of holdings in the large cap portfolio and reducing the size of the portfolio tail, resulting in a higher-conviction portfolio.

In the latter stages of the year under review the Board was informed by the Manager that it believed that the current large cap investment strategy did not, in their view, represent the best of the US equity investment strategies they had available and they suggested a number of alternative strategies that might represent a replacement.

As a result your Board has undertaken a review of the options available for the large cap portfolio, which represents the vast majority of your Company's asset base. This wide-ranging review aimed to identify an investment strategy that offers attractive prospects for the Company, maintaining its 'core' US exposure, which is important to existing shareholders, while offering the potential to generate returns that will prove attractive to new and existing investors alike.

This review has seen your Board undertake a substantial exercise involving detailed reviews and discussions with the Manager of a range of strategies and additional due diligence visits to their investment teams in New York at which the Board questioned a broad range of investment professionals from junior analysts to the senior investment managers. The Board has also taken advice in the course of this review. I would like to thank my fellow Board members for their time, careful enquiry and diligence throughout this process.

The Proposed New Investment Process and Investment Policy

Subject to shareholders approving the new Investment Policy at the Company's Annual General Meeting to be held on 2nd May 2019 ('AGM'), it is proposed that the large cap component of your Company will in the future adopt a higher conviction approach combining the best ideas from the Manager's value and growth investment teams.

This strategy, described by the Manager as 'Equity Focus' with over $2.3 billion under management, uses an unconstrained bottom-up approach to build a portfolio of high quality companies across the value and growth spectrum. For value companies, the Manager seeks businesses with durable franchises, shareholder-friendly management and strong free cash flows. From among growth companies, the portfolio will include companies with a large addressable market, a sustainable competitive advantage and a proven record of delivering their business plans.

This investment approach would see the large cap element of your Company's asset base invested in a portfolio typically of some 30 to 40 stocks. The value and growth components of the portfolio would be approximately equal, with a maximum tilt in either direction of 60:40.

New Management Team

The co-lead managers of the new focused approach to large cap equity investment will be Jonathan Simon and Tim Parton.

Jonathan Simon is a Managing Director in the Manager's US Equity Group and currently manages a number of the US funds that follow a value mandate as well as being co-lead manager of the Manager's Equity Focus strategy. He has been an employee of the Manager since 1980 and holds an MA in mathematics from Oxford University.

Tim Parton is also a Managing Director in the US Equity Group; he manages a number of growth strategies including the Growth Advantage Fund and, since 28th February 2017, has been a co-manager of the Manager's Equity Focus strategy alongside Jonathan. Tim holds a B.Sc in economics and accounting from the University of Bristol and is a member of the New York Society of Security Analysts and a CFA charterholder.

They have, respectively, over 38 and 32 years of investment management experience and are supported by a local team of over 35 research analysts with specific sector research responsibilities who are responsible for the idea generation and ongoing monitoring of companies within their sphere of expertise.

The Proposed Investment Process in Detail

The proposed investment approach can be summarised as follows:

Idea Generation

- Source the best ideas from the Value and Growth research teams
- Run proprietary quantitative screens on Russell 1000 Value and Growth index constituents
- Company meetings
- Industry conferences

Fundamental Analysis

Value

- High quality durable franchises
- Management teams with the ability to execute
- Trading at a discount to fair value

Growth

- Size the market opportunity
- Analyse competitive dynamics
- Validate investment thesis

Portfolio Construction

- Bottom-up fundamental process
- Concentrated portfolio typically of 30-40 stocks
- Position sizes determined by conviction levels
  - Quality of business
  - Risk/reward
  - Diversification impact on portfolio
- Maximum single stock exposure of 8%

Value Ideas

Value stocks within the portfolio are selected from an initial universe of companies with a market capitalisation in excess of $1 billion and a P/E ratio of below 20, which currently includes approximately 700 stocks.

After identifying companies that exhibit these basic investment credentials, the process moves to in-house research analysing the market in which a company operates, its franchise and competitive positioning, financial and operational results, and importantly, the quality of its management and its behaviour towards shareholders. Potential investments are assessed over a two or three year time horizon with attention focusing on those companies which the Manager expects to be substantially re-rated over that timeframe.

Overlying this process is a rigorous analysis of valuation that frames the price the Manager is willing to pay for an investment, and quantifies the potential upside and the price at which the Manager would be prepared to sell.

Growth Ideas

Growth stocks are sourced from a universe of over 800 securities which are screened for a number of factors including earnings revisions, stock price momentum and valuation measures including P/E ratio and Price/Free Cash Flow. Systematic screening results in a universe of some 150 stocks which are subjected to detailed analysis and face-to-face meetings with management by the investment managers and sector analysts teams.

This analysis is designed to identify companies deemed capable of achieving growth that exceeds market expectations and includes a detailed review of characteristics including an assessment of the industry's competitive dynamics, the attractiveness and resilience of the company's business model, the strength and track record of management and the company's financial strength.

Portfolio Construction

Responsibility for portfolio construction and risk management rests with the investment managers who construct a concentrated core portfolio from the highest ranking growth and value stocks. Each investment manager selects securities based on their disciplined process and investment style with position sizes based on the strength of conviction and the allocation between the value and growth portions is managed within a maximum tilt in either direction of 60:40.

The value and growth portions may include securities from all sectors, but will tend to own the majority of positions with sectors traditionally tied to their respective investment styles, for example financial services for value and technology for growth. The investment managers will also ensure that the portfolio is managed within the investment guidelines and with an eye to broader measures of investment risk including active monies, style tilts and tracking error.

The table below shows a number of quantitative aspects of the proposed new strategy compared with the current large cap strategy as at 31st December 2018.

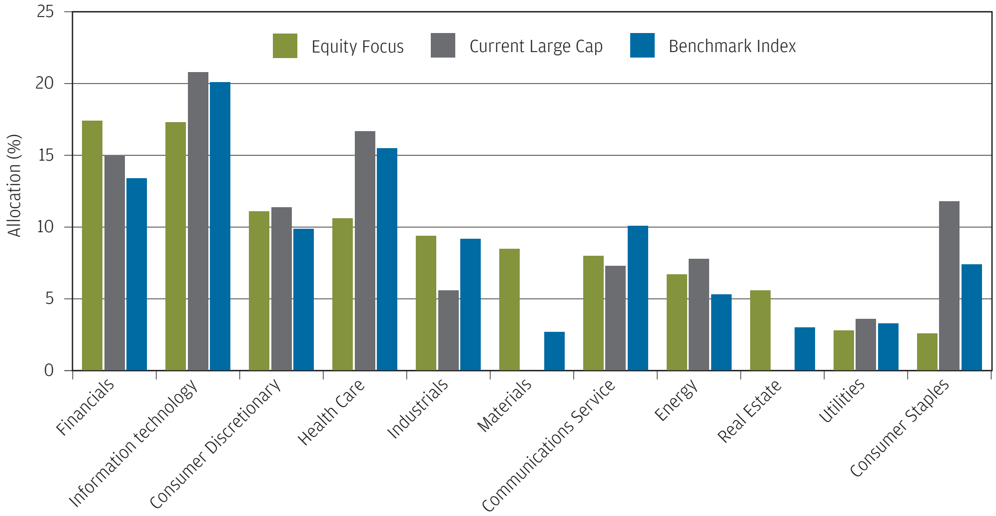
	Current Large Cap Strategy	Proposed Large Cap Strategy
Typical Holdings Range	60-100	30-40
Maximum single stock exposure	8%	8%
Expected Tracking Error Range	2-5%	3-6%
Active Share	68%	79%
3 year realised tracking error	3.09%	4.32%
Number of holdings	60	40
Largest Absolute Sector Weight	Information technology (20.8%)	Financials (17.4%)
Largest Absolute Stock Position	Apple (5.7%)	Microsoft (5.4%)

Source: JPMorgan Asset Management/Wilshire.

Sector Allocations as at 31st December 2018:

Proposed Strategy Compared with Current Large Cap Allocation

The sector allocation as at 31st December 2018 for the Equity Focus strategy is shown in the chart below and compared against the current large cap portfolio allocation and the Benchmark:



Source: JPMorgan Asset Management/Standard & Poor's

Results

The Manager has been operating the proposed investment process since 31st July 2011 in respect of other funds it manages. Over this period it has generated the following results (in sterling and before fees) which are compared with the Company's current large cap strategy (calculated on the same basis) and the S&P 500 Index:

Annualised Performance to 31st December 2018

	One Year (%)	Three Years (%)	Five Years (%)	Since Inception* (%)
Equity Focus strategy	2.35	15.18	14.40	16.34
Current Large Cap strategy	0.20	13.31	13.50	15.02
S&P 500 Total Return	1.56	14.71	14.35	15.57

Source: JPMorgan Asset Management, Wilshire. Strategy performance is calculated in accordance with GIPS® standards where segregated mandate portfolios and/or pooled funds managed in accordance with the strategy are grouped into a 'composite'. *Inception date is 31st July 2011.

As at 28th February 2019, being two years since Jonathan Simon and Tim Parton began co-managing the investment strategy, their performance record, again in sterling and before fees, is as follows:

Annualised Performance to 28th February 2019

	Two Years (%)
Equity Focus strategy	8.58
Current Large Cap strategy	6.26
S&P 500 Index	7.09

Source: JPMorgan Asset Management, Wilshire. Strategy performance is calculated in accordance with GIPS® standards where segregated mandate portfolios and/or pooled funds managed in accordance with the strategy are grouped into a 'composite'.

Individual calendar year performance for the proposed new strategy is shown below. This is again calculated in sterling and is shown before fees and against the S&P 500 Index.

Calendar Year Performance

	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)
Equity Focus strategy	13.81	38.35	15.38	11.13	30.30	14.57	2.35
S&P 500 Total Return	10.91	29.93	20.76	7.25	33.55	11.29	1.56
Excess Return	+2.90	+8.42	-5.38	+3.88	-3.25	+3.28	+0.79

Source: JPMorgan Asset Management, Standard & Poor's. Excess returns are calculated on an arithmetic basis. Strategy performance is calculated in accordance with GIPS® standards, where segregated mandate portfolios and/or pooled funds, as relevant, managed in accordance with the strategy are grouped into a 'composite'.

Continued use of Smaller Companies Portfolio and Gearing

The Company's current flexibility to invest a component of its asset base in a portfolio of small cap equities managed by Eytan Shapiro will be unchanged, as will the ability to use gearing to enhance returns in accordance with the current investment policy.

In recent years, the Board has worked with the Manager to develop a more formal framework, incorporating quantitative and qualitative measures that guide both the allocation to small cap stocks and gearing levels. As the attribution table for the current (on page 16) and previous financial year makes clear, these tools have demonstrated an ability to enhance returns and will continue to play a part in the management of the Company's assets. The Board looks forward to working with the Manager to further refine and enhance these tools in the future.

Garrett Fish

A change of investment process marks the end of Garrett Fish's involvement in managing the Company's portfolio. He is moving on to other responsibilities within J.P.Morgan that have necessitated his departure. Garrett has been the lead investment manager of the Company's assets for over 15 years during which time his dedication to obtaining the best possible returns for shareholders, promoting the Company to current and potential investors and assisting the Board of Directors in their fiduciary obligations has been unwavering. I am sure that shareholders will join the Board in thanking Garrett for his long-standing commitment to the Company and we wish him well for the future.

Fee Arrangements

Alongside the proposed changes in investment process, your Board has negotiated an amendment to the current fees paid to the Manager. As I mentioned in last year's Annual Report, the Company is keen to retain its competitive cost position against rival investment funds, including passive and actively managed open and closed-ended funds. The introduction of MIFID II in the year, which requires wealth managers and other investment platform providers to disclose 'look through' costs to their underlying investors, has reinforced the need to offer simple and value-for-money fees.

Removal of Performance Fee

In order to simplify the Company's fee offering, the Company is removing the performance fee element of the fee, backdated to 1st January 2019. Although performance fees may provide some incentive to fund managers they are often seen as an unnecessary complication by potential investors. This move is in line with shifts we have seen across the investment trust sector in recent years, where performance fee arrangements which were once commonplace are now increasingly rare.

Management Fee

Your Board is also pleased to announce that the Manager has agreed to waive its management fee for a period of nine months commencing on 1st June 2019, which represents an amount approximately commensurate to the underperformance arising from the historic performance fee arrangements. Thereafter, the management fee will resume, charged at the current rate of 0.35% on the first £500 million of net assets; 0.30% on net assets above £500 million and up to £1 billion; and 0.25% on any net assets above £1 billion. The Manager will also bear the costs associated with the reorganisation of the portfolio to the proposed new investment strategy.

The Board believes this package of fee simplification and a short-term fee waiver should be welcomed by shareholders. Based on the current asset base of the Company, this will result in a saving to shareholders of some £2.42 million (calculated as at 20th March 2019) over this nine month period.

Shareholder Approval for Changes to the Investment Policy

To effect the above change of investment process, some amendments will be required to the Company's Investment Policy, for which the Board is required to seek shareholder approval, since they are considered material in nature. The change will result in the number of investments in the large cap portfolio reducing from the current 60-100 stocks to a portfolio that typically will comprise 30-40 holdings. We are also taking the opportunity to recommend a simplification of the constraints in place around the small cap allocation which will see a change to the range of allocation to small cap from 1-9.5% to 0-10%.

No other material amendments to the Company's Investment Policy are required, and the Company's Investment Objective remains unchanged. The changes detailed above will be put to shareholders at the Company's AGM to be held on Thursday 2nd May 2019 and are set out in Resolution number 14. The proposed new Investment Policy is set out in full in the Appendix on page 85 of this Annual Report. The amendments to the Investment Policy, if approved, will take effect from 1st June 2019. The Board recommends shareholders vote in favour of this resolution. If shareholder approval is not obtained at the AGM, the Company will continue to comply with its current investment process and Investment Policy.

Board Review of the Manager

As in prior years, the Board visited the Manager's offices in New York where it held meetings with Garrett Fish and the manager of the smaller companies portfolio, Eytan Shapiro. The Board further met with J.P. Morgan's senior management and a number of external speakers, including the British Consul General in New York, who provided considered views and analysis on the economic and political outlook for the US. As mentioned above, the Board also spent additional time in New York reviewing the Company's large cap strategy.

Alongside the management of the portfolio, the Manager provides other services to the Company, including accounting, company secretarial and marketing services. These have been formally assessed through the annual manager evaluation process. The Board concluded that it was generally satisfied with J.P. Morgan's performance. Thus, taking all factors into account, the Board concluded that the ongoing appointment of the Manager is in the continuing interests of shareholders.

Should shareholders approve the change in Investment Policy, the performance of this new large cap investment approach will be pivotal to the Board's assessment of the future appointment of the Manager.

Gearing Management

The use of gearing to enhance returns is a key differentiating feature of investment trusts. As gearing can introduce risk as well as enhancing returns, the Board maintains strong oversight of the Company's gearing policy and the source and use of leverage. For the first five months of the year the Company's gearing remained within the Board's strategic level of 10%, plus or minus 2%.

In June the Company's £50,000,000 6.875% debenture matured and was repaid. At the same time an assessment of market conditions warranted a move in the tactical level of gearing to 5%, plus or minus 2%. In October, this tactical gearing was again amended in the light of market conditions, to a gearing level of 0%, plus or minus 2%, where it currently remains. It is encouraging to see that these decisions contributed to the positive contribution to performance from gearing over the course of the year.

While the Company is currently ungeared, it remains fully invested in US equities and the Board believes that the judicious application of gearing remains a significant tool to enhance shareholder returns. The Company continues to review the appropriate gearing level on a regular basis using a variety of qualitative and quantitative tools and is exploring a range of potential gearing sources to ensure it has the necessary facilities in place when higher levels of gearing are deemed appropriate.

Ongoing Charges Ratio ('OCR')

This year the Company saw a full year's benefit of the lower fees negotiated in 2017, with the result that the OCR has dropped from 0.55%, which was already the lowest in the Company's sector, to 0.38%, a significant reduction and a demonstration of your Board's commitment to obtaining the best value for money from its service providers. We will continue to focus actively on the cost base of the Company across all of its functions.

In line with recent years, we repeat the table below illustrating the movements in the capital base of the Company, showing the returns generated from our investing activities and the effect of costs, dividends and buy-backs. By combining items found in the revenue statement and items charged to capital, we believe it provides a clear summary of your Company's affairs for the year.

The Company's biggest cost remains the management fees at £3.2 million (2017: £4.6 million). No performance fee was payable. The Company's NAV total return underperformed the total return of the S&P 500 Index resulting in an addition of £776,121 to the negative performance fee balance of £1,603,204 at the start of the year. Under the current terms of the Management Agreement the total amount of £2,379,325 is carried forward and offset against future outperformance. Full details of the mechanics of the performance fee payments are detailed on page 32.

