

JPMorgan China Growth & Income plc

Annual Report & Financial Statements for the year ended 30th September 2020



KEY FEATURES

Your Company

Objective

To provide long term capital growth by investment in 'Greater China' companies.

Investment Policies

- To invest in companies in 'Greater China' (China, Hong Kong and Taiwan) or which derive a substantial part of their revenues or profits from these territories. This includes companies which are listed or issue ADRs on other exchanges including the US.
- To use gearing up to a maximum level of 20% of shareholders' funds to increase potential returns to shareholders.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

The Company aims to set a target annual dividend, in the absence of unforeseen circumstances, equivalent to 4% of the Company's NAV on the last business day of the preceding financial year. This will be paid by way of four equal interim dividends. In order to pay this, any shortfall on the dividend income received from the underlying investments of the portfolio will be paid out of the capital growth of the portfolio.

Benchmark

MSCI China Index, with net dividends reinvested, in sterling terms.

Risk

Investors should note that there can be significant economic and political risks inherent in investing in emerging economies. As such, the Greater China markets can exhibit more volatility than developed markets and this should be taken into consideration when evaluating the suitability of the Company as a potential investment.

Capital Structure

At 30th September 2020, the Company's issued share capital comprised 77,914,965 Ordinary shares of 25p each, including 5,211,777 shares held in Treasury. As at 9th December 2020, being the latest practicable date prior to publication of this document, the Company held 3,921,777 Ordinary shares in Treasury (representing 5.3% of the total issued Ordinary share capital of the Company (excluding Treasury shares)).

Continuation Vote

In accordance with the Company's Articles of Association, the Directors are required to propose a resolution that the Company continues as an investment trust at the Annual General Meeting in 2023 and every fifth year thereafter.

Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager ('AIFM') and Company Secretary. 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 Ordinary shares are not considered to be 'complex instruments' 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.jpmchinagrowthandincome.co.uk, includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports.

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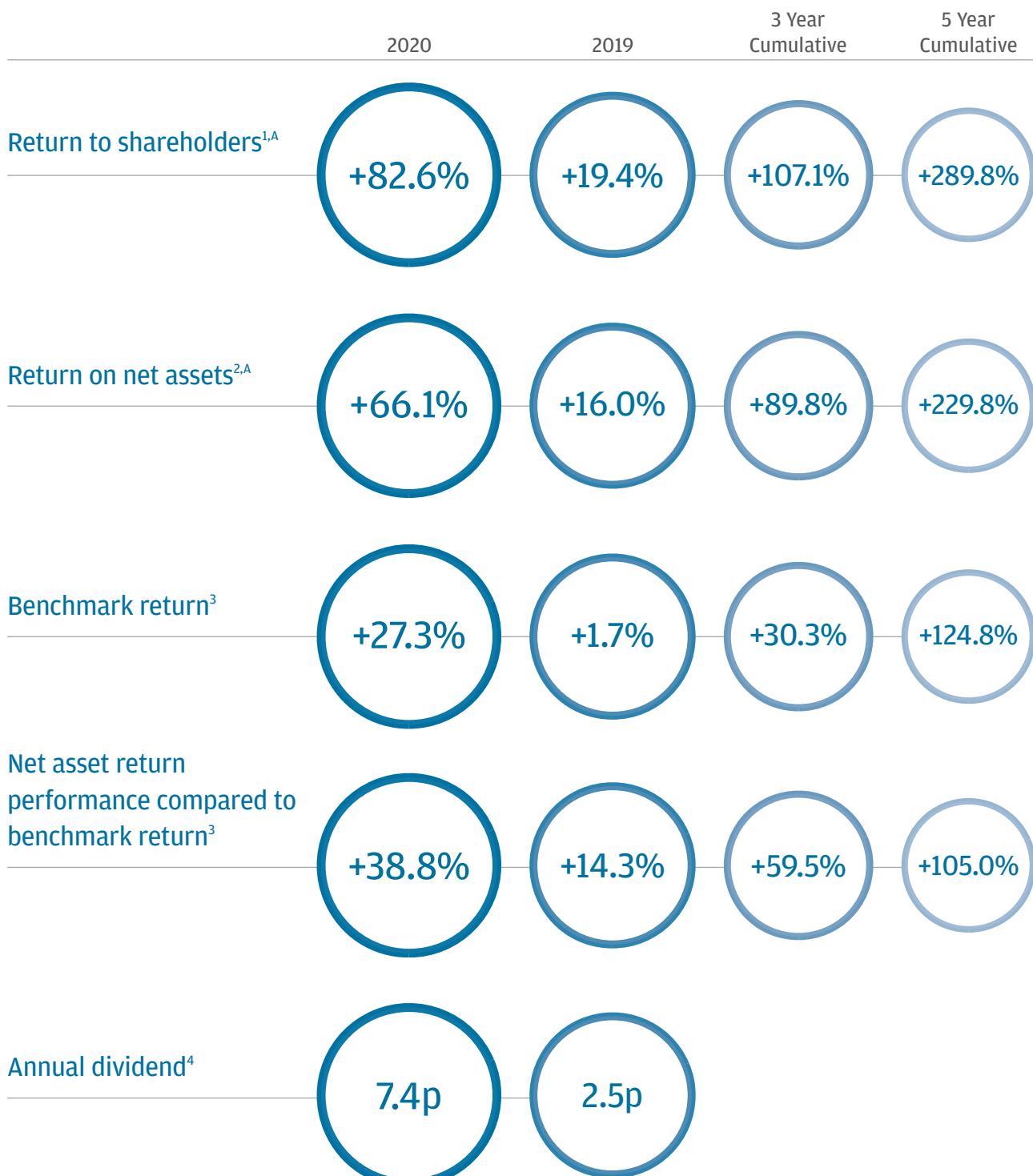
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Strategic Report

