JPMorgan Asian Investment Trust plc

Annual Report & Financial Statements for the year ended 30th September 2019

J.P.Morgan
Asset Management

Your Company

Objective

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

Investment Policies

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

Dividend Policy

The Company aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equivalent to 1% of the Company's cum-income net asset value ('NAV') on the last business day of each financial quarter, being the end of December, March, June and September. These dividends are paid from a combination of the revenue and capital reserves and will fluctuate in line with any rise or fall in the Company's net assets at the end of each financial quarter. There was no change to the investment policies of the Company following the change in dividend policy.

Benchmark

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

Capital Structure

At 30th September 2019, the Company's issued share capital comprised 94,081,493 shares of 25p each, excluding shares held in Treasury.

Discount Management

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

Continuation Resolution

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

Management Company

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

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 classified as 'complex investments' under the FCA's revised appropriateness criteria adopted in the implementation of MiFID II.

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

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

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

	2019	2018	3 Year Cumulative	5 Year Cumulative
Return to shareholders[1,APM]	+10.9%	+2.9%	+48.2%	+99.0%
Return on net assets[2,APM]	+7.9%	+7.3%	+40.6%	+92.9%
Benchmark return[3]	+2.2%	+4.4%	+26.7%	+61.8%
Net asset return outperformance compared to benchmark return[3]	+5.7%	+2.9%	+13.9%	+31.1%
Annual dividend[4]	15.7p	15.7p		

1 Source: Morningstar.

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

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

4 As of 1st October 2016, the Company adopted a new distribution policy. Further details can be found on page 23.

APM Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 78 and 79.

SUMMARY OF RESULTS

	2019	2018	% change
Total returns for the year ended 30th September			
Return to shareholders[1,APM]	+10.9%	+2.9%	
Return on net assets[2,APM]	+7.9%	+7.3%	
Benchmark return[3]	+2.2%	+4.4%	
Net asset value, share price and discount at 30th September			
Shareholders' funds (£'000)	377,326	364,306	+3.6[4]
Net asset value per share[APM]	401.1p	387.2p	+3.6[4]
Share price	361.0p	340.5p	+6.0[4]
Share price discount to net asset value per share[APM]	10.0%	12.1%	
Net cash[APM]	0.9%	0.3%	
Ongoing charges[APM]	0.74%	0.75%	

[1] Source: Morningstar.
[2] Source: Morningstar/J.P. Morgan, using net asset value per share.
[3] Source: MSCI. The Company's benchmark is the MSCI AC Asia ex Japan Index with net dividends reinvested, expressed in sterling terms.
[4] % change, excluding dividends paid.
[APM] Alterative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 78 and 79.

Bronwyn Curtis OBE
Chairman

Performance

I am pleased to report that in the year to 30th September 2019 the Company's return on net assets was +7.9%, representing an outperformance of 5.7 percentage points over the benchmark, the MSCI AC Asia ex Japan Index, which returned +2.2% in sterling terms. The return to shareholders was +10.9%, reflecting a narrowing of the discount over the year from 12.1% to 10.0%. This continued trend of outperformance of the benchmark index for the fifth year in succession has resulted in a five year cumulative outperformance of 31.1%. Such performance is testament to the benefits of active fund management, and the Manager's disciplined investment approach supported by investment in local teams whose knowledge of regional companies is combined with sectoral insights derived from research undertaken by their global colleagues. These results have been accomplished with the lowest ongoing charges ratio of all our peers in the Asia ex-Japan sector.

Dividend Policy and Discount Management

The Company's dividend policy aims to pay, in the absence of unforeseen circumstances, regular quarterly dividends funded from a combination of revenue and capital reserves equivalent to 1% of the Company's NAV on the last business day of each financial quarter, being the end of December, March, June and September. For the year ended 30th September 2019 dividends paid totalled 15.7 pence. This is unchanged from the total dividend paid in the last financial year, reflecting the fall in the NAV per share in the early part of the Company's year as markets fell in the three months to the end of 2018.

The discount to NAV at which the Company's shares trade reflects a number of factors, some of which are outside the control of the Board. However, the strong NAV performance and the higher yield offered by the Company's shares have both contributed to a continuation of the discount tightening seen in the previous year. Although the discount has been somewhat volatile, ranging from 12.8% at its widest to 3.3% at its tightest over the year, the tightening trend has seen an average discount of 8.8% over the financial year, compared with 10.1% for the last financial year. At the Company's year end, the discount was 10.0% compared with 12.1% in the previous year. Since the year end the discount has continued to tighten and currently stands at circa 5.8%.

Change of Company Name

The Company's investment and dividend policies are proving attractive to investors. Your Board is keen that this powerful combination of a high dividend yield alongside an unconstrained investment policy is understood by as many current and prospective investors as possible. To this end, the Company recently moved to the AIC's Asia Pacific Income sector. Alongside this, the Company will be changing its name to 'JPMorgan Asia Growth & Income plc' to better reflect its current investment and dividend policies. The change in name will also see the Company's TIDM, the 'ticker' or identification code used to identify it on the London Stock Exchange, change to 'JAGI' from 'JAI'. The Company's change of name and ticker is intended to take effect shortly after the Company's forthcoming Annual General Meeting.

Fees

The Board continues to focus on costs incurred by the Company across all of its functions, with a view to enhancing shareholder value. As mentioned above, the Board is pleased to note that the Company's 'Ongoing Charges' (representing the Company's management fee and all other operating expenses) are the lowest within its comparable peer group of actively managed open and closed-ended investment vehicles at 0.74%, ensuring that the Company remains on a competitive footing.

Gearing

The Company has in place a multi currency loan facility with Scotiabank. The Company did not employ any gearing over the period.

Liquidity considerations

Portfolio liquidity is a topical subject at the moment. Whilst the closed-end structure of an investment trust means that investor redemptions are not a feature, it is reassuring that the Company's investment portfolio is constructed from a diverse group of listed Asian equities, to include both domestic and international earners. Liquidity risk is not considered to be significant, as the Company's investments comprise mainly readily realisable securities. In the event it was required, the Manager's expectation is that the current portfolio could be liquidated to the extent of 99.3% within three trading days, based on a conservative set of assumptions. This measure is updated and reviewed regularly by the Manager.

Environmental, Social and Governance ('ESG') Issues

As detailed in the Investment Managers' report, environmental, social and governance ('ESG') considerations are integral to the Investment Managers' investment process. The Board shares the Investment Managers' view of the importance of ESG when making investments that are sustainable over the long term and the necessity of continued engagement with investee companies throughout the duration of the investment.

Board of Directors

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 Annual General Meeting. Directors' fees have not been increased this year.

The Board has 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 is 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. Based upon this performance record and taking all factors into account, including other services provided to the Company and its shareholders, the MEC and the Board are satisfied that JPMF should continue as the Company's Manager and that its ongoing appointment remains in the best interests of shareholders.

Continuation Vote

Pursuant to the Company's Articles of Association, the Board is required to put a triennial continuation vote to shareholders. Since the last time this requirement was enacted by the Company was in 2017, a continuation vote will be put to shareholders at the Annual General Meeting to be held on 13th February 2020. Given the performance returns highlighted above, your Board has no hesitation in recommending to shareholders that they vote in favour of the Company continuing as an investment trust for a further three year period.

Annual General Meeting

The Company's forthcoming Annual General Meeting will be held at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 13th February 2020 at 12.00 noon. In addition to the formal proceedings, shareholders will have the opportunity to meet with a representative from the investment management team, who will be presenting and will be available to respond to questions on the Company's portfolio, the investment team's strategy and the outlook for Asian markets. Following the Meeting there will be an opportunity for shareholders to meet the Board, investment management personnel and other Company advisers informally and I look forward to seeing as many of you as possible.

Outlook

It is easy to compose a list of geopolitical and economic issues that could de-rail the economies and markets in the region, not least US-Chinese trade relations and political uncertainty in Hong Kong. As a result of these concerns and a global reduction in growth prospects there is already evidence of a slowdown in many of the areas in which we invest including China, Hong Kong and India.

However, your Company invests in companies and not economies or markets. The Manager's competitive advantage lies in the identification of, and investment into, attractively priced, quality companies across the region. There remains a wide universe of such companies, with strong business models, sound finances and quality management teams available to invest in at attractive valuations. We believe that, shorter term market movements aside, they offer the prospect of exciting returns to shareholders over the longer term.

Bronwyn Curtis OBE
Chairman

16th December 2019

Ayaz Ebrahim
Investment Manager

Robert Lloyd
Investment Manager

Richard Titherington
Investment Manager

Introduction

In this report, we consider the Company's investment performance for the year to 30th September 2019. We review the complex market backdrop for the period and examine how stock selection enabled the Company to outperform Asian stock markets (as measured by the Company's benchmark index, the MSCI AC Asia ex Japan Index). Finally, we look at what could lie ahead for Asian equities over the coming year.

What has the market environment been like over the year?

The slowing global economy has been a major headwind for the whole of the Company's financial year. Factor in a plethora of other 'bad news' stories (including international trade friction, tightening liquidity and a collapse in corporate earnings growth globally) and it is fair to say that the performance of Asian and most global stock markets has exceeded expectations.

The first half of the Company's year was particularly turbulent. Asian equities fell sharply in the final quarter of 2018, on the back of deteriorating US-China relations and moderating grown expectations in both countries. Export-sensitive north Asia underperformed and the oil price peaked at around US$85 in October only to then plummet as much as 40% due to persistent concerns over the prospects for the global economy and oversupply. Asian markets then rebounded in the first quarter of 2019, with sentiment recovering as the Chinese government implemented an economic stimulus package and the US Federal Reserve, the undisputed driver of global monetary policy, changed direction; the Fed cut interest rates to reduce market volatility and stave off recession. In China, measures included tax cuts for small and medium-sized businesses, whilst the People's Bank of China cut the amount of cash reserves that banks must hold, in order to improve liquidity.

There was less market turmoil in the second half of the year, although trade fears continued to cast their shadow. Many stocks seemed to be 'treading water' whilst markets remained susceptible to perceived progress (or lack thereof) on trade negotiations as well as the direction of travel being taken by central bank policy makers. Uncertainty continued to prevail, and investors' risk appetite was dampened by muted economic and earnings momentum within the region. By the end of the Company's financial year, the geopolitical situation was just as fragile as it had been a year earlier with investors still weighing up the potential damage to corporate profits from the various headwinds at play.

How has the Company performed over the year under review?

Faced with this difficult investment and geopolitical climate, we are pleased that the Company has outperformed its benchmark index for the fifth consecutive year. For the year to 30th September 2019, the Company's return on net assets was +7.9%, compared with a +2.2% return for the benchmark index, in sterling terms.

What have been the major contributors and detractors to performance?

In China, economic growth went into reverse, falling to its lowest rate since the global financial crisis of 2008 and domestic demand softened. The Chinese stock market had a dismal 2018 but recovered in early 2019. Investing in Chinese equities was challenging but the Company's stock selection there was robust; our Chinese holdings were key contributors to the Company's outperformance.

Leading pharmaceutical company (and China's biggest drugs maker) **Jiangsu Hengrui Medicine** recovered strongly over the year, allaying broader jitters over the general outlook for corporate earnings. The stock outperformed on the back of solid results and regulatory approval for drugs it manufactures, potentially allowing them to be accessible through China's basic medical insurance programme. China's largest insurer **Ping An Insurance** rose steadily over the year as it continued to deliver solid earnings while leading real estate developer **China Vanke** benefitted from a positive government policy outlook for the property sector. Within the fast-moving internet space, our significant holdings in internet giants **Alibaba** and

Tencent, both of which we consider to have high quality growth potential, and avoiding **Baidu** made a positive contribution to returns.

In Korea, several of our holdings disappointed. The country's largest hypermarket operator **E-Mart** continued the slide as noted in the Company's interim report earlier in the year, with its share price burdened by increasing online competition and offline weakness. We are no longer invested in the stock. **Lotte Chemical** fell over the year as global refinery margins remained under pressure, but we believe an earnings recovery is likely in 2020.