As highlighted above, investors have the opportunity to vote at the forthcoming AGM on a change of Investment Policy. If approved, the Company's management fees will be simplified through the elimination of the performance fee and the base management fee charged by the Manager will be waived for a period of nine months. On a pro-forma basis, using the 2018 asset base and other costs, this cut will result in an estimated OCR for the 2019 financial year of 0.20% and for the 2020 financial year of 0.33%. Your Company will continue to keep fees actively under review in an effort to maintain its current competitive OCR.

	2018 £'000s	2018 Percentage of opening net assets	2017 £'000s	2017 Percentage of opening net assets
Net assets at start of year	980,430	100.00	985,216	100.00
(Decrease)/increase in net assets during the year from investing	(4,886)	(0.50)	97,960	9.94
Brokerage fees/commissions and other dealing charges	(164)	(0.02)	(226)	(0.02)
Net investment performance	**975,380**	**99.48**	**1,082,950**	**109.92**
Income received from investing – net of withholding tax	18,722	1.91	16,594	1.68
Interest received	452	0.05	177	0.02
Dividends paid to shareholders	(12,862)	(1.31)	(12,065)	(1.22)
Interest paid on borrowings	(3,242)	(0.33)	(4,545)	(0.46)
Currency gains on hedge	532	0.05	2,809	0.29
Currency (losses)/gains on USD loans	(3,471)	(0.35)	4,684	0.48
Management fee	(3,191)	(0.33)	(4,644)	(0.47)
Directors' fees	(172)	(0.02)	(173)	(0.02)
Other costs of the Company	(465)	(0.05)	(480)	(0.05)
Repurchase of shares into Treasury	(52,507)	(5.36)	(104,877)	(10.65)
Net assets at end of year	**919,176**	**93.75**	**980,430**	**99.52**

Share Price and Premium/Discount

Throughout the year, the Company's shares have traded at a discount to the NAV. Consistent with our statements made in previous years, the Board is committed to buy-back shares when they stand at anything more than a small discount. As a result, the Company has continued with its buy back policy, repurchasing 12,605,163 shares into Treasury, at a cost of £52.5 million, representing 5.5% of the Company's issued share capital at the beginning of 2018. Whilst this is approximately one half of the amount spent on buy-backs in the previous year it does not represent any reduction in the Board's commitment to buy-back shares, but rather reflects the balance of supply and demand for the Company's shares in the period.

These shares were purchased at an average discount to NAV, measured using a cum-income, debt at fair value measure of 5.1%, producing a modest accretion to the NAV for continuing shareholders.

The Company will again be asking shareholders to approve the repurchase of up to 14.99% of the Company's shares at the AGM. We will also be seeking shareholder permission to issue shares, where Directors are confident of sustainable market demand. The authority, if approved, will allow the Company to sell up to 10% of its issued share capital from Treasury. The Company will only sell shares at a price in excess of the estimated NAV including income with the value of the debt deducted at market price.

Dividends

The Company paid an interim dividend in respect of the 2018 financial year of 2.5p on 5th October 2018. Subject to shareholder approval at the AGM, a final dividend of 4.0p will be paid on 14th May 2019 to shareholders on the register on 12th April 2019, making a total of 6.5p per share, compared with last year's total of 5.5p per share, representing an increase of 18.2%.

After the payment of the proposed final dividend, we will have a balance in the revenue reserves of £21.0 million (equivalent to 9.6p per share (2017: 7.7p) or 1.5 times (2017: 1.5 times) the current dividend).

The Company's objective is to achieve capital growth from North American investments. Although capital growth is the primary aim of the Company, the Board is aware that dividend receipts are an important element of shareholder returns. As your Company invests in North American equities, the dividends received from our portfolio are affected by changes in the dividends paid by American companies and the dollar/sterling exchange rate, both of which can contribute to volatility in the Company's ability to pay dividends. Through the prudent retention of an element of net income on a year by year basis, your Company has built a healthy revenue reserve which we hope will be able to support dividend payments when corporate pay outs are less healthy in the short term, or if there are other short term fluctuations in the revenue account. If shareholders vote to adopt the new Investment Policy, the Board estimates there will be a material reduction in ongoing revenue per share generated by the portfolio. The Board will consider the best way to manage this outcome in conjunction with an assessment of the use of existing retained revenue reserves.

The Board

The Board has procedures in place to ensure that the Company complies fully with the AIC Code on Corporate Governance and the UK Corporate Governance Code, where applicable. The Board further acknowledges the new UK Corporate Governance Codes and is taking steps to ensure compliance. The results of this year's Board evaluation process confirmed that all Directors possessed the experience and attributes to support a recommendation to shareholders that they retire and seek re-appointment at the Company's forthcoming AGM. Directors' fees have not been increased this year.

With effect from 1st January 2019, the Board established a new Committee, a Management Engagement Committee ('MEC'). Although the duties of the MEC were previously completed by the Board as a whole, the Committee was established to bring the Company into line with corporate governance best practice. The key duties of the MEC will be to evaluate the Manager's performance and review the fee arrangements of the Manager, and ultimately to recommend to the Board the continuing appointment of the Manager or otherwise. For full details of the MEC's duties, its terms of reference can be found on the Company's website.

The Board has decided to increase the size of its compliment from five to six, and during the course of the year will be initiating a process to appoint an additional director. Shareholders will be kept informed when an appointment is concluded.

AGM and Shareholder Contact

This year's AGM is the Company's 103rd and it will be held on Thursday, 2nd May 2019 at 2.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP. As in previous years, in addition to the formal part of the meeting, there will be a presentation from Garrett Fish, who will answer questions on the portfolio and performance over the past year. There will also be a presentation from Fiona Harris, one of the Manager's investment specialists who will further describe the proposed large cap investment strategy before shareholders have an opportunity to vote on its adoption. After the meeting there will also be an opportunity to meet the Board, Garrett, Fiona and other representatives of the Manager. I look forward to welcoming as many shareholders as possible to this meeting. Throughout the year and in addition to the opportunity to hear from shareholders at the AGM, I very much encourage shareholders to get in touch to share their views. I can be contacted through our Company Secretary, whose details can be found on page 91.

Outlook

The UK/EU Brexit process continues to grind on at the time of writing. The impact of the final outcome on Brexit will likely affect the Company principally through the sterling/dollar exchange rate, and its translation effect on capital and revenue from US dollars to sterling. It is not the Board's policy to anticipate or attempt to hedge these effects. Beyond noting this effect, no advance special Brexit preparations are deemed necessary.

Last year I suggested that it would be prudent to expect occasional bouts of market volatility in 2018. In the event, following four hikes in interest rates by the US Federal Reserve during the year, in combination with other factors affecting market sentiment, this proved to be the case, most notably in the final quarter of the year. 2019 has begun with a significant upward retracement of those declines. Meanwhile, the US economy has continued to show positive growth, on the way to becoming the longest expansion on record, assisting continuing positive company profit performance.

The Manager has moved the portfolio to a more defensive positioning consistent with the risks which result from a late cycle expansion environment. That said, the Federal Reserve appears to have become more comfortable with the level of current interest rates, suggesting less reason for unforeseen rises in 2019. The absence of upward inflation pressures will have assisted them in this view. Nevertheless, the age and extent of the present market increase since 2009 does need to be respected and will warrant further caution in 2019.

The Board is hopeful the intended change in Investment Policy to a more concentrated stock picking style of portfolio construction will assist in navigating whatever conditions the markets produce during the year. The joint lead investment managers between them have certainly managed through a wide variety of market conditions during their respective careers. This should be a matter of some comfort to shareholders in the present environment.

Dr Kevin Carter
Chair 22nd March 2019

Garrett Fish
Investment Manager

Market Review: a challenging year

The year started off with a short-lived uptick in volatility, partially driven by concerns over rising interest rates, the potential impact of trade conflicts and the long-term implications of the sweeping US tax reforms that were signed into law at the end of 2017. Day-to-day price movements saw a significant departure from levels seen in 2017. In the first quarter of 2018, the S&P 500 saw six trading days with +/-2% moves, compared to 2017 in which there were no days with that level of price change.

Our benchmark index, the S&P 500 Index, ended 2018 up 1.3% in sterling terms, after a challenging fourth quarter which started with a rout in US (and global) stocks in October and was characterised by heightened market swings throughout the period. The S&P 500 is divided into eleven sectors and only three of these ended the year in positive territory, namely Healthcare, Utilities, and Consumer Discretionary. The weakest performers were the Energy, Communication Services and Materials sectors. Large cap stocks greatly outperformed small cap stocks and growth outperformed value.

The market sell-off in the fourth quarter of 2018 was painful but widely expected. Global markets were finally unable to withstand the increasingly difficult economic and geopolitical headwinds at play and stock prices fell in response, arguably to more reasonable levels. This theory is backed up when we look at the value of the S&P 500 based on the predicted earnings per share of its constituent stocks, and as measured by the Forward Price to Earnings (P/E) ratio. On this basis, the S&P 500 ended 2018 below its 25-year average. Whilst this may indicate deteriorating sentiment towards these companies' prospective growth potential, for us it also enhances the potential of finding quality, attractively priced companies.

The overall economic environment had been strong over the course of the first half of the year. Economic growth remained stable and monthly data on retail sales, homebuilding, durable goods and other economic indicators all delivered healthy figures. The second half of the year also started strongly as earnings growth was driven by record margins, with most companies exceeding earnings and revenue estimates for the second quarter. Robust corporate profits partially tempered the effects of a flattening yield curve (often seen when slower economic growth or interest rate hikes are anticipated) and rising trade uncertainty over the course of the third quarter.

The last three months of the year, however, witnessed a significant drawdown, as referenced above. But, despite weaker equity returns, the US economy continued to flex its muscles, with yet another strong quarter of earnings growth. We are optimistic that generally positive commentary from company management teams should potentially limit equity downside risk. Economic indicators still continue to remain mainly positive, with the exception of the yield curve. The Federal Reserve increased rates four times in 2018 and while an inverted yield curve has often been interpreted as an indicator for recessions, there is, as yet, little indication that this risk will materialise. While reassured by good signs such as consumer and small business confidence remaining at high levels, wages rising across income levels, and December same store retail sales being robust, we remain mindful of the pressure that rising rates, tariffs, and the partial government shutdown could put on stocks.

Overall Asset Allocation and Performance: defensive positioning

The Company's net asset value rose by 0.6% in total return terms in 2018. This return was below the S&P 500 Index, which rose 1.3% in sterling terms.

The investment management team is responsible for managing the allocation between the large and the small cap portfolios, together with the levels of cash and gearing.

In 2018, the Company's gearing decreased from 9% at the beginning of the year to -1% at year end. The level of gearing has been adjusted at regular intervals within the gearing guidelines laid down by the Board. With the market only rising just over 1% last year, the cost of the debt was greater than the market return. Despite this potential drag on returns, the reduction in debt levels in two tranches means we were still able to generate a positive performance from gearing during the year as gearing was reduced following periods of positive market returns and before the worst of the late 2018 sell-off.

The weighting in the small cap portfolio started 2018 at 4.9% and we reduced it to 1% by the end of the year. Our allocation tool led us to trim from our small cap allocation during the year as this sector of the market became a less attractive investment on valuation grounds. Furthermore, we slightly reduced our number of holdings in the large cap portfolio to optimise the performance in this area by focusing on our core portfolio. We believe that our ability to move between the two segments enhances returns to shareholders over the long term and also helps to balance our overall risk. As detailed in the table below our large cap portfolio modestly detracted for the year, while our smaller companies' portfolio was flat.

PERFORMANCE ATTRIBUTION

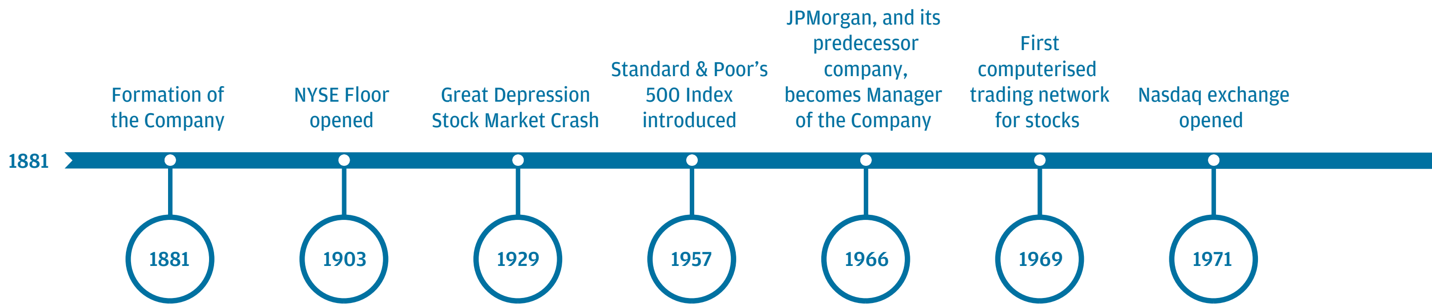
FOR THE YEAR ENDED 31ST DECEMBER 2018

	%	%
Contributions to total returns		
Net asset value total return (in sterling terms)		0.6
Benchmark total return (in sterling terms)		1.3
Excess return		-0.7
Contributions to total returns		
Large cap portfolio		-1.0
Allocation effect	–	
Selection effect	-1.0	
Small cap portfolio		–
Allocation and selection effect	–	
Gearing (including change in the fair value of the debenture)		0.8
Cost of debt		-0.3
Currency hedge		-0.1
Share issuance/buy back		0.3
Management fee/expenses		-0.4
Total		-0.7

Source: 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 APMs is provided on pages 86 to 88.



Large Companies Portfolio: identifying quality and value

Our investment methodology continued to focus on investing in high quality, reasonably valued companies. When constructing our portfolio, we have used the core tenets of behavioural finance to narrow our investment universe. This theory indicates that, on average, high quality and fast growing, cheap stocks with good news-flow outperform lower quality, slow growing, and expensive stocks with bad news-flow. Taking this approach, we rank the stocks in our universe to uncover those companies that are high quality, are attractively valued and also exhibiting improving sentiment (momentum). We then undertake fundamental research to validate the rankings, leading us to invest in quality companies that exhibit the requisite characteristics.

2018 was not a supportive investment environment for our strategy, unlike 2017 when the Company outperformed the S&P 500 Index. The large companies' portfolio posted a positive return but underperformed the benchmark over the year. This underperformance was mainly driven by unrewarded stock selection within the Financials, Consumer Discretionary and Healthcare sectors.

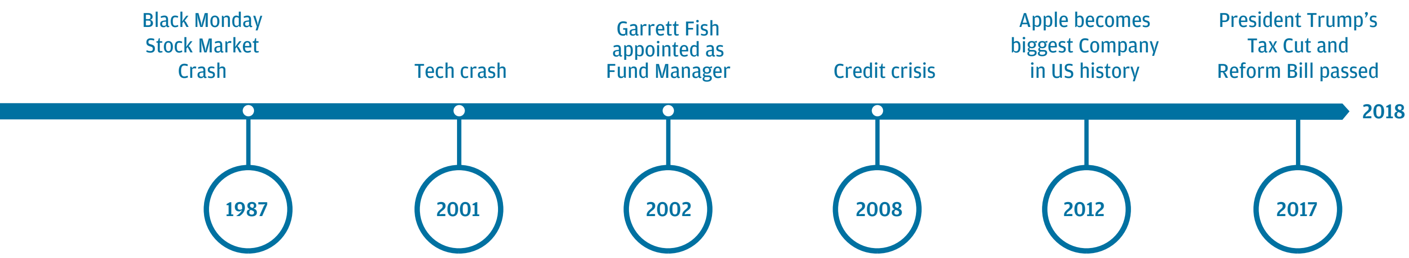
Within Financials, our overweight position in insurer AIG was among the largest detractors in the sector. Shares of AIG detracted due to pre-tax catastrophe losses from Typhoons Jebi and Trami in Japan, along with Hurricane Florence in the US and revisions to previous losses for California mudslides in the US. These losses were substantially higher than AIG's market exposure would otherwise have suggested.

Within the Consumer Discretionary sector, our underweight position in Amazon hurt relative returns over the period. The stock demonstrated its resilience and significantly outperformed the market, as its increased focus on profit led to earnings growth, boosting investor confidence. Amazon has leadership positions in e-commerce and cloud computing, as well as a flourishing, high margin advertising business and long-term profit potential from international markets.

Among individual names, not owning Pfizer in the Healthcare sector also weighed on performance. Pfizer delivered solid financial performance in 2018 and developed a new commercial structure that is expected deliver higher revenue growth and drive its future success. On the other hand, the portfolio benefitted from strong stock selection in the Communication Services and Energy sectors.