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

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 China Index with net dividends reinvested, in sterling terms. Prior to 26th January 2016, the benchmark was the MSCI Dragon Index.⁴ As of 1st April 2020, the Company adopted a new distribution policy. Further details can be found on page 6.^A Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 91 to 93.

FINANCIAL HIGHLIGHTS

SUMMARY OF RESULTS

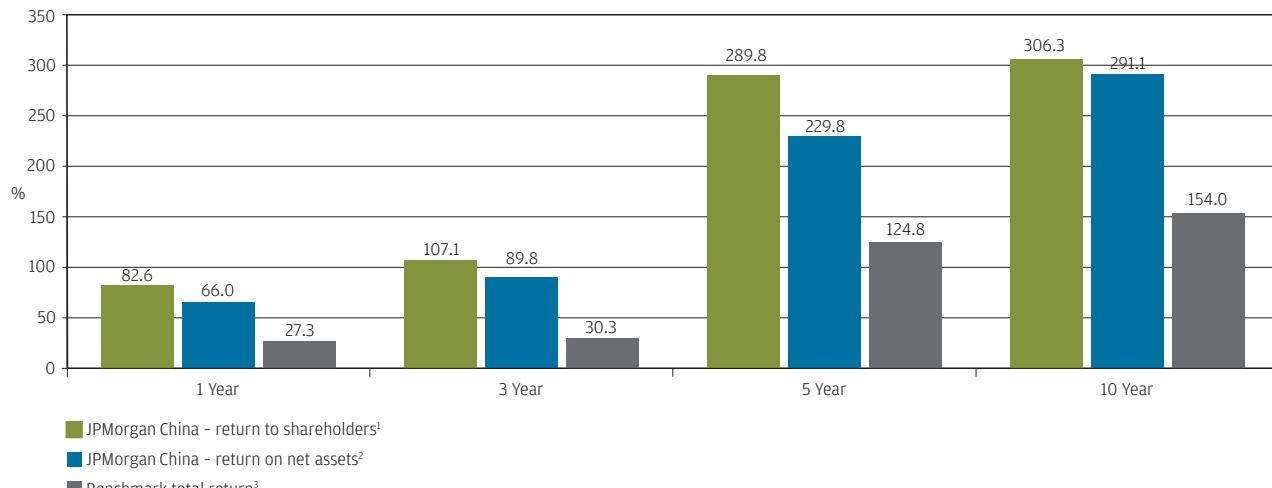
	2020	2019	% change
Net asset value, share price and discount at 30th September			
Shareholders' funds (£'000)	410,963	253,113	+62.4
Net asset value per share [^]	565.3p	348.1p	+62.4
Share price	552.0p	309.5p	+78.4
Share price discount to net asset value [^]	2.4%	11.1%	
Shares in issue (excluding shares held in Treasury)	72,703,188	72,703,188	
Revenue for the year ended 30th September			
Gross revenue attributable to shareholders (£'000)	3,621	3,305	+9.6
Net revenue attributable to shareholders (£'000)	2,146	1,788	+20.0
Revenue return per share	2.95p	2.46p	+19.9
Total return/(loss) per share	227.01p	47.72p	+375.7
Dividend per share ¹	7.4p	2.5p	
Gearing at 30th September [^]	10.6%	9.8%	
Ongoing charges [^]	1.00%	1.26%	

¹ As of 1st April 2020, the Company adopted a new distribution policy. Further details can be found on page 6.

[^] Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 91 to 93.

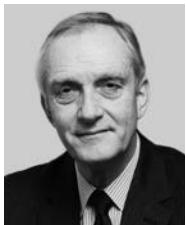
LONG TERM PERFORMANCE FOR YEARS ENDED 30TH SEPTEMBER 2020



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 China Index with net dividends reinvested, in sterling terms. Prior to 26th January 2016, the benchmark was the MSCI Dragon Index.



John Misselbrook
Chairman

I am pleased to be able to present the Annual Report of JPMorgan China Growth and Income plc ('the Company') for the year ended 30th September 2020.

It has been an extraordinary year for your Company which, as an investor in China, has been at the heart of much of the turmoil and volatility in the financial markets caused by the continuing trade dispute between China and the US and the global COVID-19 health pandemic.

Despite this, the Company achieved exceptional returns for the year to 30th September with a 66.1% total return on net assets with dividends reinvested and an 82.6% return to shareholders. This compares to the return of 27.3% for our benchmark index, MSCI China.