In Hong Kong, months of anti-government protests and city-wide shutdowns dealt a significant blow to the economy. Visitor numbers plunged and retail sales weakened, weighing heavily on the likes of real estate investment trust **Link REIT** and diversified conglomerate **Swire Pacific**. The protests had a direct and indirect impact on demand in several of Swire's underlying businesses, which include **Cathay Pacific Group**. Although the short-term fundamentals are challenging for Swire, in broader terms it is benefitting from decentralisation and we remain positive on the stock.

Indian stocks in the portfolio had mixed fortunes over the year, reflecting a difficult macro environment with manufacturing, financial and real estate service sectors all hit hard. A year ago, we referenced woes in India's financial sector, specifically its Non-Bank Finance Company (NBFC) entities, which began with the collapse of IL&FS (a large unlisted infrastructure finance company) and triggered a liquidity squeeze. NBFCs are a network of financial intermediaries that provide services akin to those of traditional banks but with less stringent regulation. These entities have been a leading source of finance for commercial vehicles, so the crisis hit the automobile sector hard. Our holding in **Maruti Suzuki**, which sells half of all cars sold in India performed poorly on the back of weaker sales; nevertheless, we remain comfortable with its long-term investment prospects.

Mumbai-based new generation bank **IndusInd** detracted from overall performance as the stock was weakened by its surprise direct exposure to select NBFCs. We continue to hold the stock as we believe in its long-term potential. Our holdings in **HDFC Bank** and **HDFC Life** made notable positive contributions to performance. Both stocks were untainted by the issues in the financial sector whilst HDFC Life rose on the back of a solid earnings outlook.

Elsewhere in the portfolio, Indonesia's **Bank Central Asia** and **Telkom Indonesia** enhanced performance. BCA is Indonesia's biggest lender by value, and we consider it a high-quality banking franchise, whilst Telkom enjoys a dominant market share of mobile phone subscribers in its home country.

What has influenced the country, sector and stock holdings in the Company's portfolio?

Despite the economic slowdown across the region and globally, Asia remains the world's fastest growing equity market. Our aim is to seek out its best growth ideas and stock selection remains the key contributor of performance returns for us. We utilise our 'on the ground' research resources to help us identify our very best stock ideas.

JP Morgan's extensive proprietary research resource is pivotal in uncovering the most promising markets, sectors and, ultimately, stocks and we use both qualitative and quantitative research to steer us to areas of interest. There are attractive investment opportunities throughout the Asian continent and we believe that local knowledge is key to unlocking these ideas; that is why our large and experienced investment team is based in local markets throughout the region.

Over the review period, and from a top-down perspective, we were moderately overweight in both China and Korea. Despite the uncertainties created by the trade impasse with the United States, China's economy has continued to grow (albeit at a slower pace) and our investments are spread across multiple sectors, focusing on domestic consumption-oriented businesses with more limited exposure to Chinese exporters.

PERFORMANCE ATTRIBUTION

FOR THE YEAR ENDED 30TH SEPTEMBER 2019

	%	%
Contributions to total returns		
Benchmark return		2.2
Stock selection	6.3	
Currency effect	0.2	
Gearing/(net cash)	0.1	
Investment Manager contribution		6.6
Dividends/Residual	-0.2	
Portfolio return		8.6
Management fee/Other expenses	-0.7	
Structural effects		7.9
Share Buy-back/Issuance	–	
Return on net assets[APM]		7.9
Effect of movement in discount over the year		3.0
Return to shareholders[APM]		10.9

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

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

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

A glossary of terms and APMs is provided on pages 78 and 79.

Korea has looked extremely cheap and more than 16% of the portfolio is invested there. However, our overweight position there detracted from overall returns as several of our holdings weakened. The Korean market is dominated by the fast-moving technology sector and cyclical stocks, so we will continue to invest there with due caution.

We were underweight in Taiwanese stocks, which hurt performance, but our position was based on our belief that the market has been relatively expensive. However, we have noted the pick-up in earnings expectations for the technology sector and this is reflected in our overweight holding in **Taiwan Semiconductor Manufacturing Corp** (TSMC), the largest investment in the portfolio just as it was a year ago.

Over the year we were underweight in India, although we had moved in line with the benchmark by the end of the period. We remain confident of the long-term growth potential that India has to offer and are waiting for a cyclical upturn. While the current situation in India presents some challenges to growth, we are reassured by recent government initiatives to stimulate economic activity. Our investment shift over the year was driven by opportunities to invest in robust stocks at attractive prices.

Elsewhere, we were modestly overweight in Indonesia, underweight in Thailand and we had no investments in Malaysia, with all these positions enhancing performance.

Are there any common themes in portfolio holdings?

Our key sectoral overweight is in Financials. Asia's financial services infrastructure is not as well developed as it is in more mature economies and we continue to uncover financial stocks with attractive valuations and positive earnings outlooks. Penetration rates of financial services across Asia's growing economies remain low and favourable demographics, urbanisation shifts and growing middle class populations provide great growth potential for wealth, insurance and mortgage products, as well as for broad-based retail banking services. In India, we have largely been able to avoid financial names rocked by bad lending, fraud and default scandals over recent times. We have instead invested in institutions that are proven to be fundamentally sound and which we believe can continue gaining market share.

The reach and influence of the fast-moving Information Technology sector grows year-on-year and the technological revolution has already had a huge impact across the region – it is a disruptive force impacting all sectors of the economy. Although this is a significant investment area for us, we are inline with the benchmark weighting; we prefer to focus on quality, high conviction names with solid prospects, such as the world's largest semiconductor manufacturer **TSMC** and multinational giant **Samsung**.

Representing just under 38% of the portfolio, China is our key country weighting, although the position is only fractionally above benchmark. We continue to focus on structural growth opportunities in domestic consumption orientated businesses, such as e-commerce, financials, healthcare and properties.

Are Environmental, Social and Governance ('ESG') issues taken into account within the Investment Process?

We pay particular attention to issues that could affect the prospects for stocks within the Company's portfolio. We believe strongly that ESG considerations (particularly Governance) need to be a foundation of any investment process supporting long-term investing and that corporate policies at odds with environmental and social issues are not sustainable in the long run. For full detail on how ESG considerations are integrated into our investment process please refer to pages 14 and 15.

What common misconceptions do you come across when speaking to investors?

There are many misconceptions we encounter. For example, some analysts treat the region as a single economic entity, not appreciating that each country has its own laws, language and culture. Being on the ground across the region provides us with a real advantage as we can fully understand the nuances of each country which ultimately enhances our research capabilities.

With so much attention focused on intensifying trade tensions over the last year, and its detrimental impact on exports, it is very easy to underestimate the impact that domestic consumption is having on economic growth across Asia. Using China as an example, its economy has, of course, slowed but continues to be impressive, at more than 6% – despite the protracted trade dispute. Over the last year, the Government has taken measures to stimulate the economy, driving up domestic consumption. As such, the economy is much better placed to withstand international trade tensions than may be appreciated.

Better focus on capital management by Asian companies has been a welcome development in recent years. This is significant as it means that high growth rates can be better transformed into corporate profits. We also see better balance sheet management and a higher return on equity – both of which are primary drivers of Asian equity returns.

How concerned should investors be about geopolitical pressures in the region?

Since the beginning of 2019, equities have been caught in a stalemate situation which is very challenging for investors. On the one hand, the deteriorating health of the global economy and growing geopolitical worries have taken centre stage and triggered a sharp fall in investor confidence. On the other, monetary easing from central banks has buoyed sentiment and propelled stock market indices higher. It has been an uneasy ride, with sentiment anchored to both positive and negative news flow on the latest developments. Meanwhile, fundamentals such as corporate results have yet to instil confidence.

Whilst it is impossible to predict the outcome of the current challenges, we continue to see heightened volatility around this ongoing tussle between nations on trade and other agendas. We share investors' concern that there are so many layers of uncertainty at present. It is an unhelpful backdrop for shareholders, yet these situations can also create pockets of opportunity which we will continue to pursue.

One notable observation from the summer was the converging direction of monetary and fiscal policies, with governments and central banks working together to stabilise their respective markets and economies. Within Asia, we have seen this in action in countries such as China and South Korea. India is the latest example, where a surprise rate cut was accompanied by a reduction in corporate tax rates. We expect such initiatives to continue and they should alleviate concerns over slowing growth and help to restore market confidence.

What should investors expect for the next 12 months?

We expect Asian equity earnings to be relatively weak in US dollar terms for the coming months, given global growth concerns and the persistent strength of the US dollar which puts pressure on Asian businesses, impacting growth and earnings. However, market expectations for earnings are sufficiently bearish and we do not see an immediate catalyst for this to change. Valuations are also well below the long-term averages; and, historically, at these valuation levels investors have been rewarded over the long-term.

Our base scenario for the coming year is slower but still positive economic growth that should be supportive for Asian equities. We continue to see value in sectors such as insurance, banking and consumer where growth trends in Asia remain strong. Technology is another sector of interest, given Asia is home to leading edge manufacturers in certain electronic components and equipment.

Reforms in Asia remain a key focus especially post-elections in countries such as India, Thailand and Indonesia. Specific to China, we are encouraged by government action to stimulate the economy which should help ease investor concerns of a more pronounced slowdown in Asia's largest economy. It is also worth noting that the Company has relatively limited exposure to Chinese exporters which is a positive given the current lack of resolution on trade talks.

The most important risks to the Asian market remain further disappointment on the growth front, no trade deal between the US and China, and the persistent strength of the US dollar; these are all potential headwinds for the coming year. In these uncertain times we believe investors should be reassured by our long experience in the region and our long-term performance record across diverse market conditions. We focus on the fundamentals of specific stocks and our strategy is tried and tested.

We believe strongly that Asian economies continue to offer attractive potential and that the secular growth opportunities within Asian equities are still intact. Further, we expect the underlying fundamentals to pick up as and when the trade dispute noise abates. Valuations are still fair, with the index trading slightly below its 10-year averages, therefore we remain cautiously optimistic towards the region, in anticipation of the re-emergence of growth ahead.

Ayaz Ebrahim
Robert Lloyd
Richard Titherington
Investment Managers

16th December 2019

Introduction

An increasingly broad spectrum of investors now rightly focus not simply on return, risk and investment process issues but also on 'ESG' issues for their portfolios. They want to know that their managers are aware of these issues, that they take them into account in building their portfolios and that they raise issues directly with investee companies. Simplistic negative or positive screening has dwindled in popularity. Investors expect to see an integrated approach to ESG and that this approach is clearly linked to driving financial returns, both through portfolio construction and Stewardship. These pages describe the approach pursued by the Manager on behalf of your Company. JPMorgan Asset Management has long been a leader in using such an integrated approach, seeking companies that run their businesses in a sustainable way, treating minority shareholders fairly and engaging in practices likely to enhance the Company's reputation, not compromise it.

The JPMorgan Asset Management approach

We believe that ESG factors, particularly those related to governance, will play a critical role in a long-term investment strategy. Companies that address ESG issues and adopt sustainable business practices are better placed to maximise their performance and create enduring value for shareholders.

In our view, corporate governance issues have the most direct bearing on the risk/reward profile of the Company's portfolio; as such it is the area most integrated into our investment process. However, environmental concerns are an ever-increasing part of the investment landscape in part due to the impact they can have on investment returns and cash flows; where relevant we make an assessment of environmental issues and include them in our decision-making process. Where social issues are relevant, again the focus is on the economic impact of the involvement.

The Manager uses an active bottom-up process, with emphasis placed on direct contact with companies. ESG is fully integrated into the investment process, with ESG factors systematically and explicitly considered through a Risk Profile analysis on the economics, duration (which includes sustainability) and governance of a company; this is to ensure there is due focus on potential risks. Three quarters of the issues addressed focus on governance and specific ESG questions, including shareholder returns, management strength and the track record on environmental and social issues. Through this process, we seek to understand the company specific or external factors which could negatively impact the company and identify issues to be addressed in future engagements.