Within Communications Services, our overweight in Walt Disney was among the top contributors. The stock outperformed on the back of excitement over its forthcoming streaming service, Disney+, which should be launching in 2019. Disney's acquisition of Twenty First Century Fox also added to its strong films and content base. Going forward, we believe Disney has the best collection of traditional media assets and the greatest scale, which gives it a high probability of success in the growing streaming market.

Furthermore, within the Energy sector, our overweight position in the multinational ConocoPhillips and our lack of exposure to Schlumberger both proved beneficial. ConocoPhillips' strategy of prioritising debt reduction and capital efficiency over growth resonated well with investors while more growth-focused names underperformed. As for Schlumberger, a less favourable outlook for project backlogs was compounded by unfavourable contract terms and weakening pricing, which the company and other service peers were forced to accept in order to maintain utilisation rates.



Among individual names, our overweight in the Information Technology giant Microsoft was among the largest contributors. The stock consistently outperformed the Index. The company's cloud computing business, consisting of Office 365 and Azure, is taking advantage of companies shifting their workloads to the cloud, in order to drive up productivity and revenue growth. We continue to be positive on Microsoft as we believe it is well positioned to benefit from the continued transition to cloud computing, which has huge momentum. Our overweight holding in health insurance company Humana also proved particularly beneficial. The company reported positive earnings results throughout the year which led the stock to trade higher.

In terms of portfolio positioning, we added to our Consumer Staples and Energy sectors, while trimming Consumer Discretionary, Healthcare and Materials. Consumer Staples remains the largest overweight followed by Energy and Financials. On the other hand, we retain our underweight in the Industrials, Real Estate and Materials sectors, as we are less excited about their long-term growth prospects as well as unappealing valuation levels relative to other sectors.

Smaller Companies Portfolio: stock selection beneficial

Over the year, the smaller companies portfolio generated a positive return, which was in-line with the S&P 500. Our stock selection in the Technology sector proved particularly beneficial as our Software & Communications positions outperformed, followed by the Materials & Processing sectors. Healthcare was also a source of strength. Within Technology, several names emerged among the top contributors, including telecommunications supplier Ciena. Shares rose throughout the year, due to a combination of improving fundamentals and an attractive valuation. The company is benefitting from the tailwinds of increasing metropolitan networking demand and the start of fifth generation (5G) mobile networks spending.

On the other hand, our stock selection in the Financial Services and Consumer Discretionary sectors hurt performance. Within Consumer Discretionary, our overweight in the optical retailer National Vision detracted despite posting strong sales comparisons as the market focused on a lacklustre outlook and modestly lower margins. A number of positive fundamental developments came in the fourth quarter including a significantly expanded contact lens distribution relationship with Walmart and improved terms on a long term purchasing contract with their lens supplier.

Outlook

We continue to focus on the fundamentals of the US economy and of company earnings. While continued earnings growth and strength in economic indicators should provide support to the equity market, we are monitoring possible economic risks that could represent headwinds for US stocks. In particular, we continue to watch closely the trade politics narrative, slowing global economic growth, and the implications of rising interest rates, all of which have the potential to add to volatility.

We anticipate that the market climate will remain testing for some time. However, we have shifted the Trust's portfolio to a more defensive positioning, having reduced both gearing and our small cap exposure. We are more aware of heightened risks in the market since we are much more likely to be at the end of the economic/market cycle than at the beginning.

Ours is a large, actively managed investment trust, with a proven long-term record of finding the most attractive stocks from the world's largest stock market, even when market conditions have challenged us. Periodic volatility may continue to shake market sentiment, but we trust that investors will be reassured by the performance we have delivered over time. Above all, we remain confident that we have the resources, experience and insight to allow our investors to capitalise on America's future growth. As locally based specialist investors in New York, we believe we are ideally placed to offer dynamic access to this ever-evolving market.

Proposed Change of Investment Process

As set out in the Chairman's statement, the Company is proposing a change in the investment strategy followed by the large cap component of the portfolio. This new strategy represents a continuation of the trend towards a more focused portfolio we have put in place in recent years.

If approved by shareholders this would see the Company invest in a more concentrated portfolio of stocks representing the best of the Manager's growth and value investment ideas co-managed by my colleagues Jonathan Simon and Tim Parton who bring a long track record of identifying attractive opportunities in both the value and growth sectors of the market. The Company will also benefit from the substantial research and portfolio management resources supporting the lead managers. Other aspects of the Company's investment approach, including the allocation to small cap equities and the use of gearing, both of which have a track record of adding value to shareholders, will remain unchanged.

This change will also mark the end of my involvement in the management of the Company's portfolio after over 15 years as a named manager. I would like to thank the Board for their guidance and support over these years and thank the many shareholders I have been fortunate to meet in my time with the Company for their engagement and informed questions. I wish the Board and shareholders well for the future and have every faith that the new strategy will prove an attractive investment proposition.

Garrett Fish
Investment Manager 22nd March 2019

TEN LARGEST EQUITY INVESTMENTS

AT 31ST DECEMBER

Company	Sector	2018 Valuation £'000	2018 %[1]	2017 Valuation £'000	2017 %[1]
Apple	Information Technology	51,703	5.7	68,386	6.4
Microsoft	Information Technology	46,994	5.2	56,618	5.3
Walmart	Consumer Staples	27,073	3.0	27,057	2.5
AT&T[2]	Telecommunication Services	23,971	2.6	–	–
UnitedHealth[3]	Health Care	23,457	2.6	9,677	0.9
Bank of America	Financials	22,741	2.5	28,291	2.6
Citigroup	Financials	22,536	2.5	44,421	4.2
Cisco Systems[3]	Information Technology	22,521	2.4	10,068	0.9
American International[3]	Financials	20,127	2.2	19,175	1.8
Comcast[3]	Telecommunication Services	20,025	2.2	19,737	1.8
Total		**281,148**	**30.9**		

[1] Based on total investments of £910.4m (2017: £1,070.2m).
[2] Not included in the total investments at 31st December 2017.
[3] Not included in the ten largest equity investments at 31st December 2017.

At 31st December 2017 the value of the ten largest equity investments amounted to £339.4 million representing 31.7% of total investments.

INVESTMENT ACTIVITY

DURING THE YEAR ENDED 31ST DECEMBER 2018

	Value at 31st December 2017 £'000	Value at 31st December 2017 % of portfolio	Purchases £'000	Sales £'000	Changes in value £'000	Value at 31st December 2018 £'000	Value at 31st December 2018 % of portfolio
Large Companies	1,017,258	103.8	371,537	(472,432)	(14,978)	901,385	98.1
Small Companies	52,985	5.4	20,314	(74,188)	9,942	9,053	1.0
Total investments	**1,070,243**	**109.2**	**391,851**	**(546,620)**	**(5,036)**	**910,438**	**99.0**
Net current (liabilities)/assets	(71,332)	(7.3)	–	–	80,070	8,738	1.0
Bank loans	(18,481)	(1.9)	–	–	18,481	–	–
Net asset value	**980,430**	**100.0**	**391,851**	**(546,620)**	**93,515**	**919,176**	**100.0**

Portfolio turnover was 47% (2017: 45%). This is based on the average of purchases and sales expressed as a percentage of average opening and closing portfolio values.

LIST OF INVESTMENTS AT 31ST DECEMBER 2018

Company	Valuation £'000
LARGE COMPANIES	
These are generally defined as companies which have a market capitalisation of more than $3 billion.	
Apple	51,703
Microsoft	46,994
Walmart	27,073
AT&T	23,972
UnitedHealth	23,457
Bank of America	22,741
Citigroup	22,536
Cisco Systems	22,521
American International	20,127
Comcast	20,025
Gilead Sciences	19,692
ConocoPhillips	19,098
Walgreens Boots Alliance	19,011
Chevron	18,958
Wells Fargo	17,544
Amgen	17,509
Procter & Gamble	17,506
Oracle	17,496
Lowe's	17,364
Verizon Communications	17,358
Citizens Financial	16,262
Alphabet	15,601
Johnson & Johnson	15,018
NextEra Energy	14,822
Humana	14,693
Marathon Petroleum	13,976
QUALCOMM	13,824
Walt Disney	13,423
NetApp	13,350
Allison Transmission	13,329
Philip Morris International	12,748
Chipotle Mexican Grill	12,544
American Express	12,519
Delta Air Lines	12,455
Sirius XM	12,397
Hilton Worldwide	11,987
Medtronic	11,978
CVS Health	11,968

Company	Valuation £'000
Valero Energy	11,745
Molson Coors Brewing	11,659
eBay	11,615
HP	11,284
United Rentals	10,981
DXC Technology	10,149
Waters	9,420
PepsiCo	9,323
WEC Energy	9,117
Allergan	9,076
Anthem	9,052
Mondelez International	8,915
Capital One Financial	8,863
American Electric Power	8,532
Biogen	8,290
Regions Financial	8,241
Deere	7,693
Starbucks	7,152
Northern Trust	6,884
National Oilwell Varco	6,728
Southwest Airlines	6,129
Amazon.com	4,958
	901,385

Company	Valuation £'000
SMALL COMPANIES	
These are generally defined as companies which, at the date of investment, have a market capitalisation of less than $3 billion. The investments within the Small Companies portfolio are listed separately as they are managed as a discrete portfolio.	
Advanced Disposal Services	177
Envestnet	170
Performance Food	169
Wolverine World Wide	157
Ollie's Bargain Outlet	156
Entegris	155
Trex	144
Inphi	141
Hudson	140
Teladoc	138
Amedisys	135
HubSpot	134
Lennox International	133
World Wrestling Entertainment	133
Bright Horizons Family Solutions	128
Zendesk	125
National Vision	123
Horizon Pharma	123
Monolithic Power Systems	121
Rush Enterprises	119
Texas Roadhouse	119
Okta	116
Advanced Drainage Systems	116
Ciena	115
Pool	114
SailPoint Technologies	113
ITT	112
Boyd Gaming	109
Evercore	109
RingCentral	107
Applied Industrial Technologies	106
Saia	106
MKS Instruments	102
Evolent Health	102
iRhythm Technologies	101
Insulet	100
Graco	100
Paycom Software	100
Halozyme Therapeutics	97
Littelfuse	96
Biohaven Pharmaceutical	92
John Bean Technologies	89
Proofpoint	87
Cloudera	87
Lithia Motors	87
Ferro	83
Hexcel	82
Freshpet	82
FibroGen	81
Instructure	79
SiteOne Landscape Supply	79
Homology Medicines	79
Quantenna Communications	78
MSA Safety	78

Company	Valuation £'000
HEICO	74
Planet Fitness	74
Atara Biotherapeutics	73
Oshkosh	73
Exact Sciences	72
Revance Therapeutics	69
Glu Mobile	68
Kirby	67
Pluralsight	66
Zscaler	66
Wix.com	65
Red Rock Resorts	64
ManTech International	64
Smartsheet	62
REGENXBIO	62
2U	62
Anaplan	60
Nevro	60
Elastic	59
Spark Therapeutics	59
Nutanix	59
TherapeuticsMD	57
Primo Water	57

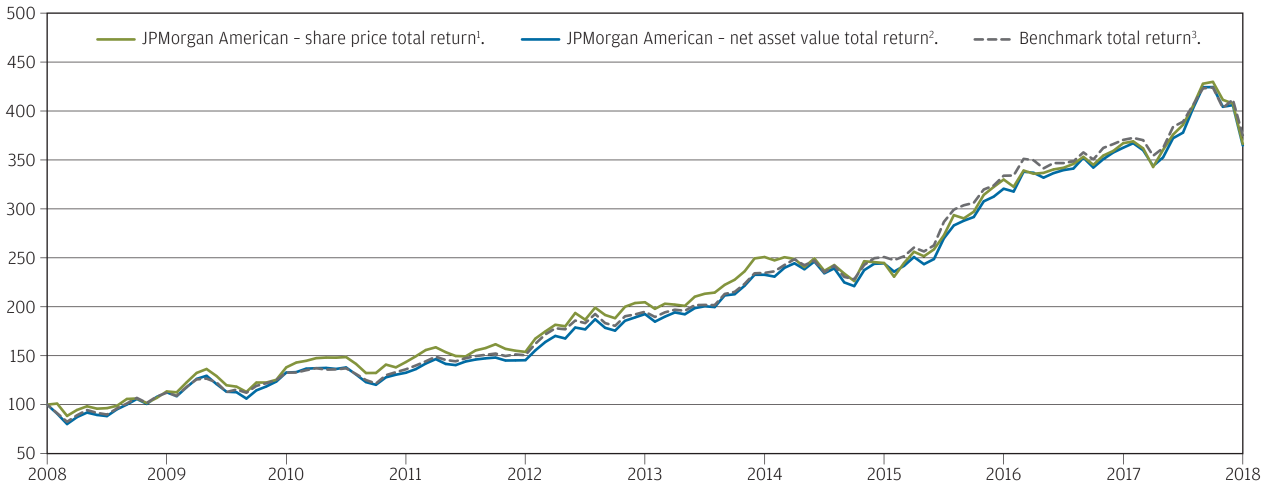
Company	Valuation £'000
Farfetch	56
LivaNova	56
H&E Equipment Services	54
Winnebago Industries	52
CubeSmart	50
Centennial Resource Development	50
New Relic	50
PennantPark Investment	48
Coherus Biosciences	48
RE/MAX	48
Twist Bioscience	48
Highwoods Properties	47
Acadia Healthcare	47
Clementia Pharmaceuticals	46
Tricida	45
TRI Pointe	43
Intercept Pharmaceuticals	41
GrubHub	38
Sage Therapeutics	37
Axos Financial	36
Texas Capital Bancshares	36
Vonage	35
New York Times	35

Company	Valuation £'000
Floor & Decor	34
G1 Therapeutics	33
Signature Bank	30
Nektar Therapeutics	29
GenMark Diagnostics	28
Avrobio	25
Adverum Biotechnologies	24
Global Blood Therapeutics	22
Portola Pharmaceuticals	21
Optinose	21
TransEnterix	21
ACADIA Pharmaceuticals	21
MongoDB	20
WisdomTree Investments	18
Bellicum Pharmaceuticals	15
Forum Energy Technologies	15
Rubius Therapeutics	14
	9,053
TOTAL INVESTMENTS	**910,438**

[1] Unquoted investment.

TEN YEAR PERFORMANCE

FIGURES HAVE BEEN REBASED TO 100 AT 31ST DECEMBER 2008



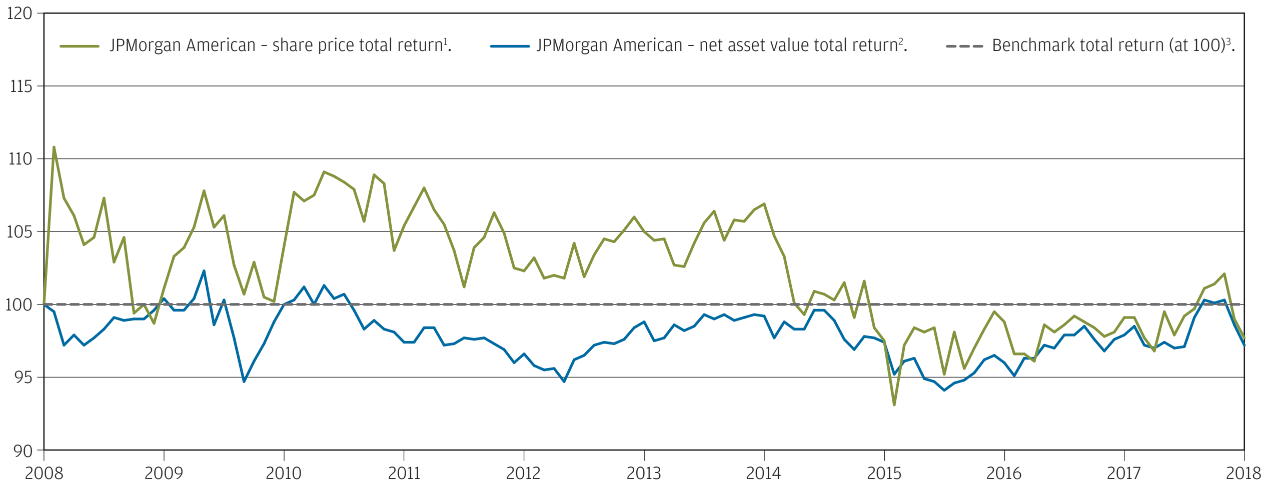
[1] Source: Morningstar.

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

[3] The Company's benchmark index is the S&P 500 Index, net of the appropriate withholding tax, expressed in sterling total return terms.