Through the first quarter of our financial year the volatility in markets was dominated by the China/US trade dispute and hardly had a stage one agreement been reached than we were into the COVID-19 pandemic crisis in China. China's approach to controlling the spread of the virus has been quite different to the approach in the US and Europe such that by the third quarter of 2020 the spread of the virus in China was substantially under control, internal travel has recommenced, and economic growth has picked up. All these positive factors have been reflected in China's financial markets.

Investment Approach and Performance

As a long-term investor we have stayed consistent to our investment approach of seeking capital growth from bottom up stock selection and top down sector allocation. The disciplines in the investment process combined with our conviction about the structural growth opportunities in healthcare, technology and automation and consumption have driven the significant outperformance of the portfolio. Underpinning the investment management process is the breadth and depth of the team of investment analysts who, although unable to visit companies in China, have maintained close contact with the companies and their management teams. Details of how their exceptional performance has been achieved are given in the Investment Managers' Report.

Environment, Social and Governance ('ESG') engagement

Last year we described how ESG considerations were being integrated into the investment philosophy of the Manager and this has been further developed during the year. Sustainable investing has always been at the centre of the team's investment philosophy and ESG considerations are core to how the team selects stocks in emerging markets companies. In more recent years, the integration of ESG considerations have become formalised in the investment process. There is an ever increasing focus on ESG and sustainable investing and this Annual Report includes a separate report which provides much more comprehensive information on these issues and how they have been developed and integrated into the Manager's investment process.

Corporate Governance

The AIC Code of Corporate Governance for investment companies was revised and reissued in 2019, following on from the revision of the FRC UK Corporate Governance Code in 2018. As a result, this Annual Report reflects the new disclosure requirements including new statements on the Company's purpose, strategy and values. There is also a statement on how the Directors have carried out their duty to promote the success of the Company, in accordance with the Companies Act.

Revenue and Dividends

Revenue for the year, after taxation, was £2,146,000 (2019: £1,788,000). The revenue return per share calculated on the average number of shares in issue was 2.95 pence (2019: 2.46 pence).

CHAIRMAN'S STATEMENT

From 1st April 2019 we agreed a reduced investment management fee paid to the manager of 0.9% of net assets and the effect of this reduced fee combined with the growth in net assets over the year has resulted in the ongoing charges for the financial year falling by 20% to 1.00% (2019: 1.26%)

At the Annual General Meeting ('AGM') in February 2020, shareholders approved an amendment to the Company's Articles of Association to allow the Company to distribute capital as income to enable the implementation of the Company's revised dividend policy. This new policy aims to pay, in the absence of unforeseen circumstances, a target annual dividend of 4% of the Company's NAV on the last business day of the preceding financial year. This will be paid by way of four equal interim dividends on the first business day in March, June, September, and December. Any shortfall on the dividend income received from the underlying investments of the portfolio will be paid out of the capital growth of the portfolio. Our first quarterly dividend payment of 3.7p per share was made to members on the share register on 1st March 2020 and, following the rebasing of the NAV at 30th September 2020, our first quarterly dividend payment of 2021 of 5.7p per share has been paid to members on the share register on 30th October 2020.

The Company's name was also changed to reflect the change to the dividend policy.

Gearing

In April 2020, the Company extended its £40 million (with an option to increase to £50 million) loan facility with Scotiabank for three months and then renewed the facility with Scotiabank for a further 364 day period, increasing the amount of the facility to £50 million (with an option to increase to £60 million). The current facility matures on 15th July 2021 at which point the Board will consider another gearing facility.

During the year the Company's gearing ranged from 9% to 15% (based on month end data) and, at the time of writing, was 10.9%. At the time of the arrangement, the facility allowed the Investment Managers the flexibility to manage the gearing facility within a range set by the Board of 10% net cash to 20% geared.

Share Issues and Repurchases

The Directors have authority to issue new Ordinary shares for cash and to repurchase shares in the market for cancellation or to hold in Treasury. The Company will reissue shares held in Treasury only at a premium to NAV. The Board believes that its policy of share repurchase has helped to reduce the discount volatility and the policy for share issuance will enable us to do the same for a premium. We are therefore seeking approval from shareholders to renew the share issuance and repurchase authorities at the AGM.

During the year, the Company did not issue any new Ordinary shares or repurchase shares into Treasury.

Since the year end, however, your Company's share price has continued to strengthen and moved from a discount to a premium to NAV in early November. We have taken the opportunity with this strength in the share price to issue shares from Treasury and as at the date of this report we have reissued 1,290,000 shares. The issue proceeds are available for investment.

Board of Directors

In July 2020, the Board, through its Nomination Committee, carried out a comprehensive evaluation of the Board, its Committees, the individual Directors and the Chairman. Topics evaluated included the size and composition of the Board, Board information and processes, shareholder engagement and training and accountability. The evaluation confirmed the efficacy of the Board.

In terms of succession planning, the Nomination Committee agreed that it was satisfied with this existing Board, which had four directors with broad experience and a wide and diverse skill set. In addition all Directors have been on the board for less than nine years.