This Risk Profile analysis is regularly reviewed and updated. Recent enhancements have focused on the sustainability component of the Manager's analysis, looking at companies' articulation of their approach to climate change and the use of natural resources.

Following this Risk Profile process, a Strategic Classification of Premium, Quality or Trading is assigned to the company. This is an assessment of the company's potential for long term value creation, referencing the number of issues or 'red flags' identified through the Risk Profile analysis. The highest rating of Premium only applies to 21% of the Company's portfolio. The average number of red flags for holdings in the portfolio was 15.

We seek to identify investee companies that run their businesses in a sustainable and efficient way, with high quality board decision-making, and aim to influence their behaviour and encourage best practice through dialogue. While we are always focussed on efficient use of capital and efficient capital structures we have engaged broadly on multiple topics that affect valuation and propriety.

The Carbon Scorecard

The portfolio companies have low carbon emissions which is unsurprising, given our emphasis on growth companies. While the carbon footprint is an important starting point to understand the portfolio's exposure to climate risks, we always review this in combination with the strategic initiatives undertaken by the individual companies to manage any negative environmental impact. We strive to identify companies which are better positioned to manage the investment risks and opportunities associated with climate change through our engagements. The Company's carbon Scorecard is detailed below.

MSCI Carbon ESG Footprint Calculator

	Carbon Emissions tons CO2e/$M invested	**Total Carbon Emissions** tons CO2e	**Carbon Intensity** tons CO2e/$M sales	**Weighted Average Carbon Intensity** tons CO2e/$M sales
JPMorgan Asian Investment Trust	**106.8**	**49,696**	**169.1**	**111.4**
MSCI Asia ex Japan Index	**292.6**	**136,197**	**401.8**	**302.1**
Aim/Purpose	*What is my portfolio's normalised carbon footprint per million dollars invested?*	*What is my portfolio's total carbon footprint?*	*How efficient is my portfolio in terms of carbon emissions per unit of output?*	*What is my portfolio's exposure to carbon intensive companies?*
Description	Normalised measure of a portfolio's contribution to climate change that enables comparisons with a benchmark, between multiple portfolios, and over time, regardless of portfolio size.	Measures the carbon footprint of a portfolio – i.e. the total carbon emissions for which an equity portfolio is responsible – by summing up the proportionate carbon emissions of portfolio companies based on the investor's ownership share.	Expresses the carbon efficiency of the portfolio and allows investors to measure how much carbon emissions per dollar of sales are generated by portfolio companies. This metric adjusts for company size and is a more accurate measurement of the efficiency of output rather than a portfolio's absolute footprint.	Since companies with higher carbon intensity are likely to face more exposure to carbon related market and regulatory risks, this metric indicates a portfolio's exposure to potential climate change-related risks relative to other portfolios or a benchmark. Agnostic to ownership share, it also facilitates comparison with non-equity asset classes.

Source: MSCI ESG Carbon Footprint Calculator.

TEN YEAR FINANCIAL RECORD

At 30th September	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Shareholders' funds (£'000)	341,477	445,002	333,537	324,296	231,456	228,045	218,456	305,313	353,167	364,306	377,326
Net asset value per share (p)	200.4	246.7	196.7	216.8	227.8	238.7	229.8	321.2	375.4	387.2	401.1
Share price (p)	184.0	224.0	183.0	192.5	203.5	211.5	202.9	278.0	345.5	340.5	361.0
Share price discount to net asset value per share (%)[APM]	8.2	9.2	7.0	11.2	10.7	11.4	11.7	13.4	8.0	12.1	10.0
Gearing/(net cash) (%)[APM]	5.1	3.9	(4.0)	(3.7)	(0.3)	4.2	0.5	4.5	(1.2)	(0.3)	(0.9)
Year ended 30th September											
Gross revenue return (£'000)	5,363	7,256	9,175	7,749	5,706	4,799	5,610	5,969	6,516	8,792	8,130
Revenue return per share (p)	1.52	1.75	2.19	2.44	2.63	2.23	2.99	3.48	3.93	5.48	4.99
Dividend per share (p)[1,2]	1.5	1.7	2.2	2.9	2.6	2.2	2.5	3.0	13.9	15.7	15.7
Ongoing charges (%)[APM]	0.88	0.85	0.87	0.88	0.80	0.86	0.82	0.83	0.73	0.75	0.74
Rebased to 100 at 30th September 2009											
Total return to shareholders[3,APM]	100.0	122.7	100.9	107.4	115.1	121.2	117.3	162.7	211.2	217.4	241.1
Total return on net assets[4,APM]	100.0	124.0	99.4	110.8	117.9	124.9	121.3	171.4	208.1	223.3	241.0
Benchmark total return[5]	100.0	121.3	104.8	120.9	27.0	137.3	128.7	175.4	208.3	217.5	222.2
Annual total returns											
Annual return to shareholders (%)[3,APM]	+41.2	+22.7	-17.8	+6.4	+7.2	+5.2	-3.2	+38.7	+29.8	+2.9	+10.9
Annual return on net assets (%)[4,APM]	+34.8	+24.0	-20.1	+11.4	+6.4	+6.0	-2.9	+41.3	+21.5	+7.3	+7.9
Annual benchmark return (%)[5]	+41.3	+21.3	-13.6	+15.4	+5.1	+8.1	-6.3	+36.2	+18.8	+4.4	+2.2

[1] As of 1st October 2016, the Company adopted a new distribution policy. Further details can be found on page 23.

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

[3] Source: Morningstar.

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

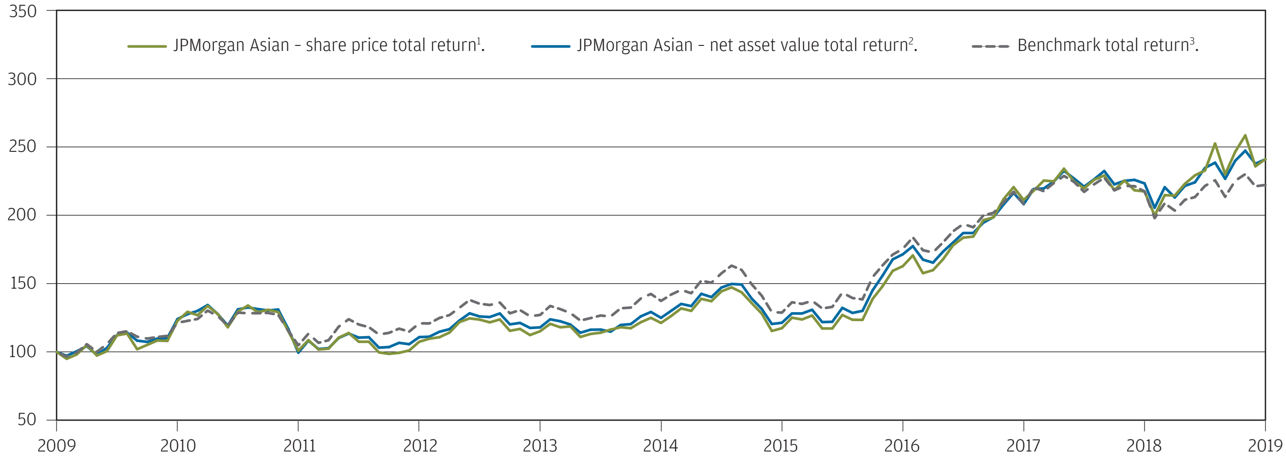
[5] Source: MSCI. The Company's benchmark is the MSCI AC Asia ex Japan Index with net dividends reinvested, expressed in sterling terms.

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

A glossary of terms and APMs is provided on pages 78 and 79.

TEN YEAR PERFORMANCE

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2009



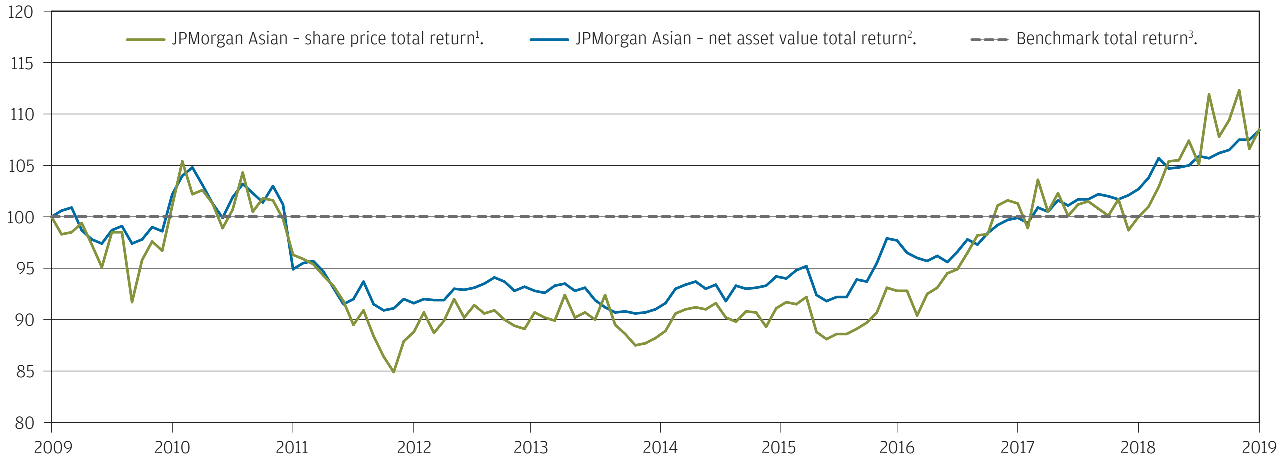
[1] Source: Morningstar.

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

[3] Source: MSCI.

TEN YEAR PERFORMANCE RELATIVE TO BENCHMARK

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2009



[1] Source: Morningstar.

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

[3] Source: MSCI.

TEN LARGEST INVESTMENTS

AT 30TH SEPTEMBER

Company	Country	2019 Valuation £'000	%[1]	2018 Valuation £'000	%[1]
Taiwan Semiconductor Manufacturing	Taiwan	29,201	7.8	24,373	6.7
Tencent	China and Hong Kong	27,123	7.3	23,828	6.6
Samsung Electronics[2]	South Korea	26,750	7.2	23,538	6.5
Alibaba[3]	China and Hong Kong	20,754	5.5	13,003	3.6
AIA	China and Hong Kong	16,475	4.4	21,526	5.9
HDFC Bank	India	15,604	4.2	12,408	3.4
Ping An Insurance[4]	China and Hong Kong	13,231	3.5	10,270	2.8
PICC Property & Casualty[4,5]	China and Hong Kong	10,408	2.8	6,876	1.9
China Construction Bank[4]	China and Hong Kong	10,149	2.7	13,976	3.8
China Resources Land[6]	China and Hong Kong	8,217	2.2	–	–
Total		**177,912**	**47.6**		

[1] Based on total investments of £374.0m (2018: £363.2m).
[2] Includes preference shares.
[3] American Depositary Receipts (ADRs).
[4] Hong Kong 'H' shares, that is, shares in companies incorporated in mainland China and listed in Hong Kong and other foreign stock exchanges.
[5] Not included in the ten largest investments at 30th September 2018.
[6] Not held in the portfolio at 30th September 2018.

At 30th September 2018, the value of the ten largest investments amounted to £162.2 million representing 44.6% of total investments.

GEOGRAPHIC ANALYSIS

	30th September 2019		30th September 2018	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
China and Hong Kong	50.6	48.3	48.7	46.4
South Korea	16.5	14.3	16.8	16.9
India	11.0	10.4	7.5	9.7
Taiwan	10.2	13.5	11.3	14.0
Indonesia	4.2	2.5	4.7	2.2
Singapore	3.7	3.9	3.9	4.0
Vietnam	2.1	–	3.0	–
Thailand	1.7	3.4	3.0	2.8
Malaysia	–	2.4	–	2.8
Philippines	–	1.3	1.1	1.1
Pakistan	–	–	–	0.1
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £374.0m (2018: £363.2m).