PERFORMANCE RELATIVE TO BENCHMARK

FIGURES HAVE BEEN REBASED TO 100 AT 31ST DECEMBER 2008



[1] Source: Morningstar.

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

[3] The Company's benchmark index is the S&P 500 Index, net of the appropriate withholding tax, expressed in sterling total return terms.

TEN YEAR FINANCIAL RECORD

At 31st December	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholders' funds (£m)	293.7	321.5	374.0	400.4	464.7	642.2	804.2	816.7	985.2	980.4	919.2
Net asset value per share with debt at fair value (p)[1]	132.4	146.3	170.2	168.6	180.9	236.6	283.1	293.4	379.3	423.6	420.7
Net asset value per share with debt at par value (p)[1]	137.5	150.5	174.6	173.3	185.0	239.4	286.1	295.6	381.0	424.3	420.7
Share price (p)[1]	125.2	139.4	167.4	171.8	181.2	238.2	288.7	277.9	369.2	405.4	399.0
Share price (discount)/premium (%)[2,APM]	(5.5)	(4.7)	(1.6)	1.9	0.2	0.7	2.0	(5.3)	(2.7)	(4.3)	(5.2)
Gearing/(net cash) (%)	12.8	11.3	4.2	(2.8)	(0.6)	9.1	8.7	8.4	8.5	9.2	(1.0)
Exchange rate (£1=$)	1.44	1.61	1.57	1.55	1.63	1.66	1.56	1.48	1.24	1.35	1.27
Year ended 31st December											
Revenue return per share (p)[1]	2.27	2.13	2.11	2.24	2.76	3.00	3.76	4.64	5.70	5.93	7.71
Dividend per share (p)[1]	2.20	2.20	2.20	2.20	2.50	2.70	3.25	4.00	5.00	5.50	6.50
Ongoing charges ratio (%)[APM]	0.71	0.75	0.70	0.69	0.68	0.63	0.62	0.62	0.62	0.55	0.38
Ongoing charges ratio (%) including any performance fee payable[APM]	0.82	0.86	0.81	0.69	0.68	0.66	0.64	0.62	0.62	0.55	0.38
Rebased to 100 at 31st December 2008											
Share price total return[3,APM]	100.0	113.5	138.1	143.5	153.9	204.6	250.8	244.7	330.0	367.1	366.4
Net asset value per share with debt at at fair value – total return[4,APM]	100.0	112.6	132.8	132.6	145.4	192.5	232.7	244.3	320.6	362.5	364.8
Net asset value per share with debt at par value – total return[4,APM]	100.0	111.6	131.5	132.1	143.5	187.8	226.9	237.6	310.7	350.5	352.2
Benchmark total return[5]	100.0	112.2	132.7	136.1	150.5	194.9	234.6	250.8	333.9	370.5	375.1

[1] 2007-2013 comparative figures have been restated due to the sub-division of each existing ordinary share of 25p into five ordinary shares of 5p each on 8th May 2014.

[2] Share price (discount)/premium to net asset value per share with debt at fair value.

[3] Source: Morningstar/J.P. Morgan.

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

[5] The Company's benchmark is the S&P 500 Index expressed in sterling total return terms.

[APM] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 86 to 88.

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

Objective of the Company

The Company's objective is to provide shareholders with capital growth from North American investments. It aims to outperform a benchmark, which is the S&P 500 Index, with net dividends reinvested, expressed in sterling terms.

Structure of the Company

JPMorgan American Investment Trust plc is an investment trust and has a premium listing on the London Stock Exchange. 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 ('JPMAM') which further delegates to JPMorgan Asset Management, Inc., to manage the Company's assets actively. The Board has determined an investment policy and related guidelines and limits, as described below. The Company is subject to UK and European legislation and regulations including UK company law, UK Financial Reporting Standards, the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, taxation law and the Company's own Articles of Association. The Company's underlying investments are also subject to some US regulations.

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

Investment Policies and Risk Management

In order to achieve its investment objectives and to seek to manage risk, the Company mainly invests in a diversified portfolio of quoted companies including, when appropriate, exposure to smaller capitalisation stocks. The Company currently has separate portfolios dedicated to larger capitalisation and smaller capitalisation companies. The number of investments in the larger capitalisation portfolio will normally range between 60-100 stocks representing between 91.5-99% of the Company's equity portfolio. The number of investments in the smaller capitalisation portfolio will normally range between 100-120 stocks representing between 1-9.5% of the Company's equity portfolio. The Company may invest in pooled funds to achieve its aims.

The Board reviews a range of risk indicators to assess whether the level of risk taken by the Manager is consistent with the achievement of the investment objective.

Investment Limits and Restrictions (all at time of investment)

- The Company will not normally invest more than 8% of its gross assets in any one individual stock.
- The Company will normally limit its five largest investments to 40% of its gross assets (31st December 2018: 21.4%).
- The Company will not invest more than 10% of its gross assets in liquidity funds in normal market conditions (31st December 2018: 1.4%).
- The Company will not invest more than 10% of gross assets in companies that themselves may invest more than 15% of gross assets in listed closed-ended funds (31st December 2018: nil).
- The Company will not invest more than 15% of its gross assets in other listed closed-ended funds (31st December 2018: Nil).
- The Company will use gearing when appropriate to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. Within this range, the Board reviews and sets a strategic gearing level, which is currently 10% (31st December 2017: 10%). The Manager is accountable for managing the gearing around a tactical gearing level, taking account of shorter term potential market risks and returns. The current tactical level is 0%, plus or minus 2%.
- The Company only hedges its currency risk in respect of the full value of the sterling debenture. The debenture matured in June 2018.

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

The Board is seeking approval from shareholders at the forthcoming Annual General Meeting to make certain changes to the Company's Investment Policy. Please refer to the Chair's Statement for more detail on the rationale for the changes and to the Notice of Annual General Meeting on pages 82 to 85 for details of the actual changes to be considered by shareholders.

Performance

In the year ended 31st December 2018, the Company produced a total return to shareholders of –0.2% and a total return on net assets of +0.6%. This compares with the total return on the Company's benchmark in sterling terms of +1.3%. At 31st December 2018, the value of the Company's investment portfolio was £910.4 million. The Investment Manager's Report on pages 15 to 19 includes a review of developments during 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

As detailed on page 56, gross total return for the year amounted to £13.6 million (2017: £124.7 million) and net total return after deducting finance costs, administrative expenses and taxation, amounted to £4.1 million (2017: £112.2 million). Distributable income for the year totalled £17.3 million (2017: £14.3 million).

The Company paid an interim dividend of 2.5p per share on 5th October 2018. Directors recommend a final dividend of 4.0p per share, payable on 14th May 2019 to shareholders on the register at the close of business on 12th April 2019. The total dividend distribution for 2018 of 6.5p per share represents an increase of 18.2% on last year's 5.5p distribution. These distributions total £14.3 million (2017: £12.8 million). After payment of the final dividend, the revenue reserve will amount to £21.0 million (2017: £17.8 million).

Key Performance Indicators ('KPIs')

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

- **Performance against the benchmark index**
  This is an important KPI by which performance is judged.

  Please refer to the graphs on page 23 for details of the Company's performance relative to its benchmark index over 10 years.

- **Performance against the Company's peers**
  The principal objective is to achieve capital growth relative to the benchmark. However, the Board also monitors performance relative to a broad range of appropriate competitor funds, including Exchange Traded Funds ('ETFs') both in the UK and the US.

- **Performance attribution**
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as asset allocation, gearing and stock selection. Details of the attribution analysis for the year ended 31st December 2018 are given in the Investment Manager's Report on page 16.

- **Share price relative to net asset value ('NAV') per share with debt at fair value**
  The Board has adopted a share issuance and repurchase policy and is committed to buy-back shares when they stand at anything more than a small discount to enhance the NAV per share for remaining shareholders. In the year to 31st December 2018, the shares traded between a discount of 1.5% and 8.1% (daily figures calculated with debt at fair value and including income). Please refer to the Chair's Statement on page 12 for further information.

- **Ongoing charges ratio**
  The ongoing charges ratio represent the Company's management fee and all other operating expenses, excluding finance costs and any performance fee payable, expressed as a percentage of the average daily net assets during the year. The ongoing charges ratio excluding any performance fee for the year ended 31st December 2018 were 0.38% (2017: 0.55%). Since no performance fee was payable in 2018 (2017: Nil) the ongoing charges including performance fee payable for the year ended 31st December 2018 were also 0.38% (2017: 0.55%).

Share Capital

The Directors have authority on behalf of the Company to repurchase shares in the market either for cancellation or into Treasury and to sell Treasury shares or issue new Ordinary shares for cash.

During the financial year, the Company repurchased 12,605,163 shares, into Treasury, for a total consideration of £52.5 million. Since the year end, the Company has repurchased 878,440 shares, into Treasury, for a total consideration of £3.7 million.

No shares were issued during the year or since the year end.

Special Resolutions to renew the Company's authorities to issue and repurchase shares will be put to shareholders at the forthcoming Annual General Meeting.

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 and an assessment is made of the qualities and skills of the existing Board before appointing new directors. When completing a review of the skills and experience of Directors, the Board feels that they are equipped with the necessary attributes required for the sound stewardship of the Company and that their knowledge sets allow for lively and engaging debates. Full details of the skills and experience of the Directors can be found on page 31. At 31st December 2018, there were four male Directors and one female Director on the Board. Please refer to page 36 for more information on the workings of the Nomination and Remuneration Committee.

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 being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Board notes JPMAM's policy statements in respect of Social, Community, Environmental and Human Rights issues, as outlined below, in italics. The Board also discusses JPMAM's policies in this area with corporate engagement personnel during the course of its annual visits to the Manager's New York office.

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.

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

Greenhouse Gas Emissions

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*.

Criminal Corporate Offence

The Company has zero tolerance for tax evasion. Shares in the Company are purchased through intermediaries or brokers and 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 robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The risks identified and the ways in which they are managed or mitigated are summarised below.

With the assistance of JPMF, the Risk Committee has drawn up a risk matrix, which identifies the key risks to the Company. These are reviewed and noted by the Board. These key risks fall broadly into the following categories:

- **Investment and Strategy:** An inappropriate investment strategy, poor asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and its peer companies, resulting in the Company's shares trading on a wider discount. The Board mitigates this risk by insisting on diversification of investments through its investment restrictions and guidelines which are monitored and reported on regularly by the Managers. JPMF provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the investment manager, who attends the majority of Board meetings, and reviews data which details the portfolio's risk profile. The investment manager employs the Company's gearing within a strategic range set by the Board.
- **Market:** Market risk arises from uncertainty about the future prices of the Company's investments. This market risk comprises three elements – equity market risk, currency risk

and interest rate risk. The Board considers the split in the portfolio between small and large companies, sector and stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by JPMF. The Board monitors the implementation and results of the investment process with the Manager. However, the fortunes of the portfolio are significantly determined by market movements in US equities, the rate of exchange between the US dollar and sterling and interest rate changes. This is a risk that investors take having invested into a single country fund.

- **Operational and Cybercrime:** Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the custodian's or depositary's records could prevent accurate reporting and monitoring of the Company's financial position. On 1st July 2014, the Company appointed Bank of New York Mellon (International) Limited to act as its depositary, responsible for overseeing the operations of the custodian, JPMorgan Chase Bank, N.A., and the Company's cash flows. Details of how the Board monitors the services provided by the Manager and its associates and the key elements designed to provide effective internal control are included in the Internal Control section of the Corporate Governance report on pages 37 and 38. The threat of cyber attack, in all its guises, is regarded as at least as important as more traditional physical threats to business continuity and security. The Board has received the cyber security policies for its key third party service providers and JPMF has assured the Directors that the Company benefits directly or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested by independent reporting accountants and reported every six months against the AAF Standard.

- **Loss of Investment Team or Investment Manager:** The sudden departure of the investment manager or several members of the wider investment management team could result in a short term deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team based approach.

- **Share Price Relative to Net Asset Value ('NAV') per 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. Throughout 2018, the Company's shares traded at a discount. The Board monitors the Company's premium/discount level and, although the rating largely depends upon the relative attractiveness of the trust, the Board is committed to buy-back shares when they stand at anything more than a small discount to enhance the NAV per share for remaining shareholders.

- **Accounting, Legal and Regulatory:** In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given on page 25. Were the Company to breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by JPMF and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, as its shares are listed on the London Stock Exchange, the UKLA Listing Rules and Disclosure & Transparency Rules ('DTRs'). A breach of the Companies Act 2006 could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing, which in turn would breach Section 1158. The Directors seek to comply with all relevant regulation and legislation in the UK, Europe and the US and rely on the services of its Company Secretary, JPMF, and its professional advisers to monitor compliance with all relevant requirements.

- **Political and Economic:** Changes in legislation, including in the US, UK and the European Union, may adversely effect the Company either directly or because of restrictions or enforced changes on the operations of the Manager. JPMF makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. In addition, the Company is subject to political risks, such as the imposition of restrictions on the free movement of capital. The Company is therefore at risk from changes to the regulatory, legislative and taxation framework within which it operates, whether such changes were designed to affect it or not. The Board will continue to keep under review the impact of the UK's decision to leave the European Union. The negotiations between the UK and European Union may introduce further currency volatility to the Company's affairs.

Long Term Viability

The Company was established in 1881 and has now been in existence for 139 years. The Company is an investment trust and has the objective of achieving long term capital growth investing in US equities. The Company has been investing over many economic cycles and some difficult market conditions.

Although past performance and a long historic track record is no guide to the future, the Directors believe the Company is a good long term investment proposition. Unfortunately, it is impossible to look too far into the future, so the Directors have adopted a somewhat shorter time horizon to assess the Company's viability, which is five years. This is regarded by many as the minimum time for investing in equities. This exceeds the terms of the Company's indebtedness.

The Directors have considered the Company's prospects, principal risks and the outlook for the US economy, its equity market and the market for investment trusts. They have examined the robustness of these base case estimates using further more cautious scenarios, including in one case repeating some of the returns data for the (1929-1934) Wall Street Crash.

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 next five years until 31st December 2023.

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

22nd March 2019

Directors’ Report

Dr Kevin Carter †

Director since 2014.

Last reappointed to the Board: 2018.

Remuneration: £44,000.

Currently Chairman and Director of Murray International Trust PLC, a Director of Lowland Investment Company plc, Newton Investment Management Limited, and Aspect Capital Limited, Chairman of the Investment Committee and a trustee director of the BBC Pension Scheme. He is also a trustee director of Universities Superannuation Scheme Limited and Chairman of its Investment Committee. Dr Carter is a CFA charter holder and has a doctorate awarded in mathematical statistics with a research subject in financial economics.

Shared appointments with other Directors: None

Simon Bragg (Chair of the Audit Committee)* †

A Director since 2012.

Last reappointed to the Board: 2018.

Remuneration: £35,500.

Mr Bragg is Chief Executive of JSB Energy Partners Limited, non-executive Director of Intralink Limited and Lasumo Holdings Limited. Having qualified as a Chartered Accountant at KPMG, Mr Bragg previously worked at Hoare Govett, Cargill, HSBC, Oriel Securities and Stifel. Mr Bragg has a B.Sc in chemistry from Imperial College, London, and is a Fellow of Goodenough College.

Shared directorships with other Directors: None.

Nadia Manzoor* †

A Director since 2016.

Last reappointed to the Board: 2018.

Remuneration: £29,500.

Ms Manzoor is a Partner, Head of Business Development and General Counsel for S.W. Mitchell Capital, a specialist European equities investment management house. Ms Manzoor commenced her career as a corporate lawyer at Slaughter & May in 2009. During this time she worked in London, Hong Kong and also spent six months seconded to a FTSE 100 client. Ms Manzoor is a law scholar of Downing College, Cambridge University.

Shared directorships with other Directors: None.

Sir Alan Collins (Chair of the Risk Committee and Senior Independent Director)* †

A Director since 2012.

Last reappointed to the Board: 2018.

Remuneration: £33,500.

Sir Alan had a successful career in the British Diplomatic Service where he held a number of Ambassador and High Commissioner appointments and was until August 2011 the Consul General New York and the Director General for Trade and Investment USA. He was also the managing director in United Kingdom Trade and Investment responsible for the business legacy from the London 2012 Olympic and Paralympic Games, having been part of the team that won the bid to bring the Olympics to London. He is now a non-executive Director of ICICI Bank UK plc. He is also an advisor to a number of other limited companies, including St. James's Place Asia Advisory Board, and a member of the Advisory Council of the London Philharmonic Orchestra.

Shared directorships with other Directors: None.

Robert Talbut* †

A Director since 2017.

Last reappointed to the Board: 2018.

Remuneration: £29,500.