In accordance with the UK Corporate Governance Code, David Graham, Oscar Wong, Alexandra Mackesy and myself will retire at the forthcoming AGM and, being eligible, will offer ourselves for reappointment by shareholders.

In order to aid succession planning and possibly increasing the size of the Board, a resolution will be put to shareholders at the forthcoming AGM to increase the maximum aggregate Directors' fees payable in any one year to £250,000.

Review of services provided by the Manager

During the year the Board, through its Management Engagement Committee, carried out a thorough review of the investment management, secretarial and marketing services provided to the Company by the Manager, as well as the Depositary and Registration services provided to the Company by the outsourced service providers. Following this review, the Board has concluded that the continued appointment of the Manager and the outsourced service providers on the terms agreed is in the interests of the shareholders as a whole.

Operations of the Company's Key Service Providers under COVID-19

Since the on-set of the global pandemic and throughout, your Board is pleased to report that the Manager and the Company's other service providers have been able to adjust their business models to accommodate working from home requirements. The Board has been closely monitoring all service arrangements and has received assurances that the Company's operations, including the management of the portfolio, have continued as normal with no reduction in the level of service provided nor any issues being identified.

Our ability as a board to meet with the investment managers and analysts in Hong Kong, Taiwan and Shanghai and to visit some of the portfolio companies has also been curtailed by the pandemic. However, we have been able to hold virtual meetings with the investment team and the local control functions through the year.

Annual General Meeting

The Company will be holding its AGM at 60 Victoria Embankment, London EC4Y 0JP on 1st February 2021 at 11.30 a.m. Please note that in view of the current restrictions regarding the COVID-19 pandemic and the continuing imposition of social distancing measures and prohibitions on large public gatherings by the UK Government, the Board has reluctantly decided to proceed with the Company's forthcoming AGM by limiting attendance in person to only Directors or their proxies and representatives from JPMorgan. With a quorum in place the formal business will be able to proceed. **Shareholders will not be allowed to attend the AGM and entry will be refused in line with the prevailing protocol.** In light of the changed format, the Board strongly encourages all shareholders to exercise their votes in respect of the meeting in advance, by completing and returning their proxy forms. Sadly, this means there will be no investor presentation by the investment team which I know has been well received by members attending the meeting in previous years. Instead, a presentation from the Investment Managers, which would have been delivered at the AGM, will be available for shareholders to view on the Company's website approximately one week in advance of the AGM.

In addition, shareholders are encouraged to raise any questions in advance of the AGM via the 'Ask the Question' link found under the 'Contact Us' section on the Company's website www.jpmchinagrowthandincome.co.uk or by email at invtrusts.cosec@jpmorgan.com Any questions received will be replied to via the Company Secretary.

In the event that the situation changes the Company will update shareholders through an announcement to the London Stock Exchange and on the Company's website.

Outlook

The renewed interest to invest in China, when combined with our investment performance and the differentiation that our new dividend policy brings, has benefited our share price both during the year and since. These have driven the share price from a significant discount of 11.1% at the start of the year to a premium today. While the significant movement from discount to premium may prove a one-off event, it does give us the opportunity to grow the Company and the growth in the NAV provides us with the balance sheet strength to support our new dividend policy.

The performance of the Company's net asset value in 2020 has been exceptional in such a challenging year for the Chinese and global economies. The conviction the investment team has in the structural growth story in China, and the discipline to remain focused on it, has been key to the growth this year. The structural growth story remains a long term trend and we believe that the resources of the investment team will enable them to continue to find interesting investment opportunities and to outperform the market and competitor funds.

John Misselbrook

Chairman

9th December 2020



Howard Wang
Investment Manager

Setting the scene: overcoming challenges

The macro backdrop for the Company's financial year to 30th September 2020 was one of disruption and extreme uncertainty. In addition to ongoing, seesaw US-China trade negotiations and a volatile oil price and supply shock, the outbreak of the COVID-19 pandemic and its subsequent economic impact put everything else in the shade, dominating global headlines ever since the news first broke in early 2020.

At the beginning of the Company's financial year, in October 2019, nobody had heard of the coronavirus and investor sentiment was buoyant, despite a sluggish global economy and the ongoing saga of protracted trade wrangles. In fact, both onshore and offshore China equities were in robust form. However, the arrival of COVID-19 in early 2020 changed everything, a human tragedy that triggered a sudden economic shock, exacerbated by lockdowns and containment measures taken by the Chinese government, as well as various travel restrictions imposed by other countries.

The pandemic shook the global economy, and China was the first territory to be hit, with sentiment nosediving as industry shut down and commercial activity almost ground to a halt in the first quarter of 2020. China's Gross Domestic Product (GDP) shrank by 6.8% over this three-month period, the first quarterly fall in more than four decades. However, the Chinese economy displayed resilience and was one of the first markets to bounce back, with GDP rising by 3.2% in the subsequent April to June quarter and then by a further 4.9% from July to September. As a result, most of the ground lost at the start of the year was soon recovered. The Chinese government's strong, decisive and seemingly successful COVID containment measures - coupled with its proactive economic policies - played a part in this speedy turnaround. Global demand for Chinese-manufactured medical equipment and increasing digitalisation of Chinese businesses, many of which thrived under the 'working from home' regime, also helped drive this impressively quick economic recovery.