SECTOR ANALYSIS

	30th September 2019		30th September 2018	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Financials	31.3	23.4	33.2	23.3
Information Technology	18.0	17.8	26.9	30.6
Consumer Discretionary	14.3	13.6	10.1	8.3
Communication Services	12.2	12.0	4.4	4.1
Real Estate	7.4	5.9	7.4	5.8
Energy	5.5	4.4	2.8	5.1
Industrials	3.7	6.9	3.4	6.9
Health Care	3.3	2.8	3.7	3.1
Investment Fund	2.1	–	3.0	–
Materials	1.7	4.4	1.4	4.8
Consumer Staples	0.5	5.4	3.0	4.9
Utilities	–	3.4	0.7	3.1
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £374.0m (2018: £363.2m).

INVESTMENT ACTIVITY

DURING THE YEAR ENDED 30TH SEPTEMBER 2019

	Value at 30th September 2018				Changes	Value at 30th September 2019	
		% of	Purchases	Sales	in value[1]		% of
	£'000	portfolio	£'000	£'000	£'000	£'000	portfolio
China and Hong Kong	177,031	48.7	77,238	(77,381)	12,100	188,988	50.6
South Korea	60,953	16.8	42,205	(37,287)	(4,214)	61,657	16.5
India	27,193	7.5	15,051	(4,714)	3,631	41,161	11.0
Taiwan	40,971	11.3	7,249	(15,135)	5,198	38,283	10.2
Indonesia	17,018	4.7	5,180	(11,105)	4,540	15,633	4.2
Singapore	14,052	3.9	990	(1,229)	162	13,975	3.7
Vietnam	11,026	3.0	–	(3,096)	(9)	7,921	2.1
Thailand	10,959	3.0	6,356	(11,667)	710	6,358	1.7
Philippines	3,951	1.1	–	(4,805)	854	–	–
Total	**363,154**	**100.0**	**154,269**	**(166,419)**	**22,972**	**373,976**	**100.0**

[1] Total capital gains on investments for the year amounted to £22,972,000, comprising gains on sales of investments of £3,835,000 and investment holding gains of £19,137,000.

LIST OF INVESTMENTS

Company	Valuation £'000
CHINA AND HONG KONG	
Tencent	27,123
Alibaba[1]	20,754
AIA	16,475
Ping An Insurance[2]	13,231
PICC Property & Casualty[2]	10,408
China Construction Bank[2]	10,149
China Resources Land	8,217
China Overseas Land & Investment	7,573
Wuxi Biologics Cayman	7,331
Geely Automobile	6,975
Swire Pacific	6,030
Hong Kong Exchanges & Clearing	5,889
Yum China	5,732
PetroChina[2]	5,237
Jiangsu Hengrui Medicine	4,912
Jardine Matheson	4,311
Link REIT	4,298
China Mobile	4,132
Shenzhou International	3,917
Galaxy Entertainment	3,857
51job[1]	3,695
BOC Hong Kong	3,566
China Unicom Hong Kong	3,441
Crystal International	1,735
	188,988
SOUTH KOREA	
Samsung Electronics[3]	26,750
S-Oil	6,755
KB Financial	5,628
NCSoft	4,994
Lotte Chemical	4,607
Samsung SDI	4,458
SK Hynix	2,780
Orange Life Insurance	2,007
Hyundai Marine & Fire Insurance	1,931
Korea Investment	1,747
	61,657

Company	Valuation £'000
INDIA	
HDFC Bank	15,604
IndusInd Bank	6,548
Maruti Suzuki India	4,319
Larsen & Toubro	3,737
Housing Development Finance	2,740
HDFC Life Insurance	2,294
Coal India	2,290
Hindustan Unilever	1,956
Castrol India	1,673
	41,161
TAIWAN	
Taiwan Semiconductor Manufacturing	29,201
Delta Electronics	4,086
Eclat Textile	2,916
Hiwin Technologies	2,080
	38,283
INDONESIA	
Bank Central Asia	6,412
Telekomunikasi Indonesia Persero	5,779
Astra International	3,442
Berlian Laju Tanker	–
	15,633
SINGAPORE	
DBS	7,231
United Overseas Bank	5,368
City Developments	1,376
	13,975

Company	Valuation £'000
VIETNAM	
JPMorgan Vietnam Opportunities Fund	7,921
	7,921
THAILAND	
Thai Oil	6,358
	6,358
TOTAL INVESTMENTS	**373,976**

[1] American Depositary Receipts (ADRs).

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

[3] Includes preference shares.

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

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

Structure of the Company

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

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

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

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 5 to 7, and in the Investment Managers' Report on pages 8 to 13.

Investment Policies, Investment Guidelines and Risk Management

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

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

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

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

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

Performance

In the year to 30th September 2019, the Company produced a total return to shareholders of +10.9% (2018: +2.9%) and a total return on net assets of +7.9% (2018: +7.3%). This compares with the total return on the Company's benchmark index of +2.2% (2018: +4.4%). At 30th September 2019, the value of the Company's investment portfolio was £374.0 million. The Investment Managers' Report on pages 8 to 13 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

Gross total return for the year amounted to £31.3 million (2018: £29.7 million) and net total return after deducting interest, management expenses and taxation amounted to £27.7 million (2018: £25.8 million). Net revenue return after deducting interest, management expenses and taxation amounted to £4.7 million (2018: £5.2 million).

The policy aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equivalent to 1% of the Company's NAV on the last business day of each financial quarter, being the end of December, March, June and September. These dividends are paid from a combination of revenue and capital reserves. In respect of the quarters to 31st December 2018, 31st March 2019, 30th June 2019 and 30th September 2019 dividends of 3.7p, 4.0p, 4.0p and 4.0p respectively were declared.

Key Performance Indicators ('KPIs')

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

- **Performance against the benchmark index**
  The Board monitors performance against a benchmark index. Please refer to the graphs on page 17 for further detail.

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

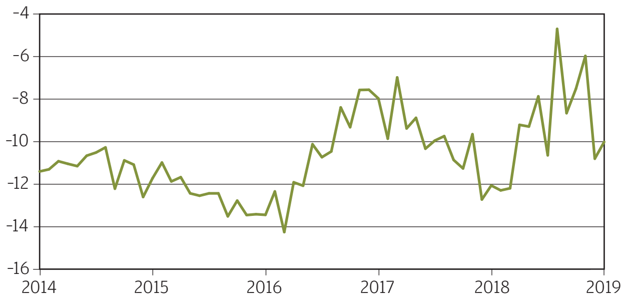
- **Performance attribution**
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as gearing, stock selection and currency gains and losses. Details of the attribution analysis for the year ended 30th September 2019 are given in the Investment Managers' Report on page 10.

- **Share price discount to net asset value ('NAV') per share**
  The Board seeks to address imbalances in the supply of and demand for the Company's shares in the market and thereby seek to reduce the volatility and absolute level of the discount to net asset value ('NAV') at which the Company's Ordinary shares trade. The discount to NAV at the start of the year was 12.1% and at the end it was 10.0%. The highest and the lowest discounts to NAV during the year were 12.8% and 3.2% respectively and the average discount over the year was 8.8%.

  More information on the Company's share discount management policy is given in the Chairman's Statement on pages 5 to 7.

Discount Performance

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2009



Source: Morningstar.

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

- **Ongoing Charges**
  'Ongoing Charges' is an expression of the Company's management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the daily net assets during the year. The Ongoing Charges Ratio for the year ended 30th September 2019 is 0.74% (2018: 0.75%). The Board reviews each year an analysis which shows a comparison of the Company's Ongoing Charges and its main expenses with those of its peers. The Board considers that the Company's Ongoing Charges compare favourably with those of its peers.

Share Capital

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

During the year the Company did not repurchase any ordinary shares for cancellation or into Treasury (2018: nil) nor has it done so since the year end.

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

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

The full text of these resolutions is set out in the Notice of Meeting on pages 75 to 77.

Board Diversity

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

At 30th September 2019, there were three male Directors and two female Directors on the Board. The Company has no employees. The Company's policy on gender is detailed under the Nomination Committee section on page 32.

Employees, Social, Community and Human Rights Issues

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

JPMAM believes that companies should act in a socially responsible manner. We believe Environmental, Social and Governance ('ESG') considerations, particularly those related to governance, can play a critical role in long-term investment strategy. As an active investment manager, engagement is an important and ongoing component of our investment process, and we view frequent and direct contact with company management as critically important. When considering investment options, we supplement our proprietary thinking with research from a variety of third-party specialist providers and engage directly with companies on a wide array of ESG issues. Our governance specialists regularly attend scheduled one-on-one company meetings alongside investment analysts to help identify and discuss relevant issues. Although our priority at all times is the best economic interests of our clients, we recognise that ESG issues have the potential to impact the share price, as well as the reputation of companies.

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

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

Greenhouse Gas Emissions

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

The Modern Slavery Act 2015 (the 'MSA')

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

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

- **Investment and Strategy**
  An inappropriate investment decision, in areas such as asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, and may result in the Company's shares trading on a wider discount. The Board seeks to mitigate these risks by diversification of investments through its investment restrictions and guidelines which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution analysis, revenue estimates

and shareholder analysis. The Board monitors the implementation and results of the investment process with the investment managers, who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The Manager employs the Company's gearing tactically, within a strategic range set by the Board. The Board holds a separate meeting devoted to strategy each year.

- **Political and Economic**

  Political and economic risk, political change or protectionism can impact the Company's assets, such as a US-led trade war, North Korean conflict, and other political tensions both in Asia and closer to home to include tensions in the Eurozone and Brexit risks. Changes in financial or tax legislation, to include tariffs, may also adversely affect the Company. The Manager makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate.

- **Operational Risk and Cybercrime**

  Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by the Manager and its associates and the key elements designed to provide effective internal control are included with the Internal Control section of the Corporate Governance report on pages 33 and 34. The threat of cyber attack, in all its guises, is regarded as at least as important as more traditional physical threats to business continuity and security. The Company benefits directly or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested by PricewaterhouseCoopers LLP and reported every six months against the AAF Standard.

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

- **Change of Corporate Control of the Manager**

  The Board holds regular meetings with senior representatives of JPMF and JPMAM in order to obtain assurance that the Manager continues to demonstrate a high degree of commitment to its investment trusts business through the provision of significant resources.

- **Market**

  Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss that the Company might suffer through holding investments in the face of negative market movements. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by the Manager. The Board monitors the implementation and results of the investment process with the Manager.

- **Loss of Investment Team**

  A sudden departure of several members of the investment management team could result in a deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team-based approach.

- **Financial**

  The financial risks faced by the Company include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk, credit risk and the failure of any counterparty. Further details are disclosed in note 21 on pages 63 to 69.

- **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 2019, 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 will seek, where deemed prudent, to address imbalances in the supply and demand of the Company's shares through share buybacks.

Long Term Viability

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

Taking account of the Company's current position, the principal risks that it faces and their potential impact on its future development and prospects, the Directors have assessed the prospects of the Company, to the extent that they are able to do so, over the next five years. They have made that assessment by considering those principal risks, the Company's investment objective and strategy, the investment capabilities of the Manager and the current outlook for the Asian economies and equity market. The Board has also taken into account the fact that the Company has a continuation vote to be considered by shareholders at the Company's 2020 Annual General Meeting and the likelihood of shareholders voting in favour of continuation, having consulted the Company's major shareholders through the remit of its advisers.

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

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

For and on behalf of the Board
Bronwyn Curtis OBE
Chairman

16th December 2019

Directors’ Report

Bronwyn Curtis OBE (Chairman of the Board and Nomination Committee)

A Director since September 2013.

Mrs Curtis is an experienced global financial economist who has held senior executive positions in both the financial and media sectors. Previous roles included Head of Global Research, Executive Editor and Senior Adviser to the Head of Global Banking & Markets at HSBC Bank plc and Head of European Broadcasting at Bloomberg LP. Her other current appointments include Director of The Scottish American Investment Trust P.L.C., Pershing Square Holdings Ltd., BH Macro Limited and Mercator Media Ltd, board member of CEPR and Australian Business and on the Advisory Board member of the Imperial College Business School. She was also recently appointed as a Non-Executive member and Audit Sub-Committee Chair of the Office for Budget Responsibility. Mrs Curtis was awarded an OBE for services to business economics in 2008.