Mr Talbut was, until 2014, the Chief Investment Officer of Royal London Asset Management and has over 30 years of financial services experience. He has represented the asset management industry through the chairmanship of both the ABI Investment Committee and the Asset Management Committee of the Investment Association. He has also been a member of the Audit & Assurance Council of the Financial Reporting Council and the Financial Conduct Authority's Listing Authority Advisory Panel. He is currently a non-executive director of Schroder UK Mid Cap Fund plc, Shires Income plc, EFG Asset Management (UK) Limited and Pacific Assets Trust plc. He is also an independent investment expert on the British Airways Pension Fund investment committee.

Shared directorships with other Directors: None.

* **Member of the Audit Committee.**

† **Member of the Risk Committee.**

All Directors are considered independent by the Board and are members of the Nomination & Remuneration and Risk Committees.

The Directors present their Annual Report and the Audited Financial Statements for the year ended 31st December 2018.

Management of the Company

The Manager and Company Secretary is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the Financial Conduct Authority ('FCA'). JPMF is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides marketing, banking and dealing services to the Company. Custodian services are provided by a JPMorgan Chase Bank subsidiary, via a contract with the Company's depositary.

The Manager is employed under a contract which can be terminated on six months' notice, without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

The Board conducts a formal evaluation of the Manager on an annual basis. The evaluation includes consideration of the investment strategy and the process of the Manager, performance against the benchmark and a relevant peer group over the long term and the support the Company receives from the Manager. As a result of the evaluation process, the Board confirms that it is satisfied that the continuing appointment of the Manager is in the interest of shareholders as a whole.

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF is the Company's alternative investment fund manager ('AIFM'). JPMF has been 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 JPMorgan Asset Management (UK) Limited ('JPMAM') which further delegates the management to JPMorgan Asset Management, Inc.. The Company has appointed Bank of New York Mellon (International) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A. as the Company's custodian. BNY remains responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at www.jpmamerican.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 pages 79 and 80.

Management and Performance Fees

The management fee was charged at a rate of 0.5% per annum, paid quarterly in arrears, on the Company's total assets less current liabilities until 30th September 2017. With effect from 1st October 2017, the management fee is charged on a tiered basis as follows:

- 0.35% on the first £500 million of net assets;
- 0.30% on net assets above £500 million and up to £1 billion; and
- 0.25% on any net assets above £1 billion.

The basic management fee is calculated and paid quarterly in arrears. Investments in funds on which the Manager or any of its associated companies earn a management fee are excluded from the calculation and therefore attract no further fee. In addition, a performance fee may be payable. The Company's investment in the JPMorgan US Dollar Liquidity Fund is not subject to a management fee and therefore not excluded from the calculation.

The performance fee is calculated at the rate of 10% of the difference between the cum-income debt at par net asset value total return and the total return of the S&P 500 Index, expressed in sterling terms. The performance fee due in respect of any single year is divided into equal parts payable over three years.

Any negative fee resulting from underperformance is deducted from any unpaid fees brought forward from prior years with any remaining amount of the negative fee carried forward to be absorbed in future years.

The performance fee paid in any one year will not exceed 0.25% of the cum-income debt at par net asset value at the Company's latest year end, with any unpaid excess being carried forward until paid in full.

In the year ended 31st December 2018 the Company's cum-income debt at par net asset value total return underperformed the total return of the S&P 500 Index, expressed in sterling terms, by 0.8 percentage points. This resulted in a negative performance fee calculation of £776,121. This amount when added to the £1,603,204 performance fee offset brought forward from 2017 leaves a negative balance of £2,379,325.

If the Resolution to approve the amendments to the Company's Investment Policy, required to permit a change of investment process, is passed, the performance fee element of the Manager's fees will be removed with effect on 1st January 2019. Please refer to page 9 of the Chair's Statement for full details.

Directors

The Directors of the Company who held office at the end of the year are detailed on page 31. In accordance with corporate governance best practice, all Directors will retire by rotation at the forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment. The Nomination and Remuneration 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. For further details on the experience and skills of each Director please refer to page 31.

Director Indemnification and Insurance

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

During the year an insurance policy has been 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 Auditor

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

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

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

The above confirmation is given and should be interpreted in accordance with the provision of S418(2) of the Companies Act 2006.

Independent Auditor

Deloitte LLP has expressed its willingness to continue in office as auditor to the Company and a resolution proposing its reappointment and authorising the Directors to determine its remuneration for the ensuing year will be put to shareholders at the Annual General Meeting.

Capital Structure and Voting Rights

Capital Structure

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

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of Annual General Meeting on page 84.

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	%
Brewin Dolphin Limited	32,671,108	15.0
Quilter Cheviot Investment Management	21,519,267	9.9
Investec Wealth & Investment Limited	13,090,213	6.0
Rathbone Brothers PLC	10,908,292	5.0
Charles Stanley	9,078,808	4.2

The Company is also aware that approximately 3.7% 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 the Manager 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 a cross 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

The notice covering the Annual General Meeting of the Company to be held on 2nd May 2019 is given on pages 82 to 85. The full text of the Resolutions is set out in this notice.

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 11 and 12)

At the Annual General Meeting the Directors will seek authority to issue up to 21,760,220 new shares or sell shares held in Treasury for cash up to an aggregate nominal amount of £1,088,011 (such amount being equivalent to 10% of the issued share capital) and disapply pre-emption rights upon such issues. The full text of the resolutions is set out in the Notice of Meeting on pages 82 to 85. This authority will expire at the conclusion of the Annual General Meeting of the Company in 2020 unless renewed at a prior general meeting.

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

(ii) Authority to repurchase the Company's shares (Resolution 13)

At the Annual General Meeting held on 2nd May 2018, shareholders gave authority to the Company to purchase up to 14.99% of its then issued share capital. At that time, shareholders were informed that this authority would expire on 1st October 2019 but could be renewed by shareholders at any time at a general meeting of the Company. The Directors consider that the renewal of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying net asset value ('NAV') enhances the NAV of the remaining shares. Resolution 13 gives the Company authority to buy back its own issued 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 32,618,571 shares representing approximately 14.99% of the Company's issued shares as at 20th March 2019 (being the latest practicable date prior to the publication of this document). The authority also sets minimum and maximum prices.

If resolution 13 is passed at the Annual General Meeting, shares repurchased might not be cancelled but rather held as Treasury shares. The Company does not have authority to re-issue shares from Treasury at a discount to NAV, therefore any reissue of shares from Treasury would be at a premium to the prevailing NAV.

The full text of the resolution is set out in the Notice of Meeting on pages 82 to 85. Repurchases will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares as and when market conditions are appropriate.

(iii) Investment Policy (resolution 14)

As detailed in the Chair's Statement on pages 5 to 14, the Board is proposing to make certain changes to its Investment Policy to permit a change of investment process.

The proposed new Investment Policy is set out in full in the Appendix on page 85 of this annual report, with the amendments highlighted for ease of reference. The revised Investment Policy, if approved, shall come into effect on 1st June 2019. If the revised Investment Policy is not approved, the Company will continue to comply with the current investment process and Investment Policy.

Recommendation

The Board considers that resolutions 1 to 14 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 127,161 shares representing approximately 0.1% of the existing issued share capital 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 44, 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, insofar as they are relevant to the Company's business, and the AIC Code throughout the year under review.

The Board notes the publication of the new 2018 UK Corporate Governance Code and the new 2018 AIC Code of Corporate Governance. The Company will report against the applicable guidance in the Company's 2019 Annual Report & Financial Statements.

Role of the Board

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

The Board met six 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. Further information on meetings and committees can be found on page 36.

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

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

Board Composition

The Board consists of five non-executive Directors, chaired by Dr Kevin Carter, all of whom are considered to be independent of the Company's Manager. 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 31.

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. Sir Alan Collins, the Senior Independent Director, leads the evaluation of the performance of the Chair and is available to shareholders if they have concerns that cannot be resolved through discussion with the Chair.

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. Subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for Directors to seek annual reappointment in accordance with corporate governance best practice. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees.

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.

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

Induction and Training

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

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 31.

The table below details the number of formal Board and Committee meetings attended by each Director. During the year there were six Board meetings, including a meeting devoted to strategy and a private meeting of the Directors to evaluate the Manager. In addition, two Audit Committee meetings, two Risk Committee meetings and one Nomination & Remuneration Committee meeting were held.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Risk Committee Meetings Attended	Nomination & Remuneration Committee Meetings Attended
Dr Kevin Carter[1]	6	2	2	1
Simon Bragg	6	2	2	1
Sir Alan Collins	6	2	2	1
Nadia Manzoor	6	2	2	1
Robert Talbut	6	2	2	1

[1] Attends Audit Committee and Risk Committee Meetings by invitation.

As well as the formal meetings detailed above, the Board meets and communicates frequently by email or telephone to deal with day to day matters as they arise. Directors also visited the investment management team in New York and spent time with a number of longer term strategists as well as with senior management, governance personnel and the dealing desk in JPMAM's offices.

Board Committees

Nomination & Remuneration Committee

The Nomination & Remuneration Committee, chaired by Dr Kevin Carter, consists of all of the Directors and meets at least annually. The Nomination & Remuneration Committee reviews the composition, structure and diversity of the Board, succession planning, the independence of the Directors and whether each Director has sufficient time available to discharge their duties effectively. Having completed the annual evaluation process, the Committee confirms that it believes that the Board has an appropriate balance of skills and experience, that all Directors should be considered as Independent in accordance with the provisions of the AIC Code of Corporate Governance and that all Directors have the time available to discharge their duties effectively.

The Board's policy on diversity, including gender, is to take account of the benefits of this during the appointment process. The Board remains committed to appointing the most appropriate candidate and seeks to ensure that it does not unwittingly exclude any group. Therefore, no targets have been set against which to report.

The Directors commissioned Lintstock, a firm of independent consultants, to externally facilitate the evaluation of the Board. The process involved the completion of questionnaires by the Board. The resulting report was discussed by Directors under the remit of the Nomination & Remuneration Committee. The evaluation of individual Directors is led by the Chair and the Chair is evaluated by the Senior Independent Director.

The Committee also reviews Directors' fees and makes recommendations to the Board as and when required.

Management Engagement Committee

From 1st January 2019, the Board established a Management Engagement Committee. Although the new duties of the Management Engagement Committee were previously completed by the Board as a whole, the Committee was established to bring the Company in line with the AIC Code of Corporate Governance.

The Management Engagement Committee, chaired by Dr Kevin Carter, consists of all Directors and will meet at least annually. The Committee's remit is to review the terms of the management agreement between the Company and the Manager, to review the performance of the Manager, to review the notice period that the Board has with the Manager and to make recommendations to the Board.

Risk Committee

The Risk Committee, chaired by Sir Alan Collins, consists of all the Directors and meets at least twice each year. The Committee discusses the Company's overall risk appetite, tolerance and strategy, taking into account the current and prospective macroeconomic and financial environment. It further reviews the Company's key risks and identifies and manages any new risks that arise during the year. Finally, the Committee reviews compliance with the Company's investment restrictions and guidelines.

Audit Committee

The report of the Audit Committee is set out on page 39.

Terms of Reference

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

Relations with Shareholders

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

All shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet with shareholders and answer questions. In addition, a presentation is given by the investment manager who reviews the Company's performance. During the year the investment management team, JPMF and the Company's brokers held regular discussions with larger shareholders. Where possible Directors attend shareholder meetings arranged by the Manager. The Chair further writes to the Company's largest shareholders each year to offer a meeting with himself and other members of the Board, with or without representatives from the Manager. The Chair and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 91.

The Company's Annual Report and Accounts is published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 91.

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

Risk Management and Internal Control

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by JPMorgan and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by JPMorgan and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 27 and 28). The Company does not have an internal audit function of its own, but relies on the internal audit department of JPMF which reports any material failings or weaknesses. This arrangement is kept under 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 risk management and internal control includes organisational agreements which clearly define the lines of responsibility, delegated authority, control procedures and systems. These are monitored by JPMorgan'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 keeps under review the effectiveness of the Company's system of risk management and internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

- the Board, through the Audit Committee, reviews the terms of the management agreement and receives regular reports from JPMorgan's Compliance department;
- the Board reviews a report, which is also independently reviewed, on the internal controls and the operations of its custodian, JPMorgan Chase Bank;
- the Board reviews every six months a report from the Company's Depositary, Bank of New York Mellon (International) Limited, which summarises the activities performed by the Depositary during the reporting period; and
- the Board reviews every six months an independent report on the internal controls and the operations of JPMF's investment trust department.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended

31st December 2018, and to the date of approval of this Annual Report and Accounts.

During the course of its review of the system of risk management and internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore a confirmation in respect of necessary actions has not been considered appropriate.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM. The following information in italics is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included in the Strategic Report on page 27.

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

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

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

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

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

22nd March 2019

Audit Committee Report

The Audit Committee, chaired by Simon Bragg, consists of all Directors, except the Chair of the Board, and meets at least twice each year. The Chair of the Board attends by invitation of the Committee. 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 31st December 2018, 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 to the accounts. The Company has appointed Bank of New York Mellon (International) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A., as the Company's custodian. BNY remains responsible for the oversight of the custody of the Company's assets.
Calculation of management and performance fees	The management and performance fees are calculated in accordance with the Investment Management Agreement. The Board reviews controls reports, expense schedules and the performance fee calculation.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts. Income recording is conducted by the Manager and the methodology is reported upon to the Board within a six monthly independent report on the operations of the Manager.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager, who reports on a monthly basis to the Board on the Company's continuing compliance.

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 objective (see page 25), risk management policies (see pages 70 to 76), capital management policies and procedures (see pages 76 and 77), 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, Deloitte LLP, 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 63.

The current tenure of the external auditor dates from 10th August 2006. The Company's current audit partner, Andrew Partridge, has been in the position since 2014. The Board opened the external auditor position up to tender in 2015 and reappointed Deloitte LLP, following presentations from three firms to include the incumbent. Based upon existing legislation, another tender process would not be required until 2025. The Company is therefore in compliance with the provisions of 'The Statutory Audit Services for Large Companies Market Investigation' (Mandatory use of competitive tender processes and audit committee responsibilities) Order 2014 as issued by the Competition & Markets Authority.

Fair, Balanced and Understandable
As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 31st December 2018, 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 44.

Simon Bragg
Audit Committee Chair

22nd March 2019

Directors’ Remuneration Report

Introduction

The Board presents the Directors' Remuneration Report for the year ended 31st December 2018 which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The auditor's opinion is included in their report on pages 46 to 54.

Directors' Remuneration Policy

The law requires that the Directors' Remuneration Policy is subject to a triennial binding vote. However, 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 2019 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 roles of Chair of the Board, Audit Committee, Risk Committee and the Senior Independent Director are paid higher fees than other Directors, reflecting the greater time commitment involved in fulfilling those roles.

The Nomination and Remuneration Committee, comprising all Directors, reviews fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on information provided by the Manager, and 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 scheme, award or pension scheme and therefore no Directors receive bonus payments or pension contributions from the Company or hold options to acquire shares in the Company. Directors are not granted exit payments and are not provided with compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses.

In the year under review, Directors' fees were paid at the following rates: Chair £44,000; Audit Committee Chair £35,500 and £29,500 for other Directors. The roles of Senior Independent Director and Chair of the Risk Committee both attract an additional fee of £2,000 per role.

The Company's Articles of Association stipulate that aggregate fees must not exceed £225,000 per annum. Any increase in this 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 35.

Directors' Remuneration Policy Implementation

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 31st December 2017 and no changes are proposed for the year ending 31st December 2019.

At the Annual General Meeting held on 2nd May 2018, of votes cast, 99.9% of votes cast were in favour of (or granted discretion to the Chair who voted in favour of) both the remuneration policy and the remuneration report and 0.1% voted against. Votes withheld were 146,820 and 100,488 respectively, the equivalent of less than 0.01% of votes cast.

Details of the implementation of the Company's remuneration policy are given below. No advice from remuneration consultants was received during the year under review.

Single total figure of remuneration

The single total figure of remuneration and expenses for the Board as a whole for the year ended 31st December 2018 was £172,320. 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]

Directors' Name	2018 Fees £	2018 Taxable expenses[2] £	2018 Total £	2017 Fees £	2017 Taxable expenses[2] £	2017 Total £
Sarah Bates[3]	–	–	–	21,522	–	21,522
Simon Bragg	35,500	–	35,500	34,500	–	34,500
Dr Kevin Carter[4]	44,000	–	44,000	37,742	–	37,742
Sir Alan Collins	33,500	–	33,500	32,500	916	33,416
Nadia Manzoor	29,500	95	29,595	28,500	188	28,688
Robert Talbut[5]	29,500	225	29,725	18,243	–	18,243
Total	172,000	320	172,320	173,007	1,104	174,111

[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] Stood down as Chair on 11th May 2017 and retired from the Board on 26th July 2017.