By the end of the Company's reporting period, China found itself in much better shape. Chinese equities had bounced back, as investors shrugged off concerns over the global resurgence in COVID-19 cases and the failure to resolve the protracted trade dispute between the world's two economic powerhouses. The increasingly positive mood was driven by evidence of economic recovery, better-than-expected interim corporate earnings and a weakening US dollar. The International Monetary Fund predicted that China would be the only major global economy to deliver economic growth in 2020. Compared with many other economies where the infection curve has yet to flatten, or where a 'second wave' of infections has begun to unfold, China's lockdown and containment strategy seems to be a textbook example of how best to handle a pandemic, certainly in terms of its outcome so far.

Against this unique backdrop, the Company's long-held focus on higher quality businesses in sectors where we see structural growth opportunities, namely technology and automation, healthcare, and consumption, delivered significant outperformance. Over the year to 30th September 2020, the Company's return on net assets was an emphatic +66.1%, significantly outperforming its benchmark, the MSCI China Index, which rose by +27.3% (on a total return, net basis, in sterling terms). The value of the Company's shares (including dividends) rose by +82.6% over the period.

The Company can use borrowing to gear the portfolio within the range of 10% net cash to 20% geared in normal market conditions. Gearing averaged 10% over the review period and contributed positively to returns.

Spotlight on stocks and sectors

Although the period under review was dominated by human and economic challenges, the second half of the financial year saw increasing market optimism. This was supported by Chinese companies' 2020 first half results, which were broadly better than expected, particularly for those resilient businesses that were beneficiaries of COVID-19, such as consumer-facing companies and several leading domestic names. Many delivered material market share gains. Pleasingly, the Company's impressive performance over the year



Rebecca Jiang
Investment Manager



Shumin Huang
Head of Research

was driven not by a handful of stand-out stocks but by stock selection across *all* sectors. In this section, we highlight some of the stock and sector stories that most impacted portfolio performance.

Our stock selection in **Information Technology** and **Healthcare** contributed the most, with both sectors benefitting from structural trends that accelerated as a result of COVID-19.

Within **Healthcare**, a broad number of holdings made significant contributions. These included **Wuxi Biologics** and **Venus Medtech**, as well as one of our more recent portfolio acquisitions, **Chongqing Zhifei**, which researches and produces vaccines. All three companies delivered solid results and positive industry growth, especially in areas like research & development services, medical devices, and vaccine development.

In **Information Technology**, industry-leading enterprise management software company **Kingdee** and **Glodon** (China's largest construction management software vendor) both did well, thanks to the rapid digital transformation of the Chinese market and, specifically, positive development in cloud transformation across corporate China. **Kingdee**'s performance was further boosted by the stock's inclusion in the Hang Seng Technology Index. On the hardware side, electronic component manufacturer **Luxshare Precision** continued its strong run, boosted by its recent acquisition of a Chinese iPhone production factory and strong Apple sales, while **LONGi Green Energy** rose on strong solar energy installations and accelerated capacity expansion.

Our stock picks in the **Consumer Discretionary** and **Consumer Staples** sectors also contributed positively, as consumption gradually recovered from short-term COVID-related disruption. E-commerce platform **Pinduoduo** and the world's third largest small household appliances manufacturer **JS Global** were among the top contributors, with solid results. **Pinduoduo** continued to gain market share in the e-commerce space with strong active buyer growth whilst improving its monetisation capabilities. Meanwhile, **JS Global** (which counts Shark vacuum cleaners amongst its brands) did well on strong overseas revenue growth.

Despite the pressure on banks across the world, stock selection in **Financials** was another key source of strength. Our overweight position in **Ping An Bank** as well as not owning state-owned banks like **China Construction Bank**, and **Industrial and Commercial Bank of China (ICBC)** helped performance. The latter entities underperformed on concerns about their state obligations and governmental control over their earnings growth. We are content to remain on the side lines in relation to these large, index-heavy, state-owned entities as we feel further challenges may await them and believe that they could continue to underperform privately owned equivalents.

Although the portfolio's performance was outstanding over the year, our underweight positions in some of the market's leading outperformers detracted. For example, e-commerce platform **Alibaba** may be our largest holding, but we are underweight relative to our benchmark so its share price rally had a negative impact on relative returns. Not owning online retailer **JD.com** and internet company **Xiaomi** also hurt performance as both names rallied along with the broader sector. Meanwhile, two stocks that we do own - Huawei product vendor **Sunny Optical** and **Montage Technology** - underperformed due to recent escalations in Huawei-related tensions, including the prospect of tightening US restrictions. Property developers, **China Overseas Land & Investment** and **Country Garden**, also underperformed due to tighter regulation on industry leverage which caps leading players' future growth potential.