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

Shareholding in Company: 5,000.

June Aitken

A Director since July 2018.

Ms Aitken has over three decades of experience in Asian equity markets, holding numerous senior roles at HSBC Bank plc, London, to include Global Head of Emerging Market Equity Distribution and Head of Strategy Management. Ms Aitken was also an employee at UBS AG, where she was Managing Director, Head of Global Equity Product, Global Head of Asian Equities and a director of Asian Equity Sales for 12 years. She also has experience at various London-based Asian equity sales firms.

Ms Aitken is currently a partner in a private consultancy business advising asset managers. She was also previously on the board of HSBC Bank Japan, Aquarius Fund, an Asian fixed income fund, Australian Securities Exchange listed Emerging Markets Masters Fund and the Asian Masters Fund Limited, Erudine Holdings Ltd, a financial software consultancy firm and the Shepherds Bush Housing Group. She was a founding partner and investor of Osmosis Investment Management LLP.

Shared directorships with other Directors: None.

Shareholding in the Company: 10,000

Dean Buckley (Chairman of the Audit Committee and Senior Independent Director)

A Director since September 2014.

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

Shared directorships with other Directors: None.

Shareholding in Company: 10,000.

Peter Moon

A Director since September 2016.

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

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

Shareholding in Company: 10,000

Sir Richard Stagg

A Director since July 2018.

Sir Richard Stagg is a former member of the British Diplomatic Service. His last two roles were Ambassador to Afghanistan between 2012 and 2015 and High Commissioner to India between 2007 and 2011. His previous positions included Chief Operating Officer, Private Secretary to the Foreign Secretary and Ambassador to Bulgaria. He also chaired the Board of FCO Services between 2007 and 2017 (a government-owned company delivering security services to the UK and foreign governments).

He is currently Chairman of Rothschild India, chairman of Afghan Connection (a charity which supports education and cricket), a Trustee of the Turquoise Mountain Foundation (which works in Afghanistan and Burma) and a Trustee of SOAS (the School of Oriental and African Studies). He is also on the Advisory Board of the UK/India Business Council.

Shared directorships with other Directors: None.

Shareholding in the Company: 5,000

The Directors present their report and the audited financial statements for the year ended 30th September 2019.

Management of the Company

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

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

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

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF is the Company's alternative investment fund manager ('AIFM'). It is approved as an AIFM by the FCA. For the purposes of the AIFMD the Company is an alternative investment fund ('AIF'). JPMF has delegated responsibility for the day to day management of the Company's portfolio to JPMAM. The Company has appointed The 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 is responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows. The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at www.jpmasian.co.uk There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

The Company's leverage and JPMF's remuneration disclosures are set out on pages 72 and 73.

Management Fee

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

Directors

The Directors of the Company who held office at the end of the year are detailed on page 28.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 38.

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

Director Indemnification and Insurance

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

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

Disclosure of information to Auditors

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

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

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

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

Independent Auditors

PricewaterhouseCoopers ('PwC') have been auditors to the Company since 1997. In accordance with the current Audit Regulations and Guidance, the Company is required to change its auditors no later than 2023. Therefore, the Audit Committee undertook an auditor review and it has been decided to appoint Mazars LLP to succeed PwC. Accordingly, a resolution to appoint Mazars LLP as auditors to the Company will be proposed at the forthcoming AGM. PwC have confirmed that there are no circumstances in connection with their resignation which need to be brought to the attention of the Company's shareholders.

Capital Structure and Voting Rights

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

Voting Rights in the Company's shares
As at 13th December 2019 (being the latest business day prior to the publication of this report), the Company's issued share capital consists of 94,081,493 Ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 94,081,493.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	Number of voting rights	%
City of London Investment Management Co. Ltd.	13,142,863	13.97
Lazard Asset Management Limited	5,149,497	5.47
Charles Stanley Group plc	4,738,771	5.04

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 in respect of Listing Rule 9.8.4R.

Annual General Meeting

The notice of the Annual General Meeting of the Company to be held on Thursday 13th February 2020 is given on pages 75 to 77. The full text of the Resolutions is set out in the notice of meeting. Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

(i) Continuation resolution (resolution 10)

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

The last triennial Continuation Resolution was passed by shareholders at the annual general meeting held in February 2017. Accordingly, the Board is required to propose a Continuation Resolution to shareholders at the Company's forthcoming Annual General Meeting to be held in 2020.

(ii) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 11 and 12)

The Directors will seek renewal of the authority at the AGM to issue up to 9,408,149 Ordinary shares for cash up to an aggregate nominal amount of £2,352,037 such amount being equivalent to 10% of the present issued ordinary share capital as at the last practicable date before the publication of this document. The full text of the resolutions is set out in the Notice of Meeting on page 75. This authority will expire at the conclusion of the Annual General Meeting of the Company in 2021 unless renewed at a prior general meeting.

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

(iii) Authority to repurchase the Company's shares (resolution 13)

The authority to repurchase up to 14.99% of the Company's issued Ordinary shares, granted by shareholders at the 2019 AGM, will expire on 4th August 2020 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

Resolution 13 gives the Company authority to buy back its own issued Ordinary shares in the market as permitted by the Companies Act 2006 (the 'Act'). The authority limits the number of shares that could be purchased to a maximum of 14,102,815 Ordinary shares, representing approximately 14.99% of the Company's issued Ordinary shares, as at 13th December 2019 (being the latest practicable date prior to the publication of this report). The authority also sets minimum and maximum prices.

If resolution 13 is passed at the Annual General Meeting, Ordinary shares repurchased might not be cancelled but rather held as treasury shares and may subsequently be reissued at a premium. The Company does not have authority to reissue Ordinary shares from treasury at a discount to NAV, therefore any reissue of Ordinary shares from treasury would be at a premium to the prevailing NAV.

(iv) Approval of dividend policy (resolution 14)

The Directors seek approval of the Company's dividend policy to continue to pay four quarterly interim dividends during the year, which for the year ended 30th September 2019 have totalled 15.7 pence per share.

Recommendation

The Board considers that resolutions 10 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 shareholders vote in favour of the resolutions as they intend to do, where voting rights are exercisable, in respect of their own beneficial holdings which amount in aggregate to 40,000 Ordinary shares, representing approximately 0.1% of the voting rights of the Company.

Corporate Governance Statement

Compliance

The Company is committed to high standards of Corporate Governance. This statement, together with the Statement of Directors' Responsibilities on page 40, indicates how the Company has applied the principles of good governance of the Financial Reporting Council's UK Corporate Governance Code (the 'UK Corporate Governance Code') and the AIC's Code of Corporate Governance (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

The Board is responsible for ensuring the appropriate level of corporate governance and considers that the Company has complied with the best practice provisions of the UK Corporate Governance Code and with the AIC Code, throughout the year under review. The Board notes the publication of the new 2018 UK Code. The Company has complied with the applicable guidance from 1st September 2019 and will report upon it within the Company's Annual report and Financial Statements for the year ended 30th September 2020.

Role of the Board

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

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

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

Board Composition

The Board, chaired by Bronwyn Curtis, currently consists of five non-executive Directors, all of whom are regarded by the Board as independent.

The Chairman's independence was assessed upon her appointment and annually thereafter. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 28.

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. Dean Buckley, the Senior Independent Director, leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter

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

The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its Committees, confirms that all Directors standing for reappointment at the Annual General Meeting continue to be effective and to demonstrate commitment to the role. Accordingly the Board recommends to shareholders that all applicable Directors be reappointed. The Company has a succession policy and plan in place.

Meetings and Committees

The Board delegates certain responsibilities and functions to Committees. Details of membership of Committees are shown with the Directors' profiles on page 28.

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

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

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended
Bronwyn Curtis	5/5	3/3	1/1
June Aitken	5/5	3/3	1/1
Dean Buckley	5/5	3/3	1/1
Ronald Gould[1]	2/2	1/1	1/1
Peter Moon	5/5	3/3	1/1
Sir Richard Stagg	5/5	3/3	1/1

[1] Retired from the Board on 5th February 2019.

Training and Appraisal

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

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

Board Committee

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

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

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

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

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

Management Engagement Committee
The Board has 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 Bronwyn Curtis, 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. The first meeting of this Committee was held post the year end in November 2019.

Audit Committee
The report of the Audit Committee is set out on page 35.

Terms of Reference

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

Relations with Shareholders

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

All shareholders are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet shareholders and answer their questions. In addition, a presentation is usually given by the investment managers who review the Company's performance. During the year the Company's brokers, the Investment Managers and other representatives of the Manager hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to meet with shareholders and to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 81.

The Company's Annual Report & Financial Statements is published in time to give shareholders at least 21 days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 81.

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

Risk Management and Internal Control

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by JPMF and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure that they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 24 and 25). This process has been in place for the year under review and up to the date of the approval of the annual report and accounts and it accords with the Financial Reporting Council's guidance. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Manager's internal audit department conducts regular and rigorous reviews of the various functions within its asset management business. Any significant findings that are relevant to the Company and/or the Manager's investment trust business are reported to the Board.

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

- **Financial Reporting**

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

- **Management Agreement**

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

- **Management Systems**

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

- **Investment Strategy**

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

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

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

By the means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of internal control for the year ended 30th September 2019, and to the date of approval of this Annual Report & Financial Statements.

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

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to the Manager. The following is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details of social and environmental issues are included in the Strategic Report on page 24.

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

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

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

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

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

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

16th December 2019

Audit Committee Report

Role and Composition

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

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

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 30th September 2019, the Audit Committee considered the following significant issues, including those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1(b) to the financial statements on page 53. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the financial statements on page 53.
Compliance with Sections 1158 and 1159 Corporation Tax Act 2010 ('Section 1158 and 1159')	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

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

Going Concern

The Directors believe that having considered the Company's investment objective (see page 22), risk management policies (see pages 63 to 69), capital management policies and procedures (see pages 69 and 70), the nature of the portfolio and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements. They have not identified any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of these financial statements.

Auditor Appointment and Tenure

Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Financial Statements were considered and also engage with Directors as and when required. 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 56.

The current auditor firm PricewaterhouseCoopers LLP ('PwC') has audited the Company's financial statements since 1997 and the Company is required, for regulatory reasons, to appoint a new firm by 2023. The Committee undertook a tender process for the Company's audit during the year. Although PwC were eligible to take part in the tender, given the length of PwC's continuous appointment, the Audit Committee decided that it would be appointing a new firm. The Committee reviewed tender submissions from three other audit firms, and, following detailed consideration, recommended to the Board that Mazars LLP be appointed as auditors on the basis of the breadth of experience demonstrated of the investment funds sector, and the resources and strength of their audit team. The Board supported the recommendation which will be put to shareholders at the forthcoming Annual General Meeting following receipt of special notice.

Fair, Balanced and Understandable

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30th September 2019, 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 40.

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

16th December 2019

Directors’ Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30th September 2019 which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The Auditors' opinion is included in their report on pages 42 to 47.

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

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote and an ordinary resolution to approve this report was put to shareholders at the 2019 Annual General Meeting. The Board has resolved that, for good governance purposes, the policy vote will be put to shareholders every year. Accordingly a resolution to approve the policy will be put to shareholders at the 2020 Annual General Meeting. The policy, subject to the vote, is set out in full below and is currently in force.

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

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

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

In the year under review, Directors' fees were paid at the following rates: Chairman £41,500; Chairman of the Audit Committee £34,500; and other Directors £27,500.

No amounts (2018: nil) were paid to third parties for making available the services of Directors.

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

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

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

The Directors do not have service contracts with the Company. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 32.

Remuneration Report

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 30th September 2019 and no changes are proposed for the year ending 30th September 2020.

At the Annual General Meeting held on 5th February 2019, 99.6% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.4% voted against.