[4] Became Chair on 12th May 2017.

[5] Joined the Board on 11th May 2017.

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 31st December 2018	2017
Remuneration paid to all Directors	£172,320	£174,111
Percentage of remuneration paid to Directors of Shareholders' funds	0.02%	0.02%
Distributions to shareholders		
by way of dividends paid	£12,862,000	£12,065,000
by way of share repurchases	£52,507,000	£104,877,000

A table showing the total remuneration for the Chair over the five years ended 31st December 2018 is below:

Remuneration for the Chair over the five years ended 31st December 2018

Year ended 31st December	Fees
2018	£44,000
2017	£43,000
2016	£43,000
2015	£43,000
2014	£37,500

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.

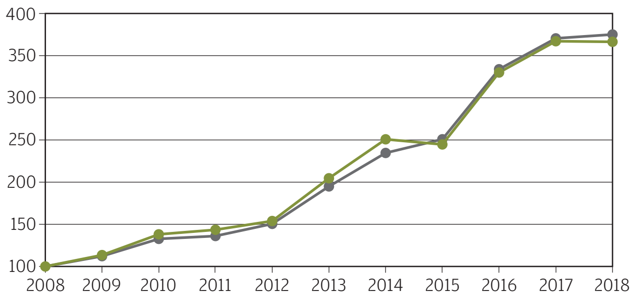
	31st December 2018	1st January 2018
Dr Kevin Carter	35,000	24,000
Simon Bragg	75,977	75,732
Sir Alan Collins	5,659	5,586
Nadia Manzoor	2,643	2,631
Robert Talbut	7,882	3,914

[1] Audited information.

All of the holdings of the Directors are beneficial.

A graph showing the Company's share price total return compared with its benchmark index, the S&P 500 Index expressed in sterling total returns terms, over the last ten years is shown below:

Ten Year Ordinary Share Price and Benchmark Total Returns to 31st December 2018



Source: Morningstar.

Share price total return.

Benchmark total return.

For and on behalf of the Board
Dr Kevin Carter
Chair

22nd March 2019

Statement of Directors’ Responsibilities

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

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

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

and the Directors confirm that they have done so.

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

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

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

Each of the Directors, whose names and functions are listed on page 31 confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and return or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

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

For and on behalf of the Board
Dr Kevin Carter
Chair

22nd March 2019

Independent Auditor’s Report

TO THE MEMBERS OF JPMORGAN AMERICAN INVESTMENT TRUST PLC

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31st December 2018 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (AIC SORP) issued by the Association of Investment Companies in November 2014; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of financial position;
- the statement of cash flows; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

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

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Valuation and ownership of investments • Completeness and allocation of investment income • Calculation of performance fees Within this report, any new key audit matters are identified with and any key audit matters which are the same as the prior year identified with .
Materiality	The materiality that we used in the current year was £9,200,000 which was determined on the basis of 1% of net assets at 31st December 2018.
Scoping	Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	No significant changes in our approach.

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the Directors' statement in note 1(a) to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Company, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Principal risks and viability statement

Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 27 to 28 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation on page 27 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; or
- the Directors' explanation on pages 28 to 29 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 are also required to report whether the Directors' statement relating to the prospects of the Company required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and ownership of fixed asset investments

Key audit matter description	There is a risk that investments within the portfolio may not be actively traded and the prices quoted may not be reflective of fair value or that they may not represent the property of the Company. At 31st December 2018 the investment portfolio is made up of £910 million listed equities (2017: £1,070 million). See Accounting policy at note 1(b) and detailed disclosures at note 11. This key audit matter was included as a significant issue in the Audit Committee Report on page 39.
How the scope of our audit responded to the key audit matter	We have performed the following procedures to test the valuation and ownership of investments at 31st December 2018: • reviewed the SOC 1 control reports issued by JPMorgan Chase Bank in order to assess whether the design and implementation of controls over the ownership and valuation of investments are appropriate; • obtained a bridging letter from JPMorgan Chase Bank to assess whether that there have been no material changes to these controls from the date of the report to 31st December 2018; • agreed 100% of the Company's investment portfolio at the year-end to confirmations received independently from the custodian; and • agreed 100% of the bid prices of quoted investments on the investment ledger at year end to closing bid prices published by an independent pricing source.
Key observations	No matters were identified which required reporting to those charged with governance.

Completeness and allocation of investment income

Key audit matter description	Investment income for the year was £21.2 million (2017: £19.3 million). Dividends are accounted for as investment income on an ex-dividend basis, except where, in the opinion of the Manager and the Board, the dividend is capital in nature, in which case it is treated as a return of capital. There is a risk that investment income is incomplete or that it is incorrectly allocated between investment income and capital accounts. We also identified this key audit matter as a potential fraud risk. See Accounting policy at note 1(d) and detailed disclosures at note 4. This key audit matter was included as a significant issue in the Audit Committee Report on page 39.

How the scope of our audit responded to the key audit matter	We have performed the following procedures to test the completeness and allocation of investment income at 31st December 2018: • reviewed the SOC 1 internal control report issues by JPMorgan Global Fund Accounting to evaluate the design and implementation of key controls over accuracy and completeness of revenue; • for 100% of listed investments, we obtained ex-dividend dates and rates for dividends declared during the year from external sources, and agreed the amounts recorded within the general ledger to confirm that the recognition policy had been applied consistently; • agreed a sample of dividend income receipts to bank statement; and • for a sample of corporate actions and special dividends, we challenged management's rationale for the allocation between revenue and capital against the requirements of the AIC SORP and agreed details of the dividend to a third party source to corroborate the nature of the dividend. In addition to support our work on this key audit matter we have: • reviewed the accounting policies for revenue recognition against the requirements of FRS 102 and the AIC SORP and performed testing to confirm their application during the year.
Key observations	No matters were identified which required reporting to those charged with governance.

Calculation of Performance Fees

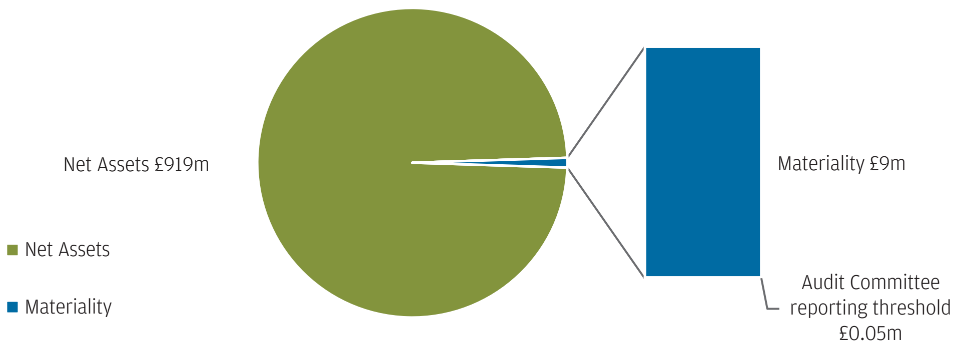
Key audit matter description	Performance fees or the performance provision are calculated based on the difference in the return between the Company and its benchmark, the S&P 500 index over 10%. As this is a complex calculation, there is a risk the performance fee may be calculated incorrectly and not in line with the Investment Management Agreement. There is also a risk that the performance fee calculation has not been reviewed and approved by the Board of Directors. There is no performance fee payable in the current period (2017: £nil). See Accounting policy at note 1(e) and detailed disclosures at note 5. This key audit matter was included as a significant issue in the Audit Committee Report on page 39.
How the scope of our audit responded to the key audit matter	We have performed the following procedures to test the calculation of performance fees at 31st December 2018: • reviewed the SOC 1 control reports issued by JPMorgan Chase Bank in order to confirm the design and implementation of controls over the calculation and approval of any performance fees are appropriate; • obtained a bridging letter from JPMorgan Chase Bank to confirm that there have been no material changes to these controls from the date of the report to 31st December 2018; • re-performed the calculation of performance fee using the inputs provided by management and the basis per the terms of the signed investment management agreement to confirm that no performance fee was payable in the current period; and • evaluated whether the performance fee calculation has been subject to Board approval by reviewing the minutes of all Board and sub-committee meetings in the year ended 31st December 2018.
Key observations	No matters were identified which required reporting to those charged with governance.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

Materiality	£9,200,000 (2017: £9,800,000)
Basis for determining materiality	1% of net assets as at the year end. This basis was also used in the prior year.
Rationale for the benchmark applied	Net assets has been chosen as a benchmark as it is considered the most relevant benchmark for investors and is the key driver of shareholder value.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £50,000 (2017: £50,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

There were no changes to the scope of our audit since prior year. Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work designed to respond to the risks of material misstatement was performed directly by the audit engagement team.

As part of our audit we assessed the controls in place at the administrator who prepares the financial statements of the Company by reviewing a controls report over their activities.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We have nothing to report in respect of these matters.

Other information (continued)

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- *Fair, balanced and understandable* – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit committee reporting* – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, the administrator and the audit committee, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following area: Completeness and allocation of investment income as there is a potential risk that if investment income is manipulated so it is incomplete or incorrectly allocated between revenue and capital it could have a material impact on the Company's net asset value ; and
- obtaining an understanding of the legal and regulatory framework that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the Companies Act 2006 and UK Listing Rules, as well as the Company qualification as an Investment Trust under UK tax legislation.

Audit response to risks identified
As a result of performing the above, we identified completeness and allocation of investment income as a key audit matter. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the audit committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and any correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board on 10th January 2007 to audit the financial statements for the year ending 31st December 2006 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 13 years, covering the years ending 31st December 2006 to 31st December 2018.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Use of our report

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

Andrew Partridge, CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor,
London, United Kingdom

22nd March 2019

Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2018

	Notes	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
(Losses)/gains on investments held at fair value through profit or loss	3	–	(5,050)	(5,050)	–	97,734	97,734
Net foreign currency (losses)/gains[1]		–	(2,939)	(2,939)	–	7,493	7,493
Income from investments	4	21,184	–	21,184	19,317	–	19,317
Interest receivable and similar income	4	452	–	452	177	–	177
Gross return/(loss)		**21,636**	**(7,989)**	**13,647**	**19,494**	**105,227**	**124,721**
Management fee	5	(638)	(2,553)	(3,191)	(929)	(3,715)	(4,644)
Other administrative expenses	6	(637)	–	(637)	(653)	–	(653)
Net return/(loss) on ordinary activities before finance costs and taxation		**20,361**	**(10,542)**	**9,819**	**17,912**	**101,512**	**119,424**
Finance costs	7	(649)	(2,593)	(3,242)	(909)	(3,636)	(4,545)
Net return/(loss) on ordinary activities before taxation		**19,712**	**(13,135)**	**6,577**	**17,003**	**97,876**	**114,879**
Taxation	8	(2,462)	–	(2,462)	(2,723)	–	(2,723)
Net return/(loss) on ordinary activities after taxation		**17,250**	**(13,135)**	**4,115**	**14,280**	**97,876**	**112,156**
Return/(loss) per share	9	**7.71p**	**(5.87)p**	**1.84p**	**5.93p**	**40.67p**	**46.60p**

[1] Includes gains and losses on forward currency contracts which are used to hedge the currency risk in respect of the geared portion of the portfolio. Details of the Company's hedging strategy are given in note 22(a)(i) on pages 71 and 72.

The dividends payable in respect of the year ended 31st December 2018 amount to 6.5p (2017: 5.5p) per share, costing £14,275,000 (2017: £12,778,000). Details of dividends paid and proposed are given in note 10 on page 65.

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 page 60 to 77 form an integral part of these financial statements.

FOR THE YEAR ENDED 31ST DECEMBER 2018

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves[1] £'000	Revenue reserve[1] £'000	Total £'000
At 31st December 2016	**14,082**	**151,850**	**8,151**	**788,019**	**23,114**	**985,216**
Repurchase of shares into Treasury	–	–	–	(104,877)	–	(104,877)
Net return on ordinary activities	–	–	–	97,876	14,280	112,156
Dividends paid in the year (note 10)	–	–	–	–	(12,065)	(12,065)
At 31st December 2017	**14,082**	**151,850**	**8,151**	**781,018**	**25,329**	**980,430**
Repurchase of shares into Treasury	–	–	–	(52,507)	–	(52,507)
Net return on ordinary activities	–	–	–	(13,135)	17,250	4,115
Dividends paid in the year (note 10)	–	–	–	–	(12,862)	(12,862)
At 31st December 2018	**14,082**	**151,850**	**8,151**	**715,376**	**29,717**	**919,176**

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

The notes on pages 60 to 77 form an integral part of these financial statements.

AS AT 31ST DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	**910,438**	**1,070,243**
Current assets	12		
Derivative financial assets		–	1,359
Debtors		1,334	919
Cash and cash equivalents		7,919	13,689
		9,253	15,967
Current liabilities			
Creditors: amounts falling due within one year	13	(515)	(87,299)
Net current assets/(liabilities)		**8,738**	**(71,332)**
Total assets less current liabilities		**919,176**	**998,911**
Creditors: amounts falling due after more than one year	14	–	(18,481)
Net assets		**919,176**	**980,430**
Capital and reserves			
Called up share capital	15	14,082	14,082
Share premium	16	151,850	151,850
Capital redemption reserve	16	8,151	8,151
Capital reserves	16	715,376	781,018
Revenue reserve	16	29,717	25,329
Total shareholders' funds		**919,176**	**980,430**
Net asset value per share	17	**420.7p**	**424.3p**

The financial statements on pages 56 to 77 were approved and authorised for issue by the Directors on 22nd March 2019 and signed on their behalf by:

Simon Bragg
Director

The notes on pages 60 to 77 form an integral part of these financial statements.

The Company's registration number is 15543.

FOR THE YEAR ENDED 31ST DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Net cash outflow from operations before dividends and interest	18	(2,158)	(6,558)
Dividends received		18,160	16,829
Interest received		470	166
Overseas tax recovered/(charged)		347	(259)
Interest paid		(3,479)	(4,596)
Net cash inflow from operating activities		**13,340**	**5,582**
Purchases of investments		(391,851)	(437,710)
Sales of investments		546,604	533,956
Settlement of forward currency contracts		21	3,073
Net cash inflow from investing activities		**154,774**	**99,319**
Dividends paid		(12,862)	(12,065)
Repayment of bank loans		(58,914)	(3,858)
Draw down of bank loans		–	19,474
Redemption of debenture		(50,000)	–
Repurchase of shares into Treasury		(52,107)	(104,877)
Net cash outflow from financing activities		**(173,883)**	**(101,326)**
(Decrease)/increase in cash and cash equivalents		**(5,769)**	**3,575**
Cash and cash equivalents at the start of the year		13,689	10,114
Unrealised loss on foreign currency		(1)	–
Cash and cash equivalents at the end of the year		7,919	13,689
(Decrease)/increase in cash and cash equivalents		**(5,769)**	**3,575**
Cash and cash equivalents consist of:			
Cash and short term deposits		53	19
Cash held in JPMorgan US Dollar Liquidity Fund		7,866	13,670
Total		**7,919**	**13,689**

The notes on pages 60 to 77 form an integral part of these financial statements.

FOR THE YEAR ENDED 31ST DECEMBER 2018

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, 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 February 2018.

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 39 form part of these financial statements.

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

(b) Valuation of investments

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

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors.

Accordingly, upon initial recognition the investments are designated by the Company as held at fair value through profit or loss. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchases 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 exchange gains and losses on cash and cash equivalents, realised gains and losses on foreign currency contracts, any performance fee realised, 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, unrealised gains and losses on forward foreign currency contracts and any performance fee provision, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Investment holding gains and losses'.

(d) Income

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

Overseas dividends are included gross of any withholding tax.

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

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

Interest receivable from debt securities together with any premiums or discounts on purchase are allocated to revenue on a time apportionment basis so as to reflect the effective interest rate of those securities.

Deposit 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:

- any performance fee is allocated 100% to capital.
- the management fee is allocated 20% to revenue and 80% to capital, in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 11.

(f) Finance costs

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

Finance costs are allocated 20% to revenue and 80% to capital, in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(g) Financial instruments

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

Forward foreign currency contracts are included in the Statement of Financial Position as derivative financial instruments and are carried at fair value, which is the cost of closing out those contracts. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Comprehensive Income as capital.

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

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.

(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.

Tax relief is allocated to expenses charged to capital on the 'marginal basis'. On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to the capital column.

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.

1. Accounting policies *continued*

(j) Functional 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 and 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 as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature.