Looking ahead

The Chinese government is continuing to promote coordinated pro-growth policies, while deepening reform measures in order to deal with the cyclical (domestic) headwinds and structural (external) challenges. The magnitude of such supportive policies will be dependent on how the world ultimately deals with the

pandemic and the eventual outcome of the ongoing China-U.S. trade negotiations. The latter seemed to have been superseded in importance by the clearest indications yet that the US is seeking to limit China's access to the latest cutting edge technologies, so as to slow the country's ability to catch, or even surpass, US dominance.

China's importance in the world continues to grow and its economy is likely to continue growing faster than its global peers. The economic transformation and evolving role of the country as a global economic superpower is well underway with recent challenges unlikely to derail progress in any material manner. Moreover, given the recent fiscal and monetary measures (such as VAT reductions, waiving toll fees, liquidity injections and interest rate cuts) we believe that the market outlook remains broadly positive.

Our bottom-up stock selection continues to focus on companies benefitting from the transition of China to a consumer-driven economy, particularly reflecting the structural growth opportunities in the Consumer, Technology and Healthcare sectors. Our desire to invest in 'New China' (and the broad shape of the portfolio) is unaffected by short-term political and economic worries. We have taken advantage of the pullback in recent months, to add to high quality names whose valuations have become more attractive.

Our key holdings remain largely unchanged. In the **consumer** sector our preferred exposures include e-commerce companies **Alibaba**, **Tencent**, **Meituan Dianping** and **Pinduoduo**, along with A-share listed **Foshan Haitian**, one of the largest soy sauce manufacturers in the country. In **Healthcare**, notable positions include **Wuxi Biologics**, oncology company **Jiangsu Hengrui Medicine**, **Venus Medtech** and leading global provider of medical devices and solutions, **Shenzhen Mindray**. Meanwhile in the **Technology** sector, we have software orientated **Kingdee** and **Glodon**, as well as integrated circuit (IC) design company **Montage Technology** as our preferred names.

Given the strong performance of growth companies and onshore Chinese equities, we have remained disciplined and rotated away from some strong performers into stocks offering more attractive valuation opportunities.

In **Technology**, we increased our exposure to the enterprise software, data centre and cloud-related sectors. **Kingsoft** and **Montage** were the key additions, and we exited **iFlytek** and **Beijing Shiji** due to the uncertain outlook arising from ongoing US-China tensions.

Within **Consumer**, we initiated new positions in electric vehicle (EV)-related businesses, namely **Xpeng**, **Yunnan Energy New Material** and China's leading battery maker **Contemporary Amperex Technology (CATL)**, as we are increasingly positive on the outlook for the industry on the back of increasing consumer demand and Chinese companies' growing global competitiveness in this space. EV manufacturer **Xpeng** is a domestic start-up that has been identified as a potential competitor for Tesla, whilst **Yunnan** and **CATL** are clear local leaders in their respective supply chain verticals, and both are gaining global market share.

In **Food and Beverages**, we initiated positions in restaurant chains **Haidilao** and **Jiumaojiu**, and frozen food brand **Fujian Anjoy Foods**, with an expectation that they should benefit from further industry consolidation and consumption upgrade trends.

Healthcare has understandably been a sector in the spotlight this year and here we increased our exposure to medical devices, diagnostics, and vaccines. We initiated positions in **Shenzhen Mindray**, **Amoy Diagnostics**, **Guangzhou Kingmed**, and **Hualan Biological Engineering**. We believe the COVID-19 pandemic will accelerate some of the existing structural trends within the sector, such as increasing penetration of medical diagnostic services and vaccination, which should benefit these names in the long term.

Finally, in **Financials**, we invested in **Hong Kong Exchange and Clearing**, which benefits from the increasing linkage between the onshore and offshore capital markets in China and we believe is one of the best stock exchanges across Emerging Markets.

PERFORMANCE ATTRIBUTION

YEAR ENDED 30TH SEPTEMBER 2020

	%	%
Contributions to total returns		
Benchmark return		27.3
Sector and stock selection	35.3	
Currency effect	0.8	
Gearing/Net cash	4.3	
Investment Manager contribution		40.4
Dividends/Residual	-0.6	
Portfolio return		67.1
Management fee/other expenses	-1.0	
Return on net assets^A		66.1
Impact of change in premium/discount		16.5
Return to shareholders^A		82.6

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.

^A Alternative performance measure ('APM').

A glossary of terms APMs is provided on pages 91 to 93.

ESG engagement over the year

Our investment philosophy centres on identifying quality companies with sustainable growth potential. We believe strongly that Environmental, Social and Governance (ESG) considerations (particularly Governance) should 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. We are confident that integration of these factors is critical to successful investing across our markets.

Outside of our materiality work, another typical engagement is to follow up with companies where third-party research has identified potentially concerning issues. As much as we do detailed work on every business entity we cover, we recognise the possibility that specialist sustainability houses and Non-Governmental Organisations (NGOs) may spot an issue that we have missed. During the review period, a research report by the Australian Strategic Policy Institute was brought to our attention in which a company in our universe, **BOE Technologies**, was alleged to use forced labour in its supply chain. Our analyst engaged with the company who responded by sharing an audit report that the company had commissioned from the independent Responsible Business Alliance which gave their supply chain a clean bill of health. We have not taken specific action following this interaction, but it is an area where we will look to deepen our knowledge over time.