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

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 30th September 2019 was £169,017. 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]

			2019			2018
		Taxable			Taxable	
	Fees	expenses[2]	Total	Fees	expenses[2]	Total
Directors' Name	£	£	£	£	£	£
Bronwyn Curtis[3]	41,500	–	41,500	41,500	–	41,500
June Aitken[4]	27,500	–	27,500	5,007	–	5,007
Dean Buckley	32,089	507	32,596	27,500	348	27,848
Ronald Gould[5]	11,979	–	11,979	34,500	–	34,500
Peter Moon	27,500	442	27,942	27,500	1,180	28,680
Sir Richard Stagg[4]	27,500	–	27,500	5,007	–	5,007
Total	168,068	949	169,017	141,014	1,528	142,542

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

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

[3] Became Chairman 2nd February 2017.

[4] Appointed 26th July 2018.

[5] Retired 5th February 2019.

Directors' Shareholdings[1]

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

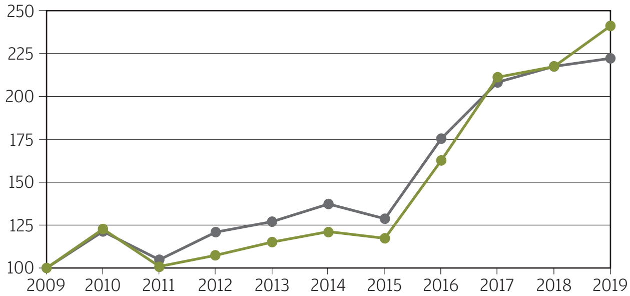
	Number of shares held	
	30th September	30th September
Directors' Name	2019	2018
Bronwyn Curtis	5,000	5,000
June Aitken	10,000	–
Dean Buckley	10,000	10,000
Ronald Gould[2]	14,350	14,030
Peter Moon	10,000	10,000
Sir Richard Stagg	5,000	–

[1] Audited information.

[2] Retired 5th February 2019. Shareholding for 2019 as at retirement date.

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

Ten Year Share Price and Benchmark Total Return Performance to 30th September 2019



Source: Morningstar/Datastream.

Share price total return.

Benchmark total return.

A table showing the total remuneration for the Chairman over the five years ended 30th September 2019 is below:

Remuneration for the Chairman over the five years ended 30th September 2019

Year ended 30th September	Fees	Performance related benefits received as a percentage of maximum payable
2019	£41,500	n/a
2018	£41,500	n/a
2017	£38,000	n/a
2016	£38,000	n/a
2015	£36,500	n/a

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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th September	
	2019	2018
Remuneration paid to all Directors	£169,017	£142,542
Distribution to shareholders		
– by way of dividends paid	£14,676,000	£14,676,000
– by way of share repurchases	£nil	£nil
Total distribution to shareholders	£14,676,000	£14,676,000

For and on behalf of the Board
Bronwyn Curtis OBE
Chairman

16th December 2019

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

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

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

The Directors consider that the Annual Report & Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board
Bronwyn Curtis OBE
Chairman

16th December 2019

Independent Auditors' Report

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 30th September 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Financial Statements (the 'Annual Report'), which comprise: the Statement of Comprehensive Income; the Statement of Changes in Equity; the Statement of Financial Position as at 30th September 2019; the Statement of Cash Flows; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

We have provided no non-audit services to the Company in the period from 1st October 2018 to 30th September 2019.

Our audit approach

Context

JPMorgan Asian Investment Trust Plc is an Investment Trust Company listed on the London Stock Exchange and invests primarily in equities quoted on the Asian stock markets. The operations of the Company are located in the UK. We focus our audit work primarily on the valuation and existence of investments and dividend income.

Overview

- Overall materiality: £3.7 million (2018: £3.6 million), based on 1% of Net Assets.

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

- Valuation and existence of investments.
- Dividend income.
- Going concern.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 (see page 35 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Listing Rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase the net asset value. Audit procedures performed by the engagement team included:

- Discussions with the Manager and the Administrator, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of the controls implemented by the Company and the Administrator designed to prevent and detect irregularities;
- Assessment of the Company's compliance with the requirements of s1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- Review of financial statement disclosures to underlying supporting documentation; and
- Identifying and testing manual journal entries posted by the Administrator during the preparation of the financial statements.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments *Refer to page 35 (Audit Committee Report), page 53 (Accounting Policies) and page 59 (Notes to the financial statements).* The investment portfolio at the year-end comprised listed equity investments and fixed interest investments valued at £374 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the financial statements.	We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified. We tested the existence of the investment portfolio by agreeing investment holdings to an independent custodian confirmation. No differences were identified.

Key audit matter	How our audit addressed the key audit matter
Accuracy, occurrence and completeness of dividend income *Refer to page 35 (Audit Committee Report), page 53 (Accounting Policies) and page 56 (Notes to the financial statements).* We focussed on the accuracy, occurrence and completeness of dividend income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover. We also focused on the accounting policy for income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP') as incorrect application could indicate a misstatement in income recognition.	We assessed the accounting policy for dividend income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. No misstatements were identified. To test for completeness, we tested, for all investment holdings in the portfolio, that all dividends declared in the market by investment holdings had been recorded. We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. Our testing did not identify any misstatements. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any misstatements.
Ability to continue as a going concern (Continuation Vote) *Refer to the Going Concern section and Viability Statement in the Audit Committee Report and the Basis of Preparation in the Notes to the Accounts on page 53.* A continuation vote is due to take place at the 2020 AGM, which, if passed, will allow the Company to continue as an investment trust for a further three years. As such, the Directors have considered and assessed the potential impact on the ability of the Company to continue as a going concern.	We have reviewed the Directors' assessment of going concern in relation to the passing of the continuation vote. We have also assessed the appropriateness of preparing the financial statements on a going concern basis taking into consideration the continuation vote. We have challenged the Directors on their assessment which includes, but is not limited to, the following in support of the vote: • The shareholder register is stable, comprising a wide range of private wealth managers and retail investors; • The Company has a positive long term performance track record; and • The previous continuation vote in 2017 passed with no significant votes against. Our findings in respect of going concern are set out in the 'Going Concern' section below.

How we tailored the audit scope

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

The Company's accounting is delegated to the Administrator who maintains the Company's accounting records and who has implemented controls over those accounting records.

We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant control reports issued by the independent service auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality

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

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

Overall materiality	£3.7 million (2018: £3.6 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe that this provides an appropriate and consistent year-on-year basis for the audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £189,000 (2018: £182,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30th September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

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

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 40 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on pages 25 and 26 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

Other Code Provisions

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

- The statement given by the Directors, on page 40, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on page 35 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 40 'Directors' Responsibilities Statement', the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 12th September 1997 to audit the financial statements for the year ended 30th September 1998 and subsequent financial periods. The period of total uninterrupted engagement is 22 years, covering the years ended 30th September 1998 to 30th September 2019.

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

16th December 2019

Financial Statements

FOR THE YEAR ENDED 30TH SEPTEMBER 2019

	Notes	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Gains on investments held at fair value through profit or loss	3	–	22,940	22,940	–	21,033	21,033
Net foreign currency gains/(loss)		–	196	196	–	(159)	(159)
Income from investments	4	8,081	–	8,081	8,708	–	8,708
Interest receivable and similar income	4	49	–	49	84	–	84
Gross return		**8,130**	**23,136**	**31,266**	**8,792**	**20,874**	**29,666**
Management fee	5	(1,922)	–	(1,922)	(1,972)	–	(1,972)
Other administrative expenses	6	(753)	–	(753)	(820)	–	(820)
Net return before finance costs and taxation		**5,455**	**23,136**	**28,591**	**6,000**	**20,874**	**26,874**
Finance costs	7	(45)	–	(45)	(138)	–	(138)
Net return before taxation		**5,410**	**23,136**	**28,546**	**5,862**	**20,874**	**26,736**
Taxation	8	(717)	(133)	(850)	(711)	(210)	(921)
Net return after taxation		**4,693**	**23,003**	**27,696**	**5,151**	**20,664**	**25,815**
Return per share	9	**4.99p**	**24.45p**	**29.44p**	**5.48p**	**21.96p**	**27.44p**

A fourth quarterly dividend of 4.0p (2018: 3.9p) per share has been declared in respect of the year ended 30th September 2019, totalling £3,763,000 (2018: £3,669,000). Further details are given in note 10 on page 58.

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 after taxation represents the profit for the year and also the total comprehensive income.

The notes on page 53 to 70 form part of these financial statements.

FOR THE YEAR ENDED 30TH SEPTEMBER 2019

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves[1] £'000	Revenue reserve[1] £'000	Total £'000
At 30th September 2017	23,762	31,646	977	25,121	271,661	–	353,167
Net return	–	–	–	–	20,664	5,151	25,815
Dividend paid in the year (note 10)	–	–	–	–	(9,525)	(5,151)	(14,676)
At 30th September 2018	23,762	31,646	977	25,121	282,800	–	364,306
Net return	–	–	–	–	23,003	4,693	27,696
Dividend paid in the year (note 10)	–	–	–	–	(9,983)	(4,693)	(14,676)
At 30th September 2019	23,762	31,646	977	25,121	295,820	–	377,326

[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 53 to 70 form an integral part of these financial statements.

AT 30TH SEPTEMBER 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	**373,976**	**363,154**
Current assets	12		
Debtors		922	787
Cash and cash equivalents		4,404	1,337
		5,326	2,124
Current liabilities	13		
Creditors: amounts falling due within one year		(1,976)	(972)
Net current assets		**3,350**	**1,152**
Total assets less current liabilities		**377,326**	**364,306**
Net assets		**377,326**	**364,306**
Capital and reserves			
Called up share capital	14	23,762	23,762
Share premium	15	31,646	31,646
Exercised warrant reserve	15	977	977
Capital redemption reserve	15	25,121	25,121
Capital reserves	15	295,820	282,800
Total shareholders' funds		**377,326**	**364,306**
Net asset value per share	16	**401.1p**	**387.2p**

The financial statements on pages 49 to 52 were approved and authorised for issue by the Board of Directors on 16th December 2019 and signed on their behalf by:

Bronwyn Curtis OBE
Chairman

The notes on pages 53 to 70 form an integral part of these financial statements.

The Company is registered in England and Wales.

Company registration number: 3374850.

FOR THE YEAR ENDED 30TH SEPTEMBER 2019

	Notes	2019 £'000	2018 £'000
Net cash outflow from operations before dividends and interest	17	(2,534)	(2,778)
Dividends received		7,009	7,522
Interest received		30	33
Interest paid		(45)	(187)
Net cash inflow from operating activities		**4,460**	**4,590**
Purchases of investments		(153,146)	(244,896)
Sales of investments		166,390	251,805
Settlement of forward currency contracts		38	(179)
Net cash inflow from investing activities		**13,282**	**6,730**
Dividends paid	10	(14,676)	(14,676)
Net cash outflow from financing activities		**(14,676)**	**(14,676)**
Increase/(decrease) in cash and cash equivalents		**3,066**	**(3,356)**
Cash and cash equivalents at start of year		1,337	4,687
Exchange movements		1	6
Cash and cash equivalents at end of year		4,404	1,337
Increase/(decrease) in cash and cash equivalents		**3,066**	**(3,356)**
Cash and cash equivalents consist of:			
Cash and short term deposits		2,213	1,337
Cash held in JPMorgan US Dollar Liquidity Fund		2,191	–
Total		**4,404**	**1,337**

The notes on pages 53 to 70 form an integral part of these financial statements.

FOR THE YEAR ENDED 30TH SEPTEMBER 2019

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in November 2014, and updated in February 2018. The revised SORP issued in October 2019 is applicable for accounting periods beginning on or after 1st January 2019. The Company has chosen not to early adopt the revised SORP.

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

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

(b) Valuation of investments

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

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

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

(c) Accounting for reserves

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

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

(d) Income

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

Overseas dividends are included gross of any withholding tax.

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

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

Interest receivable is taken to revenue on an accruals basis.

Stock lending income is taken to revenue on an accruals basis. In all cases securities lent continue to be recognised in the Statement of Financial Position.

1. Accounting policies *continued*

(e) Expenses

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

- Expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 11 on page 59.