(k) Dividends payable

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

(l) Repurchase of shares into Treasury

The cost of repurchasing shares into Treasury, including the related stamp duty and transaction 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. Where shares held in Treasury are subsequently cancelled, the nominal value of those shares is transferred out of called up share capital and into capital redemption reserve.

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

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. (Losses)/gains on investments held at fair value through profit or loss

	2018 £'000	2017 £'000
Gains on investments held at fair value through profit or loss based on historical cost	160,676	165,656
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	(125,250)	(153,939)
Gains on sales of investments based on the carrying value at the previous balance sheet date	35,426	11,717
Net movement in investment holding gains and losses	(40,462)	86,028
Other capital charges	(14)	(11)
Total capital (losses)/gains on investments held at fair value through profit or loss	**(5,050)**	**97,734**

4. Income

	2018 £'000	2017 £'000
Income from investments		
Franked investment income	90	–
Overseas dividends	21,094	19,317
	21,184	**19,317**
Interest receivable and similar income		
Interest from liquidity fund	443	175
Interest received on overseas tax recovered	8	–
Deposit interest	1	2
	452	177
Total income	**21,636**	**19,494**

5. Management fee

	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Management fee	638	2,553	3,191	929	3,715	4,644

Details of the management fee are given in the Directors' Report on page 32.

6. Other administrative expenses

	2018 £'000	2017 £'000
Administration expenses	316	307
Directors' fees[1]	172	173
Depository fees[2]	123	146
Auditor's remuneration for audit services[3]	26	24
Auditor's remuneration for other services[4]	–	3
	637	**653**

[1] Full disclosure is given in the Directors' Remuneration Report on page 42.

[2] Includes £5,000 (2017: £8,000) irrecoverable VAT.

[3] Includes £1,000 (2017: £1,000) irrecoverable VAT.

[4] Comprises the Company's contribution to the review of the Manager's control procedures amounting to £nil (2017: £nil), plus fees payable for the review of the debenture compliance certificate amounting to £nil (2017: £3,000).

7. Finance costs

	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Bank loans and overdraft interest	345	1,379	1,724	229	915	1,144
Debenture interest	304	1,214	1,518	680	2,721	3,401
	649	**2,593**	**3,242**	**909**	**3,636**	**4,545**

8. Taxation

(a) Analysis of tax charge in the year

	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Overseas withholding tax	2,668	–	2,668	2,723	–	2,723
Overseas tax from previous years recovered	(206)	–	(206)	–	–	–
Total tax charge for the year	**2,462**	**–**	**2,462**	**2,723**	**–**	**2,723**

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

The total tax charge for the year is higher (2017: lower) than the Company's applicable rate of corporation tax of 19.00% (2017: 19.25%).

The factors affecting the total tax charge for the year are as follows:

	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Net return/(loss) on ordinary activities before taxation	19,712	(13,135)	6,577	17,003	97,876	114,879
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 19.00% (2017: 19.25%)	3,745	(2,496)	1,249	3,273	18,841	22,114
Effects of:						
Non taxable UK dividends	(17)	–	(17)	–	–	–
Non taxable overseas dividends	(4,005)	–	(4,005)	(3,721)	–	(3,721)
Non taxable capital losses/(gains)	–	1,518	1,518	–	(20,256)	(20,256)
Overseas withholding tax	2,668	–	2,668	2,723	–	2,723
Income tax timing difference	–	–	–	1	–	1
Unrelieved expenses	277	828	1,105	447	1,415	1,862
Disallowed interest	–	150	150	–	–	–
Overseas tax from previous years recovered	(206)	–	(206)	–	–	–
Total tax charge for the year	**2,462**	**–**	**2,462**	**2,723**	**–**	**2,723**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £15,779,000 (2017: £14,781,000) based on a prospective corporation tax rate of 17% (2017: 17%). The UK corporation tax rate is enacted to fall to 17% effective on 1st April 2020. 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

	2018 £'000	2017 £'000
Revenue return	17,250	14,280
Capital (loss)/return	(13,135)	97,876
Total return	**4,115**	**112,156**
Weighted average number of shares in issue during the year	223,635,390	240,684,981
Revenue return per share	7.71p	5.93p
Capital (loss)/return per share	(5.87)p	40.67p
Total return per share	**1.84p**	**46.60p**

10. Dividends

(a) Dividends paid and proposed

	2018 £'000	2017 £'000
Dividends paid		
Unclaimed dividends refunded to the Company	–	(4)
2017 Final dividend of 3.25p (2016: 2.75p)	7,326	6,801
2018 Interim dividend of 2.5p (2017: 2.25p)	5,536	5,268
Total dividends paid in the year	**12,862**	**12,065**
Dividends proposed		
2018 Final dividend of 4.0p (2017: 3.25p)	8,739	7,510

All dividends paid and proposed in the period have been funded from the Revenue Reserve.

The dividend proposed in respect of the year ended 31st December 2017 amounted to £7,510,000. However the amount paid amounted to £7,326,000 due to shares repurchased after the balance sheet date but prior to the share register record date.

The dividend proposed in respect of the year ended 31st December 2018 is subject to shareholder approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 31st December 2019.

(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 dividends declared in respect of the financial year, shown below. The revenue available for distribution by way of dividend for the year is £17,250,000 (2017: £14,280,000).

	2018 £'000	2017 £'000
2018 Interim dividend of 2.5p (2017: 2.25p)	5,536	5,268
2018 Final dividend of 4.0p (2017: 3.25p)	8,739	7,510
Total	**14,275**	**12,778**

The revenue reserve after payment of the final dividend will amount to £20,978,000 (2017: £17,826,000).

11. Investments

	2018			2017		
	Listed overseas £'000	Unquoted £'000	Total £'000	Listed overseas £'000	Unquoted £'000	Total £'000
Opening book cost	774,928	25	774,953	705,531	116	705,647
Opening investment holding gains	295,315	(25)	295,290	361,869	1,332	363,201
Opening valuation	1,070,243	–	1,070,243	1,067,400	1,448	1,068,848
Movements in the year:						
Purchases at cost	391,851	–	391,851	437,605	–	437,605
Sales proceeds	(546,620)	–	(546,620)	(531,111)	(2,844)	(533,955)
Gains on sales of investments based on the carrying value at the previous balance sheet date	35,451	(25)	35,426	10,321	1,396	11,717
Net movement in investment holding gains and losses	(40,487)	25	(40,462)	86,028	–	86,028
Closing valuation	**910,438**	**–**	**910,438**	**1,070,243**	**–**	**1,070,243**
Closing book cost	780,860	–	780,860	774,928	25	774,953
Closing investment holding gains	129,578	–	129,578	295,315	(25)	295,290
Total investments held at fair value through profit or loss	**910,438**	**–**	**910,438**	**1,070,243**	**–**	**1,070,243**

Transaction costs on purchases during the year amounted to £82,000 (2017: £115,000) and on sales during the year amounted to £82,000 (2017: £111,000). These costs comprise mainly brokerage commission and stamp duty.

During the year, prior year investment holding gains amounting to £125,250,000 have been transferred to gains on sales of investments as disclosed in note 16.

12. Current assets

	2018 £'000	2017 £'000
Derivative financial assets		
Forward foreign currency contracts	–	1,359

	2018 £'000	2017 £'000
Debtors		
Dividends and interest receivable	1,022	836
Overseas tax recoverable	36	25
Other debtors	276	58
	1,334	**919**

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

	2018 £'000	2017 £'000
Creditors: amounts falling due within one year		
£50,000,000 6.875% debenture June 2018	–	49,986
Bank loan – Scotiabank	–	36,962
Repurchases of Company's own shares awaiting settlement	400	–
Debenture interest payable	–	216
Other creditors and accruals	113	98
Loan interest payable	2	37
	515	87,299

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

The £50 million debenture, which the Company had in issue, carried a fixed interest rate of 6.875% and was repaid in June 2018. The debenture was secured by a floating charge over the assets of the Company, and was fair valued at amortised cost.

The £40 million two year floating rate debt facility with Scotiabank had an interest rate of LIBOR as quoted in the market for the loan period, plus a margin of 0.95%, plus mandatory costs. This facility expired in November 2018.

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

	2018 £'000	2017 £'000
Bank loan – National Australia Bank ('NAB')	–	18,481

The £25 million five year floating rate debt facility with NAB, has an interest rate of LIBOR as quoted in the market for the loan period, plus a margin of 1.05%, plus mandatory costs. Any undrawn amounts attract a commitment fee of 0.32%. 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. This facility expires in April 2020.

15. Called up share capital

	2018 £'000	2017 £'000
Ordinary shares allotted and fully paid:		
Opening balance of 231,085,811 (2017: 258,573,403) shares excluding shares held in Treasury	11,554	12,929
Repurchase of 12,605,163 (2017: 27,487,592) shares into Treasury	(630)	(1,374)
Subtotal of 218,480,648 (2017: 231,085,811) shares of 5p each excluding shares held in Treasury	10,924	11,555
63,153,262 (2017: 50,548,099) shares held in Treasury	3,158	2,527
Closing Balance of 281,633,910 (2017: 281,633,910) shares of 5p each including shares held in Treasury	**14,082**	**14,082**

During the year, 12,605,163 shares of 5p were repurchased from the market into Treasury at an average price of 418.2p per share, for a total net consideration of £52,507,000.

Further details of transactions in the Company's shares are given in the Strategic Report on page 26.

16. Capital and reserves

	Called up share capital £'000	Share premium £'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	14,082	151,850	8,151	480,736	300,282	25,329	980,430
Net foreign currency gains on cash and cash equivalents	–	–	–	532	–	–	532
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	35,426	–	–	35,426
Net movement in investment holding gains and losses	–	–	–	–	(40,462)	–	(40,462)
Transfer on disposal of investments	–	–	–	125,250	(125,250)	–	–
Unrealised gain on forward foreign currency contracts from prior period now realised	–	–	–	1,359	(1,359)	–	–
Repurchase of shares into Treasury	–	–	–	(52,507)	–	–	(52,507)
Realised currency losses on repayment of loans	–	–	–	(3,471)	–	–	(3,471)
Transfer on loans repaid in period	–	–	–	3,633	(3,633)	–	–
Management fee and finance costs charged to capital	–	–	–	(5,146)	–	–	(5,146)
Other capital charges	–	–	–	(14)	–	–	(14)
Dividends paid in the year	–	–	–	–	–	(12,862)	(12,862)
Retained revenue for the year	–	–	–	–	–	17,250	17,250
Closing balance	**14,082**	**151,850**	**8,151**	**585,798**	**129,578**	**29,717**	**919,176**

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

17. Net asset value per share

	2018	2017
Net assets (£'000)	919,176	980,430
Number of shares in issue	218,480,648	231,085,811
Net asset value per share	**420.7p**	**424.3p**

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

	2018 £'000	2017 £'000
Net return on ordinary activities before finance costs and taxation	9,819	119,424
Add capital loss/(less capital return) on ordinary activities before finance costs and taxation	10,542	(101,512)
Increase in accrued income and other debtors	(404)	(3)
Increase/(decrease) in accrued expenses	17	(22)
Management fee charged to capital	(2,553)	(3,715)
Overseas withholding tax	(2,820)	(2,470)
Dividends received	(18,160)	(16,829)
Interest received	(470)	(166)
Realised gain/(loss) on foreign exchange transactions	505	(81)
Exchange gain/(loss) on liquidity funds	1,366	(1,184)
Net cash outflow from operations before dividends and interest	**(2,158)**	**(6,558)**

19. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2017: same).

20. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 32. The management fee payable to the Manager for the year was £3,191,000 (2017: £4,644,000) of which £nil (2017: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 63 are safe custody fees amounting to £9,000 (2017: £9,000) payable to JPMorgan Chase Bank N.A. of which £2,000 (2017: £2,000) 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 £nil (2017: £nil) of which £nil (2017: £nil) was outstanding at the year end.

The Company also holds cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMF. At the year end this was valued at £7.9 million (2017: £13.7 million). Income amounting to £443,000 (2017: £175,000) was receivable during the year of which £nil (2017: £18,000) was outstanding at the year end.

Handling charges on dealing transactions amounting to £14,000 (2017: £11,000) were payable to JPMorgan Chase Bank N.A. during the year of which £1,000 (2017: £3,000) was outstanding at the year end.

At the year end, total cash of £53,000 (2017: £19,000) was held with JPMorgan Chase Bank N.A.. A net amount of interest of £1,000 (2017: £2,000) was receivable by the Company during the year from JPMorgan Chase of which £nil (2017: £nil) was outstanding at the year end.

Full details of Directors' remuneration can be found on page 42 and in note 6 on page 63.

21. Disclosures regarding financial instruments measured at fair value

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

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

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

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

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

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 60.

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

	2018		2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	910,438	–	1,070,243	–
Level 2[1]	–	–	1,359	–
Total	**910,438**	**–**	**1,071,602**	**–**

[1] Includes forward foreign currency contracts.

There were no transfers between Level 1, 2 or 3 during the year (2017: nil).

A reconciliation of the fair value measurements in Level 3 is set out below.

	2018		2017	
	Equity Investments £'000	Total £'000	Equity Investments £'000	Total £'000
Level 3				
Opening balance	–	–	1,448	1,448
Sale	–	–	(2,844)	(2,844)
Net movement in investment holding gain during the year	–	–	1,396	1,396
Closing balance	**–**	**–**	**–**	**–**

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

As an investment trust, the Company invests in equities and other securities 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 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 US equity shares, 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;
- a debenture issued by the Company and bank loans, the purpose of which is to finance the Company's operations; and
- forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the Company's investment activities.

(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) and (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

The majority of the Company's assets and income are denominated in US dollars. Sterling is the Company's functional currency and the currency in which it reports. As a result, movements in exchange rates will 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 five occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed.

It is the Company's policy to hedge any currency risk in respect of the geared portion of the portfolio using three month forward contracts. However the £50 million debenture settling in US currency matured in June 2018, therefore there is no requirement to hedge currency risk presently, since all debt is denominated in sterling. Accordingly there were no open forward currency contracts as at 31st December 2018.

Income denominated in foreign currencies is converted to sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

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

(a) Market risk *continued*

(i) Currency risk *continued*

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 31st December 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.

	2018			2017		
	US Dollar £'000	Euro £'000	Total £'000	US Dollar £'000	Euro £'000	Total £'000
Current assets	9,180	–	9,180	15,894	3	15,897
Creditors	(403)	–	(403)	–	–	–
Bank loans	–	–	–	(55,443)	–	(55,443)
Foreign currency exposure on net monetary items	8,777	–	8,777	(39,549)	3	(39,546)
Investments held at fair value through profit or loss	910,438	–	910,438	1,070,243	–	1,070,243
Total net foreign currency exposure	**919,215**	**–**	**919,215**	**1,030,694**	**3**	**1,030,697**

The above year end amounts are broadly representative of the exposure to foreign currency risk during the current and comparative year.

Foreign currency sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets, financial liabilities and equity investments and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments and equity investments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2017: 10%) appreciation or depreciation in sterling against the US Dollar which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2018		2017	
	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(2,154)	2,154	(1,949)	1,949
Capital return	(91,922)	91,922	(103,069)	103,069
Total return after taxation for the year	(94,076)	94,076	(105,018)	105,018
Net assets	**(94,076)**	**94,076**	**(105,018)**	**105,018**

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. The Company's exposure to floating interest rates, giving cash flow interest rate risk when rates are reset, is as follows:

	2018 £'000	2017 £'000
Exposure to floating interest rates		
Cash and short term deposits	53	19
JPMorgan US Dollar Liquidity Fund	7,866	13,670
Bank loans	–	(55,443)
Total exposure	**7,919**	**(41,754)**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2017: same).

The target interest earned on the JPMorgan US Dollar Liquidity Fund is the 7 day US dollar London Interbank Bid Rate.

Details of the bank loans are given in notes 13 and 14 on page 67.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1.0% (2017: 1.0%) 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.

	2018		2017	
	1.0% Increase in rate £'000	1.0% Decrease in rate £'000	1.0% Increase in rate £'000	1.0% Decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	79	(79)	26	(26)
Capital return	–	–	(444)	444
Total return after taxation	79	(79)	(418)	418
Net assets	**79**	**(79)**	**(418)**	**418**

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, cash held in the liquidity fund and amounts drawn down on the Company's loan facilities.

(iii) Other price risk

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

Management of other price risk

The Board considers on a regular basis 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.

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

(a) Market risk *continued*

(iii) Other price risk *continued*

Other price risk exposure

The Company's total exposure to other changes in market prices at 31st December comprises its holdings in equity investments as follows:

	2018 £'000	2017 £'000
Investments held at fair value through profit or loss	910,438	1,070,243

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

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% (2017: 10%) in the market values. 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.