With regards to proxy voting, recently we voted in favour of the election of Maggie Wu, the Chief Financial Officer of **Alibaba**, to its board of directors. This went against the recommendation of ISS who argued that shareholders should vote against her election on the basis that it would further tip the balance of the board against independent directors. There were three reasons we chose to vote in favour. Firstly we have long

argued the Alibaba board lacks female representation, with only 1 female board member historically, and so voting against adding a woman to the board felt counterproductive. Secondly our analyst, Penny Tu, has a positive view on how Maggie Wu has performed during her tenure as CFO, especially the greater discipline she has brought to capital allocation in the business. Finally, we spoke to the company and communicated our desire to see more independent directors added to the board over time. Although we voted in favour of management's suggested candidate on this occasion, we would hope to see more progress over time.

Alongside this direct engagement, we endeavour to vote at all of the meetings called by companies in which your portfolio invests. A summary of key voting statistics and activity undertaken in respect of stocks in the Company's portfolio for the 12 months to 30th September 2020 is detailed below. On behalf of the Company, J.P.Morgan voted at all of the annual general meetings and extraordinary meetings held during the year by its portfolio companies.

JPMorgan China Growth & Income plc: Voting at shareholder meetings over the year to 30th September 2020

	For	Against	Abstain	Against/ Abstain		
				Total	Total Items	% Against
Routine Business	354	3	0	3	357	0.84
Director Related	360	28	0	28	388	7.22
Capitalisation	194	45	0	45	239	18.82
Reorganisation and Mergers	132	14	0	14	146	9.59
Non-salary compensation	35	28	0	28	63	12.70
SH-Routine/Business	32	0	0	0	32	0.00
SH-Directors Related	20	0	0	0	20	0.00
SH-Corporate Governance	1	0	0	0	1	0.00
TOTAL	1,128	118	0	118	1,246	49.17

Outlook – moderately slowing but higher quality growth likely

Globally, the continued spread of COVID-19 means that the outlook is likely to remain challenging for the immediate future. Yet we take some comfort from the Chinese government's strong containment measures and proactive economic policies which have clearly defined the country's bounce-back from the coronavirus shock: corporate revenues, supply chains and investment markets have all recovered decisively.

Looking ahead, we expect the Chinese government's countercyclical policies to continue to be measured and appropriate, both in terms of size and scope, targeting the real economy without significantly increasing leverage risks for the financial system. This points to moderately slowing but likely higher-quality macroeconomic growth. Valuation wise, our internal data suggests that we are around long-term average levels. We acknowledge that volatility and external shocks (such as trade and politics) may hinder a broader-based cyclical recovery in the short-term but we are reassured that interest in the domestic market from foreign investors has remained strong, on the back of the opening up of the onshore equity markets. Given this macro backdrop, we remain broadly optimistic on the outlook for China equities.

Our strong research capabilities and our presence 'on the ground' in mainland China is a significant advantage for us, as we look to identify innovative, promising businesses that have potential to become global champions and benefit from the growth in the domestic Chinese market. We adopt a patient, long-term approach to investing as we believe this offers the Company's shareholders the best likelihood of benefitting from China's economic transformation and China's evolving role as a global economic powerhouse. There will always be short-term uncertainties that threaten to derail performance but the long term case for China remains robust: its economy has continued to grow in this most demanding of years, a unique position amongst global developed and emerging market peers.

Above all, and despite the fluid global situation, we still believe that investing in Chinese equities can deliver positive and sustained returns over the long term.

Howard Wang
Rebecca Jiang
Shumin Huang
Investment Managers

9th December 2020

ESG and J.P.Morgan Investment Trusts

Introduction

ESG is an acronym which stands for Environmental, Social and Governance. It has become a convenient label for describing the broad field of sustainability in the corporate sector and is widely used when assessing the environmental impact of businesses, when considering how companies acquit themselves in respect of their broad social responsibilities and when reviewing the practices and standards used in governing corporate organisations.

Awareness of these issues has increased significantly in recent years among investment practitioners and their clients, and indeed in society at large, and our practices at J.P.Morgan Asset Management have been at the forefront of these developments. In these pages we explain how our approach has developed and how it is applied for the benefit of shareholders across the J.P.Morgan range of investment trusts.

The basics: what is ESG?

E is for Environmental. This component considers a company's impact on the world we live in, relating to the quality and functioning of the natural environment and natural systems.

S is for Social. Social factors address the way that companies act within society; this includes the way that employee interests are managed, and the broader impact a company has on society.

G is for Governance. This component relates to how companies are managed. It considers the measures that protect shareholder interests as well as the way any company meets regulatory and other external obligations.