(f) Finance costs

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

Finance costs are allocated wholly to revenue.

(g) Financial instruments

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

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

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

Derivative financial instruments, including short term forward currency contracts are classified as 'held for trading' and are valued at fair value, which is the net unrealised gain or loss, and are included in current assets or current liabilities in the Statement of Financial Position. Changes in the fair value of derivative financial instruments are recognised in the Statement of Comprehensive Income as capital.

(h) Taxation

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

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

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

(i) Value added tax ('VAT')

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

(j) Foreign currency

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

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

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

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

(k) Dividends payable

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

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

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

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

(m) Segmental reporting

The Board are of the opinion that the Company is engaged in a single segment of business, being investment in Asian equities.

2. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements on occasion requires the Directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

The Directors do not believe that any significant accounting judgements or estimates have been applied to this set of financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Gains on investments held at fair value through profit or loss

	2019 £'000	2018 £'000
Gains on investments held at fair value through profit or loss based on historic cost	10,798	48,562
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	(6,963)	(34,459)
Gains on sales of investments based on the carrying value at the previous balance sheet date	3,835	14,103
Net movement in investment holding gains and losses	19,137	6,964
Other capital charges	(32)	(34)
Total capital gains on investments held at fair value through profit or loss	**22,940**	**21,033**

4. Income

	2019 £'000	2018 £'000
Income from investments:		
Overseas dividends	7,980	8,708
Scrip dividends	101	–
	8,081	8,708
Interest receivable and similar income:		
Interest from liquidity fund	25	32
Stock lending	21	51
Deposit interest	3	1
	49	84
Total income	8,130	8,792

5. Management fee

	2019 £'000	2018 £'000
Management fee	1,922	1,972

Details of the management fee are given in the Directors' Report on page 29.

6. Other administrative expenses

	2019 £'000	2018 £'000
Administration expenses	300	358
Directors' fees[1]	169	143
Custody fees	161	164
Savings scheme costs[2]	48	82
Depositary fees	46	45
Auditors' remuneration for audit services	29	28
Total	753	820

[1] Full disclosure is given in the Directors' Remuneration Report on page 38.
[2] Paid to the Manager for administration of saving scheme products.

7. Finance costs

	2019 £'000	2018 £'000
Interest on bank loans and overdrafts	45	138

8. Taxation

(a) Analysis of tax charge in the year

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Overseas withholding tax	850	–	850	921	–	921
Tax relief on expenses charged to capital	(133)	133	–	(210)	210	–
Total tax charge for the year	**717**	**133**	**850**	**711**	**210**	**921**

(b) Factors affecting total tax charge for the year

The total tax charge for the year is lower (2018: lower) than the Company's applicable rate of corporation tax of 19.0% (2018: 19.0%)

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

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Net return before taxation	5,410	23,136	28,546	5,862	20,874	26,736
Net return before taxation multiplied by the Company's applicable rate of corporation tax of 19.0% (2018: 19.0%)	1,028	4,396	5,424	1,114	3,966	5,080
Effects of:						
Non taxable capital gains	–	(4,396)	(4,396)	–	(3,966)	(3,966)
Non taxable scrip dividends	(19)	–	(19)	–	–	–
Non taxable overseas dividends	(1,516)	–	(1,516)	(1,655)	–	(1,655)
Tax relief on taxable capital gains	(133)	133	–	(210)	210	–
Unrelieved expenses	507	–	507	541	–	541
Overseas withholding tax	850	–	850	921	–	921
Total tax charge for the year	**717**	**133**	**850**	**711**	**210**	**921**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £4,377,000 (2018: £4,133,000) based on a prospective corporation tax rate of 17% (2018: 17%). The UK corporation tax rate is enacted to fall to 17% with effect from 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

	2019 £'000	2018 £'000
Revenue return	4,693	5,151
Capital return	23,003	20,664
Total return	**27,696**	**25,815**
Weighted average number of shares in issue during the year	94,081,493	94,081,493
Revenue return per share	4.99p	5.48p
Capital return per share	24.45p	21.96p
Total return per share	**29.44p**	**27.44p**

10. Dividends

(a) Dividends paid and declared

	2019 £'000	2018 £'000
Dividends paid		
2018 fourth quarterly dividend of 3.9p (2017: 3.8p)	3,669	3,575
First quarterly dividend of 3.7p (2018: 4.0p)	3,481	3,763
Second quarterly dividend of 4.0p (2018: 3.9p)	3,763	3,669
Third quarterly dividend of 4.0p (2018: 3.9p)	3,763	3,669
Total dividends paid in the period	**14,676**	**14,676**
Dividend declared		
Fourth quarterly dividend declared of 4.0p (2018: 3.9p) per share	3,763	3,669

A fourth quarterly dividend of 4.0p has been declared and was paid on 7th November 2019 for the financial year ended 30th September 2019. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 30th September 2020.

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

The requirements of Section 1158 are considered on the basis of the dividend proposed in respect of the financial year, shown below. The aggregate of the distributable reserves is £221,283,000 (2018: £220,437,000).

	2019 £'000	2018 £'000
First quarterly dividend of 3.7p (2018: 4.0p)	3,481	3,763
Second quarterly dividend of 4.0p (2018: 3.9p)	3,763	3,669
Third quarterly dividend of 4.0p (2018: 3.9p)	3,763	3,669
Fourth quarterly dividend declared of 4.0p (2018: 3.9p)	3,763	3,669
Total dividends for Section 1158 purposes	**14,770**	**14,770**

The aggregate of the distributable reserves after the payment of the final dividend will amount to £217,520,000 (2018: £216,768,000).

11. Investments held at fair value through profit or loss

	2019 £'000	2018 £'000
Investments listed on a recognised stock exchange	373,976	363,154
Opening book cost	300,792	259,196
Opening investment holding gains	62,362	89,857
Opening valuation	363,154	349,053
Movements in the year:		
Purchases at cost	154,269	244,877
Sales proceeds	(166,419)	(251,843)
Gains on sales of investments based on the carrying value at the previous balance sheet date	3,835	14,103
Net movement in investment holding gains and losses	19,137	6,964
	373,976	**363,154**
Closing book cost	299,440	300,792
Closing investment holding gains	74,536	62,362
Total investments held at fair value through profit or loss	**373,976**	**363,154**

Transaction costs on purchases during the year amounted to £187,000 (2018: £317,000) and on sales during the year amounted to £383,000 (2018: £514,000). These costs comprise mainly brokerage commission.

During the year, prior year investment holding gains amounting to £6,963,000 have been transferred to gains and losses on sales of investments as disclosed in note 15.

12. Current assets

	2019 £'000	2018 £'000
Debtors:		
Dividends and interest receivable	877	758
Other debtors	45	29
Total	**922**	**787**

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

	2019 £'000	2018 £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	1,840	818
Other creditors and accruals	135	153
Loan interest payable	1	1
Total	**1,976**	**972**

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

On 2nd December 2016, the Company had entered into a £40 million three year unsecured multicurrency revolving loan facility with Scotiabank (Ireland) Limited. Following a long period in which the Company was not geared, on 15th June 2018, the size of this facility was reduced to £10 million at no cost and at the request of the Company. This reduction permits the Manager to apply modest gearing when conditions warrant but with lower commitment fee payments when the facility is unused.

14. Called up share capital

	2019 £'000	2018 £'000
Issued and fully paid share capital:		
Ordinary shares of 25p each[1]		
Opening balance of 94,081,493 (2018: 94,081,493) ordinary shares	23,521	23,521
Subtotal 94,081,493 (2018: 94,081,493) shares of 25p each excluding shares held in Treasury	23,521	23,521
965,500 (2018: 965,500) shares held in Treasury	241	241
Closing balance of 95,046,993 (2018: 95,046,993) shares of 25p each including shares held in Treasury	**23,762**	**23,762**

[1] Fully paid ordinary shares, which have a par value of 25p each, carry one vote per share and carry a right to receive dividends.

Further details of transactions in the Company's shares are given in the Business Review on page 23.

15. Capital and reserves

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves: Gains and losses on sales of investments[1] £'000	Capital reserves: Investment holding gains and losses £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	23,762	31,646	977	25,121	220,437	62,363	–	364,306
Net gains on foreign currency transactions	–	–	–	–	196	–	–	196
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	3,835	–	–	3,835
Net movement in investment holding gains and losses	–	–	–	–	–	19,137	–	19,137
Transfer on disposal of investments	–	–	–	–	6,963	(6,963)	–	–
Other capital charges	–	–	–	–	(32)	–	–	(32)
Tax relief on expenses charged to capital	–	–	–	–	(133)	–	–	(133)
Dividend paid in the year	–	–	–	–	(9,983)	–	(4,693)	(14,676)
Retained revenue for the year	–	–	–	–	–	–	4,693	4,693
Closing balance	**23,762**	**31,646**	**977**	**25,121**	**221,283**	**74,537**	**–**	**377,326**

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

16. Net asset value per share

	2019	2018
Net assets (£'000)	377,326	364,306
Number of shares in issue	94,081,493	94,081,493
Net asset value per share	**401.1p**	**387.2p**

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

	2019 £'000	2018 £'000
Net return before finance costs and taxation	28,591	26,874
Less capital return before finance costs and taxation	(23,136)	(20,874)
Scrip dividends received as income	(101)	–
Increase in accrued income and other debtors	(135)	(261)
Decrease in accrued expenses	(21)	(55)
Overseas withholding tax	(850)	(921)
Dividends received	(7,009)	(7,522)
Interest received	(30)	(33)
Realised gain/(loss) on foreign currency transactions	92	(82)
Exchange gains on liquidity fund	65	96
Net cash outflow from operations before dividends and interest	**(2,534)**	**(2,778)**

18. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2018: same).

19. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 29. The management fee payable to the Manager for the year was £1,922,000 (2018: £1,972,000) of which £nil (2018: £nil) was outstanding at the year end.

During the year £48,000 (2018: £82,000), was payable to the Manager for the administration of savings scheme products, of which £nil (2018: £11,000) was outstanding at the year end.

Safe custody fees amounting to £161,000 (2018: £164,000) were payable to JPMorgan Chase Bank N.A. during the year of which £28,000 (2018: £29,000) 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 £5,000 (2018: £nil) of which £nil (2018: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £32,000 (2018: £34,000) were payable to JPMorgan Chase Bank N.A. during the year of which £7,000 (2018: £4,000) was outstanding at the year end.

During the year the Company held cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £2,191,000 (2018: £nil). Interest amounting to £25,000 (2018: £32,000) was receivable during the year of which £nil (2018: £2,000) was outstanding at the year end.

Stock lending income amounting to £21,000 (2018: £51,000) were receivable by the Company during the year. JPMAM commissions in respect of such transactions amounted to £3,000 (2018: £9,000)

At the year end, total cash of £2,213,000 (2018: £1,337,000) was held with JPMorgan Chase Bank N.A. A net amount of interest of £3,000 (2018: £1,000) was receivable by the Company during the year of which £nil (2018 £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 38 and in note 6 on page 56.

20. Disclosures regarding financial instruments measured at fair value

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

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

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

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

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

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

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

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

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

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 53.

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

	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	366,055	–	352,128	–
Level 2[1]	7,921	–	11,026	–
Total	**373,976**	**–**	**363,154**	**–**

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

There were no transfers between Level 1, 2 or 3 during the year (2018: same).