	2018		2017	
	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	(54)	55	(54)	57
Capital return	90,826	(90,825)	106,810	(106,795)
Total return after taxation	90,772	(90,770)	106,756	(106,738)
Net assets	**90,772**	**(90,770)**	**106,756**	**(106,738)**

(b) Liquidity risk

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

Management of the risk

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

Liquidity risk exposure

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

	2018			
	Three months or less £'000	More than three months but less than one year £'000	One year or more £'000	Total £'000
Creditors:				
Other creditors and accruals	113	–	–	113
Repurchases of Company's own shares awaiting settlement	400	–	–	400
Bank loans – National Australia Bank ('NAB'), including interest	22	60	23	105
	535	**60**	**23**	**618**

	2017			
	Three months or less £'000	More than three months but less than one year £'000	One year or more £'000	Total £'000
Creditors:				
Other creditors and accruals	98	–	–	98
Bank loans – Scotiabank, including interest	233	37,529	–	37,762
Debenture, including interest	–	51,719	–	51,719
Bank loans – National Australia Bank ('NAB'), including interest	111	294	18,985	19,390
	442	**89,542**	**18,985**	**108,969**

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

(c) Credit risk

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

Management of credit risk

Portfolio dealing

The Company invests in markets that operate 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.

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

(c) Credit risk *continued*

Management of credit risk *continued*

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, Bank of New York Mellon (International) 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. For 2017, the fair value of the debenture issued by the Company and matured in June 2018 has been calculated using discounted cash flow techniques using the yield on a similarly dated gilt plus a margin based on the five year average yield for the AA Barclays Sterling Corporate Bond.

	2018		2017	
	Accounts value £m	Fair value £m	Accounts value £m	Fair value £m
£50 million 6.875% debenture June 2018	–	–	50.0	51.5

23. Capital management policies and procedures

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

	2018 £'000	2017 £'000
Debt:		
Bank loans	–	55,443
£50 million 6.875% debenture June 2018	–	50,000
	–	105,443
Equity:		
Equity share capital	14,082	14,082
Reserves	905,094	966,348
	919,176	**980,430**
Total debt and equity	**919,176**	**1,085,873**

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 gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions.

	2018 £'000	2017 £'000
Investments held at fair value through profit or loss	910,438	1,070,243
Net assets	919,176	980,430
(Net cash)/gearing	**(1.0)%**	**9.2%**

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

- 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;
- the need for issues of new shares, including selling shares from Treasury; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

24. 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 is calculated on a gross and a commitment method in accordance with AIFMD. Under the gross method, exposure represents the sum of the Company's positions without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated after certain hedging and netting positions are offset against each other.

The Company's maximum and actual leverage levels at 31st December 2018 are shown below:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	99%	99%

JPMorgan Funds Limited (the '**Management Company**') is the authorised manager of JPMorgan American Investment Trust plc (the '**Company**') and is part of the J.P. Morgan Chase & Co. group of companies. In this section, the terms 'J.P. Morgan' or 'Firm' refer to that group, and each of the entities in that group globally, unless otherwise specified.

This section of the annual report has been prepared in accordance with the Alternative Investment Fund Managers Directive (the 'AIFMD'), the European Commission Delegated Regulation supplementing the AIFMD, and the 'Guidelines on sound remuneration policies' issued by the European Securities and Markets Authority under the AIFMD. The information in this section is in respect of the most recent complete remuneration period **('Performance Year')** as at the reporting date.

This section has also been prepared in accordance with the relevant provisions of the Financial Conduct Authority Handbook (FUND 3.3.5).

Remuneration Policy

A summary of the Remuneration Policy currently applying to the Management Company (the '**Remuneration Policy Statement**') can be found at https://am.jpmorgan.com/gb/en/asset-management/gim/per/legal/emea-remuneration-policy. This Remuneration Policy Statement includes details of how remuneration and 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 Committee, 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 Alternative Investment Funds it manages ('**AIFMD Identified Staff**'). The AIFMD 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.

The Board reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. The Board last reviewed and adopted the Remuneration Policy that applied for the 2018 Performance Year in June 2018 with no material changes and was satisfied with its implementation.

Quantitative Disclosures

The table below provides an overview of the aggregate total remuneration paid to staff of the Management Company in respect of the 2018 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JP Morgan Asset Management (UK) Ltd (the relevant employing entity) and the number of beneficiaries, both apportioned to the Management Company on an Assets Under Management ('AUM') weighted basis.

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 32 Alternative Investment Funds and 2 UCITS (with 32 sub-funds) as at 31st December 2018, with a combined AUM as at that date of £12,595 million and £13,316 million respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff ($'000s)	14,408	8,631	23,039	107

The aggregate 2018 total remuneration paid to AIFMD Identified Staff was USD $64,884,000, of which USD $12,470,000 relates to Senior Management and USD $56,414,000 relates to other Identified Staff[1].

[1] Since 2017, the AIFMD identified staff disclosures includes employees of the companies to which portfolio management has been formally delegated in line with the latest ESMA guidance.

SECURITIES FINANCING TRANSACTIONS REGULATION ('SFTR') DISCLOSURES (UNAUDITED)

The Company does not engage in Securities Financing Transactions – as defined in Article 3 of Regulation (EU) 2015/2365 securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-selling back transactions or sell-buy back transactions and margin lending transactions – or Total Return Swaps. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 31st December 2018.

Shareholder Information

Notice is hereby given that the one hundred and third Annual General Meeting of JPMorgan American Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 2nd May 2019 at 2.30 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditor's Report for the year ended 31st December 2018.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st December 2018.
4. To declare a final dividend on the ordinary shares of 4.0 pence per share.
5. To reappoint Dr Kevin Carter as a Director of the Company.
6. To reappoint Simon Bragg as a Director of the Company.
7. To reappoint Sir Alan Collins as a Director of the Company.
8. To reappoint Nadia Manzoor as a Director of the Company.
9. To reappoint Robert Talbut as a Director of the Company.
10. To reappoint Deloitte LLP as auditor to the Company and to authorise the Directors to determine Deloitte LLP's remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

11. 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 Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £1,088,011, 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 2020 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

Authority to disapply pre-emption rights on allotment of relevant securities – Special Resolution

12. THAT subject to the passing of Resolution 11 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 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 11 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £1,088,011, 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 11 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

13. THAT the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693 of the Act) of its issued shares in the capital of the Company ('ordinary shares').

    PROVIDED ALWAYS THAT

    (i) the maximum number of shares hereby authorised to be purchased shall be that number of shares which is equal to 14.99% of the Company's issued share capital as at the date of the passing of this resolution;

    (ii) the minimum price which may be paid for a share shall be the nominal value of the share;

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

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

(v) the authority hereby conferred shall expire on 1st October 2020 unless the authority is renewed at the Company's Annual General Meeting in 2020 or at any other general meeting prior to such time; and

(vi) the Company may make or contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

Investment Policy – Ordinary Resolution

14. THAT the Investment Policy as set out in the Appendix to the Company's Annual Report and Financial Statements for the year ended 31st December 2018 and produced to the meeting, be and is hereby approved in substitution for the Company's existing Investment Policy with effect from 1st June 2019.

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

28th March 2019

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 Chair, another director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chair or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If the 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 (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

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

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

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

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

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

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

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

12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmamerican.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 and public holidays excepted). It will also be available for inspection at the AGM. No Director has any contract of service with the Company.

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

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

16. As at 20th March 2019 (being the latest business day prior to the publication of this Report), the Company's issued share capital consists of 217,602,208 shares, (carrying one vote each). Therefore the total voting rights in the Company are 217,602,208.

Electronic appointment – CREST members

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

Appendix

Proposed Changes to Investment Policy

The proposed changes to the Company's Investment Policy, as proposed in resolution 14 on page 83 of this report, are set out below. Changes to the existing Investment Policy at the time of publication of this document are marked in black-line.

Investment Policies and Risk Management

In order to achieve its investment objectives and to seek to manage risk, the Company ~~mainly~~ invests in a diversified portfolio of quoted companies including, when appropriate, exposure to smaller capitalisation stocks. The Company currently has separate portfolios dedicated to larger capitalisation and smaller capitalisation companies. The number of investments in the larger capitalisation portfolio will typically range between ~~60-100~~ 30 to 40 stocks, with a wider absolute range of 20 to 50 holdings, representing between ~~91.5-99%~~ 90-100% ~~(31st December 2017: 95.0%)~~ of the Company's equity portfolio. The number of investments in the smaller capitalisation portfolio will normally range between 100-120 stocks representing between ~~1-9.5%~~ 0-10% ~~(31st December 2017:5.0%)~~ of the Company's equity portfolio. The Company may also invest in pooled funds to achieve its ~~aims~~ objective and in liquidity funds to manage its working capital, subject in both cases to the limits below.

The Board reviews a range of risk indicators to assess whether the level of risk taken by the Manager is consistent with the achievement of the investment objective.

Investment Restrictions and Guidelines

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

- *At the time of purchase, the maximum permitted exposure to each individual company is 10.0% of the Company's total assets.*
- *The Company will not normally invest more than 8% of its gross assets in any one individual stock.*
- *The Company will normally limit its five largest investments to 40% of its gross assets ~~(31st December 2017: 21.0%)~~.*
- *The Company will not invest more than 10% of its gross assets in liquidity funds in normal market conditions (31st December 2017: 1.3%).*
- *The Company will not invest more than 10% of gross assets in companies that themselves may invest more than 15% of gross assets in listed closed-ended funds.*
- *The Company will not invest more than 15% of its gross assets in other listed closed-ended funds ~~(31st December 2017: Nil)~~.*

The Company will use gearing when appropriate to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. The Manager is accountable for tactically managing the gearing, within a +/–2.0% range around a '~~normal~~' strategic gearing level. The ~~normal~~ strategic gearing level, which is set by the Board and kept under review, is currently 10% ~~(31st December 2017: 9.2%)~~.

- *The Company will only hedges its currency risk in respect of ~~the full value of the sterling debenture~~ any material long-dated non-dollar gearing it may draw down.*

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

Return to Shareholders (APM)

Total return to the shareholders, on a last traded price to last traded price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

Total return calculation	Page	Year ended 31st December 2018	Year ended 31st December 2017	
Opening share price (p)	4	405.4	369.2	(a)
Closing share price (p)	4	399.0	405.4	(b)
Total dividend adjustment factor[1]		1.014053	1.013104	(c)
Adjusted closing share price (d = b x c)		404.6	410.7	(d)
Total return to shareholders (e = d / a – 1)		**–0.2%**	**11.2%**	(e)

[1] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

Return on Net Assets with Debt at Fair Value (APM)

The Company's debt (debenture) is valued in the Statement of Financial Position (on page 58) at amortised cost, which is materially equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as 'Debt at Par Value'.

The current replacement or market value of the debt, which assumes it is repaid and renegotiated under current market conditions, is often referred to as the 'Debt at Fair Value'.

This fair value is explained in note 22(d) (on page 76) on the accounts. The difference between fair and par values of the debt is subtracted from the NAV to derive the NAV with debt at fair value. The fair value of the £50.0 million Debenture issued by the Company has been calculated using discounted cash flow techniques, using the yield from similar dated gilt plus a margin based on the five year average for the AA Barclays Sterling Corporate Bond spread.

The £50.0 million Debenture was repaid on 8th June 2018.

Total return calculation	Page	Year ended 31st December 2018	Year ended 31st December 2017	
Opening cum-income NAV per share with debt at fair value (p)	4	423.6	379.3	(a)
Closing cum-income NAV per share debt at fair value (p)	4	420.7	423.6	(b)
Total dividend adjustment factor[2]		1.013280	1.012533	(c)
Adjusted closing cum-income NAV per share (d = b x c)		426.3	428.9	(d)
Total return on net assets with debt at fair value (e = d / a – 1)		**0.6%**	**13.1%**	(e)

[2] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

Return on Net Assets with Debt at Par Value (APM)

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Total return calculation	Page	Year ended 31st December 2018	Year ended 31st December 2017	
Opening cum-income NAV per share with debt at par value (p)	4	424.3	381.0	(a)
Closing cum-income NAV per share debt at par value (p)	4	420.7	424.3	(b)
Total dividend adjustment factor[2]		1.013264	1.012483	(c)
Adjusted closing cum-income NAV per share (d = b x c)		426.3	429.6	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**0.5%**	**12.8%**	**(e)**

[2] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

Benchmark total return
Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested, without transaction costs, in the shares of the underlying companies at the time the shares were quoted ex-dividend.

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

(Net Cash)/gearing (APM)
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.

Gearing calculation	Page	Year ended 31st December 2018 £'000	Year ended 31st December 2017 £'000	
Investments held at fair value through profit or loss	58	910,438	1,070,243	(a)
Net assets	58	919,176	980,430	(b)
(Net cash)/gearing (c = a / b – 1)		**(1.0)%**	**9.2%**	**(c)**

Ongoing charges ratio (APM)
The ongoing charges ratio represent the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of the daily cum-income net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

Ongoing charges ratio calculation	Page	Year ended 31st December 2018 £'000	Year ended 31st December 2017 £'000	
Management Fee	56	3,191	4,644	
Other administrative expenses	56	637	653	
Total management fee and other administrative expenses		3,828	5,297	(a)
Performance fee payable		–	–	
Total management fee, other administrative expenses and performance fee payable		3,828	5,297	(b)
Average daily cum-income net assets		995,024	971,643	(c)
Ongoing charges ratio (d = a / c)		**0.38%**	**0.55%**	**(d)**
Ongoing charges ratio including performance fee payable (e = b / c)		**0.38%**	**0.55%**	**(e)**

Share price discount/premium to Net Asset Value ('NAV') per Share (APM)
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 (page 4).

Portfolio Turnover
Portfolio turnover is based on the average equity purchases and sales expressed as a percentage of average opening and closing portfolio values (excluding liquidity funds).

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

Performance Attribution Definitions:

Asset allocation
Measures the impact of allocating assets differently from those in the benchmark, via the portfolio's weighting in different countries, sectors or asset types.

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

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.

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 buyback
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.

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 with a J.P. Morgan ISA. For the 2018/19 tax year, from 6th April 2018 and ending 5th April 2019, the total ISA allowance is £20,000. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk/investor

2. Via a third party provider

Third party providers include:

AJ Bell
Alliance Trust Savings
Barclays Smart Investor
Charles Stanley Direct
FundsNetwork
Hargreaves Lansdown
Interactive Investor
Selftrade
The Share Centre

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

3. Through a professional adviser

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

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

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

FINANCIAL CALENDAR

Financial year end	31st December
Final results announced	March
Half year end	30th June
Half year results announced	August
Dividend on ordinary shares paid	May/October
Annual General Meeting	May

History

The Company has its origins in the Alabama, New Orleans, Texas and Pacific Junction Railways Company Limited which was formed in 1881 to acquire interests in, and to undertake the completion of, three American railroads – the Vicksburg and Meridian, the Vicksburg, Shreveport and Pacific and the New Orleans and North Eastern. In 1917 the Company was reorganised, a proportion of the railroad interests were sold, and the investment powers were widened enabling its assets to be invested in several countries including the United Kingdom. To reflect the new objectives the name was changed to The Sterling Trust. The Company's investment policy reverted to North American securities in 1982 when the name was changed to The Fleming American Investment Trust plc. The name was changed to JPMorgan Fleming American Investment Trust plc in April 2002 and to its present form in 2006. JPMorgan, and its predecessor company, has been the Company's manager and secretary since 1966.

Company Numbers

Company registration number: 15543
Country of registration: England and Wales
London Stock Exchange number: 08456505
ISIN: GB00BKZGVH64
SEDOL Code: BKZGVH6
Bloomberg code: JAM LN
LEI: 549300QNAI4XRPEB4G65

Market Information

The Company's net asset value ('NAV') is published daily via the London Stock Exchange. The Company's shares are listed on the London Stock Exchange and the price is noted daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman and on the J.P. Morgan website at www.jpmamerican.co.uk, where the share price is updated every 15 minutes during trading hours.

Website

www.jpmamerican.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 and J.P. Morgan ISA. These products are all available on the online service at jpmorgan.co.uk/online

Manager and Company Secretary

JPMorgan Funds Limited

The Association of Investment Companies

A member of the AIC

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

The Bank of New York Mellon (International) Limited
1 Canada Square
London E14 5AL

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

Registrars

Equiniti Limited
Reference 1077
Aspect House
Spencer Road
West Sussex BN99 6DA
Telephone number: 0371 384 2316

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 1077.

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

Independent Auditors

Deloitte LLP
Statutory Auditor
2 New Street Square
London EC4A 3ZB

Brokers

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

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.

www.jpmamerican.co.uk

CONTACT J.P. MORGAN

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