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

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

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

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

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

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

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

(a) Market risk

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

(i) Currency risk

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

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

(a) Market risk *continued*

(i) Currency risk *continued*

Management of currency risk

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

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

Foreign currency exposure

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

2019	Hong Kong Dollar £'000	South Korea Won £'000	Singapore Dollar £'000	Taiwan Dollar £'000	Thailand Baht £'000	India Rupee £'000	Indonesia Rupiah £'000	US Dollar £'000	Other £'000	Total £'000
Current assets	865	403	8	245	–	–	–	3,625	7	5,153
Creditors	–	(692)	–	–	–	(1,147)	–	–	–	(1,839)
Foreign currency exposure on net monetary items	865	(289)	8	245	–	(1,147)	–	3,625	7	3,314
Investments held at fair value through profit or loss	149,583	61,657	13,975	38,284	6,358	41,162	15,632	42,413	4,912	373,976
Total net foreign currency exposure	**150,448**	**61,368**	**13,983**	**38,529**	**6,358**	**40,015**	**15,632**	**46,038**	**4,919**	**377,290**

2018	Hong Kong Dollar £'000	South Korea Won £'000	Singapore Dollar £'000	Taiwan Dollar £'000	Thailand Baht £'000	India Rupee £'000	Indonesia Rupiah £'000	US Dollar £'000	Other £'000	Total £'000
Current assets	815	974	8	1	11	–	–	130	23	1,962
Creditors	(1)	(818)	–	–	–	–	–	–	–	(819)
Foreign currency exposure on net monetary items	814	156	8	1	11	–	–	130	23	1,143
Investments held at fair value through profit or loss	152,193	60,953	14,052	40,971	10,959	27,193	17,018	32,130	7,685	363,154
Total net foreign currency exposure	**153,007**	**61,109**	**14,060**	**40,972**	**10,970**	**27,193**	**17,018**	**32,260**	**7,708**	**364,297**

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

Foreign currency sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2018: 10%) appreciation or depreciation in sterling against the currencies to which the Company is exposed to, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2019		2018	
	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	(811)	811	(874)	874
Capital return	(331)	331	(114)	114
Total return after taxation	(1,142)	1,142	(988)	988
Net assets	**(1,142)**	**1,142**	**(988)**	**988**

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

(ii) Interest rate risk

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

Management of interest rate risk

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

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

Interest rate exposure

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

	2019 £'000	2018 £'000
Exposure to floating interest rates:		
Cash and short term deposits	2,213	1,337
JPMorgan US Dollar Liquidity Fund	2,191	–
Total exposure	**4,404**	**1,337**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2018: same). The target interest earned on the JPMorgan US Dollar Liquidity Fund is the 7 day US Dollar London Interbank Bid Rate.

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

(a) Market risk *continued*

(ii) Interest rate risk *continued*

Interest rate sensitivity

The following table illustrates the sensitivity of the total return after taxation for the year and net assets to a 0.5% (2018: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2019		2018	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	22	(22)	7	(7)
Capital return	–	–	–	–
Total return after taxation	22	(22)	7	(7)
Net assets	**22**	**(22)**	**7**	**(7)**

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

(iii) Other price risk

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

Management of other price risk

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

Other price risk exposure

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

	2019 £'000	2018 £'000
Investments held at fair value through profit or loss	373,976	363,154

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

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 18 to 21. This shows that the portfolio comprises investments quoted on Asian stock markets. Accordingly, there is a concentration of exposure to that region. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2018: 10%) in the market value of equity investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities, adjusting for changes in the management fee but with all other variables held constant.

	2019		2018	
	10% increase in rate £'000	10% decrease in rate £'000	10% increase in rate £'000	10% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(224)	224	(218)	218
Capital return	37,398	(37,398)	36,315	(36,315)
Total return after taxation	37,174	(37,174)	36,097	(36,097)
Net assets	**37,174**	**(37,174)**	**36,097**	**(36,097)**

(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.

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

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

(b) Liquidity risk *continued*

Liquidity risk exposure

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

	2019 Within one year £'000	2019 More than one year £'000	2019 Total £'000
Creditors:			
Securities purchased awaiting settlement	1,840	–	1,840
Other creditors and accruals	135	–	135
Bank loan including interest	8	–	8
	1,983	**–**	**1,983**

	2018 Within one year £'000	2018 More than one year £'000	2018 Total £'000
Creditors:			
Securities purchased awaiting settlement	818	–	818
Other creditors and accruals	153	–	153
Bank loan including interest	43	7	50
	1,014	**7**	**1,021**

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.

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.

The aggregate value of securities on loan at 30th September 2019 amounted to £nil (2018: £9.9 million) and the maximum value of stock on loan during the year amounted to £nil (2018: £14.9 million). Collateral is obtained by the securities lending agent and is called in on a daily basis to a value of 102% (2018: 102%) of the value of the securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% (2018: 105%) if it is denominated in a different currency.

(d) Fair values of financial assets and financial liabilities

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

22. Capital management policies and procedures

The Company's capital structure comprises the following:

	2019 £'000	2018 £'000
Equity:		
Called up share capital	23,762	23,762
Reserves	353,564	340,544
Total capital	**377,326**	**364,306**

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.

22. Capital management policies and procedures *continued*

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

	2019 £'000	2018 £'000
Investments held at fair value through profit or loss	373,976	363,154
Net assets	377,326	364,306
Net cash	0.9%	0.3%

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

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

23. Subsequent events

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

Regulatory Disclosures

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

Leverage

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

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD, at 30th September 2019, which gives the following figures:

Leverage Exposure	Gross Method	Commitment Method
Maximum limit	200%	200%
Actual[1]	101%	101%

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

JPMorgan Funds Limited (the '**Management Company**') is the authorised manager of JPM Asian Income 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 (the **'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 two 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 of the Management Company ($'000s)	14,408	8,631	23,039	107

The aggregate 2018 total remuneration paid to AIFMD Identified Staff was USD $68,884,000, 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)

There were no open transactions at the year end date, 30th September 2019, 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 30th September 2019.

Shareholder Information

Notice is hereby given that the twenty-third Annual General Meeting of JPMorgan Asian Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 13th February 2020 at 12.00 noon for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th September 2019.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th September 2019.
4. To reappoint Mrs Bronwyn Curtis as a Director.
5 To reappoint Mrs Junghwa Aitken as a Director.
6. To reappoint Mr Dean Buckley as a Director.
7. To reappoint Mr Peter Moon as a Director.
8. To reappoint Sir Richard Stagg as a Director of the Company.

To consider the following resolution, special notice having been received of the intention to propose the resolution as an ordinary resolution:

9. THAT Mazars LLP be appointed as Auditor of the Company in place of the retiring Auditor, to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company and that their remuneration be fixed by the Directors.

Special Business

To consider the following resolutions:

Continuation resolution – Ordinary resolution

10. THAT the Company continue in existence as an investment trust for a period expiring at the conclusion of the Company's annual general meeting to be held in 2023.

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 and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £2,352,037, representing approximately 10% of the Company's issued Ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2021 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

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 Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 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 or sale, provided that this power shall be limited to the allotment of equity securities or the sale of Treasury shares for cash up to an aggregate nominal amount of £2,352,037 representing approximately 10% of the issued Ordinary share capital as at the date of this Notice of Annual General Meeting 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 or Treasury shares sold after such expiry and so that the Directors of the Company may allot equity securities or sell Treasury shares in pursuance of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special resolution

13. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of its issued Ordinary shares on such terms and in such manner as the Directors may from time to time determine, provided always that:
    (i) the maximum number of Ordinary shares hereby authorised to be purchased shall be 14,102,815, or if less, that number of Ordinary shares which is equal to 14.99% of the issued share capital as at the date of the passing of this Resolution;
    (ii) the minimum price which may be paid for an Ordinary share shall be 25 pence;
    (iii) the maximum price which may be paid for an Ordinary share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for an Ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days

immediately preceding the day on which the Ordinary share is purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

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

(v) the authority hereby conferred shall expire on 12th August 2021 unless the authority is renewed at the Company's Annual General Meeting in 2021 or at any other general meeting prior to such time; and

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

Approval of dividend policy – Ordinary Resolution

14. THAT the shareholders approve the Company's dividend policy to continue to pay four quarterly interim dividends during the year.

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

20th December 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 Chairman, another director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.
3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.
4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two working days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two working days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the meeting or adjourned meeting.

6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative(s) may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's annual report & financial statements (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous AGM; which the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting or if it would involve the disclosure of confidential information.
10. Under sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanies by a statement setting out the grounds for the request.
11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmasian.co.uk.
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of meeting to communicate with the Company for any purposes other than those expressly stated.
15. As an alternative to completing a hard copy Form of Proxy, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
16. As at 13th December 2019 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 94,081,493 Ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 94,081,493.

Electronic appointment – CREST members

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

Return to Shareholders (APM)

Total return to 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 30th September 2019	Year ended 30th September 2018	
Opening share price (p)	4	340.5	345.5	(a)
Closing share price (p)	4	361.0	340.5	(b)
Total dividend adjustment factor[1]		1.046133	1.044481	(c)
Adjusted closing share price (d = b x c)		377.7	355.6	(d)
Total return to shareholders (e = d / a – 1)		**10.9%**	**2.9%**	(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.

Net asset value per share (APM)

The value of Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please see note 16 on page 61 for detailed calculations.

Return on Net Assets (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 30th September 2019	Year ended 30th September 2018	
Opening NAV per share (p)	4	387.2	375.4	(a)
Closing NAV per share (p)	4	401.1	387.2	(b)
Total dividend adjustment factor[2]		1.041933	1.040299	(c)
Adjusted closing NAV per share (d = b x c)		417.9	402.8	(d)
Total return on net assets (e = d / a – 1)		**7.9%**	**7.3%**	(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 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.

Gearing/(Net Cash) (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	30th September 2019 £'000	30th September 2018 £'000	
Investments held at fair value through profit or loss	51	373,976	363,154	(a)
Net assets	51	377,326	364,306	(b)
Gearing/(net cash) (c = a / b – 1)		**(0.9)%**	**(0.3)%**	(c)

Ongoing Charges (APM)

The ongoing charges 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 calculation	Page	30th September 2019 £'000	30th September 2018 £'000	
Management Fee	56	1,922	1,972	
Other administrative expenses	56	753	820	
Total management fee and other administrative expenses		2,675	2,792	(a)
Average daily net assets		362,316	372,775	(b)
Ongoing Charges (c = a / b)		**0.74%**	**0.75%**	(c)

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.

American Depositary Receipts (ADRs)

Certificates that are traded on US stock exchanges representing a specific number of shares in a non-US company. ADRs are denominated and pay dividends in US dollars and may be treated like regular shares of stock.

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

1. Via a third party provider

Third party providers include:

AJ Bell	Hargreaves Lansdown
Barclays Smart Investor	Interactive Investor
Charles Stanley Direct	Selftrade
FundsNetwork	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.

2. Through a professional adviser

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

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

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

Information for J.P. Morgan investment account and stocks & shares ISA account holders

From 28th September 2019 J.P. Morgan Asset Management ceased offering investment accounts and stocks & shares ISA savings products. Investors are able to remain invested in J.P. Morgan managed investment trusts by transferring to another service provider. For full details of all the options available to investors, please refer to correspondence sent by J.P. Morgan on 8th April 2019 or contact your financial adviser.

The Board continues to encourage all of its shareholders to exercise their rights and notes that many specialist platforms, to include the default options offered by JPMorgan, provide shareholders with the ability to continue to receive Company documentation, to vote their shares and to attend general meetings, at no cost. Please refer to your investment platform for more details, or visit the AIC's website at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms for information on which platforms support these services and how to utilise them.

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

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

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

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

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

Report a Scam

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

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

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

FCA
FINANCIAL CONDUCT AUTHORITY

FINANCIAL CALENDAR

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

History

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

Directors

Bronwyn Curtis OBE (Chairman)
June Aitken
Dean Buckley
Peter Moon
Sir Richard Stagg

Company Numbers

Company registration number: 3374850

Ordinary Shares

London Stock Exchange Sedol number: 0132077
ISIN: GB0001320778
Bloomberg ticker: JAI LN
LEI: 5493006R74BNJSJKCB17

Market Information

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

Website

www.jpmasian.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf.

Manager and Company Secretary

JPMorgan Funds Limited.

Company's Registered Office

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

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

Depositary

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

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

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1357. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Independent Auditors

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

Brokers

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

Savings Product Administrators

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

aic
The Association of Investment Companies
A member of the AIC

CONTACT

60 Victoria Embankment
London
EC4Y 0JP
Tel +44 (0) 20 7742 4000
Website www.jpmasian.co.uk

J.P.Morgan
Asset Management