The table below provides illustrative examples of ESG issues in each of the **E**, **S** and **G** categories:

Environmental	Social	Governance
Carbon pollution and emissions	Human rights	Board structure: effectiveness, diversity, independence
Environmental regulations (and adherence)	Diversity	Executive pay and criteria
Climate change policies	Health and safety	Shareholder rights
Sustainable sourcing of materials	Product safety	Financial reporting and accounting standards
Recycling	Employee management	How a business is run
Renewable energy use	Employee well-being	
Water and waste management	Commitment to communities	

What is our approach at J.P.Morgan Asset Management?

We have worked hard over a number of years to demonstrate effective ESG integration in investment processes, not just in the equity funds we manage, but across all asset classes including Fixed Income, Real Assets, Alternatives and Multi-Asset Solutions, with approaches which have been vetted for effectiveness by a central Sustainability Investing Leadership team. At the time of writing, we can show 100% ESG integration across our actively managed products.

For our equity product range, this integration does not simply involve paying external vendors for ESG information; it rests heavily on our own proprietary research and on the team of 100+ analysts who cover stocks around the world, from the USA to Japan. Our research teams complete a standard checklist of 40 questions on every company they follow, 12 on environmental issues, 12 on social factors and 16 relating to governance. Investors also work with a central Stewardship team which sets priorities for corporate engagement both in terms of issues and in terms of significant individual investments held in portfolios.

Why do we integrate ESG into our investment processes?

First, **consideration of sustainability is intrinsic to a long term approach to investment**. When we invest our clients' assets for them, we have to make judgements about future risks and rewards of any investment. Those risks and rewards have always included the factors shown in the table above, and indeed all ESG factors, because all of them have the potential to affect the future value of a security. A business that produces huge amounts of carbon emissions or plastic waste, for example, is likely to find itself the subject of scrutiny from regulators and consumers and failure to anticipate this and to change will likely bring a loss of value for shareholders in the long run. The same is true of businesses that neglect their social responsibilities, or fail in matters of governance. In all these instances, investors will eventually assign a higher discount rate to future cash flows, with consequences for the prices of that company's securities.

As public and official attention has grown in the field of ESG, however, the consequences for investment returns have become increasingly important in the overall investment judgement. Thirty years ago, as long as a company met existing regulations, its environmental impact would probably have been taken for granted by many. Now, the significance of these issues seems critical in any assessment of an industry, and the capital markets have discriminated starkly between companies which are offering compelling narratives of transition to a low-carbon approach, and those which have yet to do so. So ESG has simply become a bigger and more important part of any investment judgement and our research processes have needed to evolve accordingly.

Second, **our clients require that we consider sustainability factors**. Both clients and regulators are paying far more attention to this field, and we as investors must meet their requirements for incorporating ESG in our investment processes, and be able to show how we do this. Demonstrating how ESG is addressed is now a basic requirements for any serious asset manager. As our clients' interest and requirements in the field of ESG have grown, so we have enhanced our capability.

Finally, **the asset management industry itself has responsibilities and obligations**, not only to our clients, but to society in a broader sense. We have a duty not just to produce good investment outcomes for our clients, but to be a responsible corporate citizen. This cannot be credibly done if the core practice of our industry, investment management, is not included in the effort. We must consider the broader consequences of the investment choices that we make for our clients. Given the evolution of public policy, client scrutiny, public attitudes, and trends in the corporate world, it is clear that consideration of ESG has become a key component of the way the industry approaches its fiduciary responsibilities.

Engagement

We seek to act as a responsible and engaged shareholder of businesses on behalf of our clients. We engage with all companies owned in your Company's portfolio on a regular basis, often several times in the course of a year. We do this not just to further our understanding of businesses, but to convey to management any concerns, suggestions or opinions that we have. Ongoing, meaningful dialogue with the management of companies owned by your Company is fundamental to our investment process.

The future

We know that our clients, including the Directors of your Company, see attention to ESG factors as critical in their assessment of us as investment manager. We expect ESG to remain a dominant theme within the financial services industry going forward; the course being taken by regulators suggests that its importance will only increase in years to come; our research process and the investment judgements we make will continue to reflect that and to evolve as necessary. In investing your Company's assets we have always looked for companies with the ability to create value in a sustainable way and that will not change.

J. P. Morgan Asset Management

LIST OF INVESTMENTS

AT 30TH SEPTEMBER

Company	Country of Listing/ Classification*	Sector	2020 Valuation £'000		2019 Valuation £'000	
			% [†]	% [†]	% [†]	% [†]
Alibaba ⁶	China US listed	Consumer Discretionary	44,585	9.8	26,619	9.6
Alibaba ³	China HK listed	Consumer Discretionary	1,809	0.4	—	—
			46,394	10.2	26,619	9.6
Tencent	China HK listed	Communication Services	41,092	9.0	25,087	9.0
Meituan Dianping ²	China HK listed	Consumer Discretionary	18,559	4.1	3,659	1.3
Wuxi Biologics Cayman	China HK listed	Health Care	17,055	3.8	8,037	2.9
Ping An Insurance	China HK listed	Financials	12,585	2.8	15,782	5.7
Kingdee International Software ²	China HK listed	Information Technology	12,420	2.7	5,216	1.9
NetEase ⁶	China US listed	Communication Services	10,957	2.4	6,172	2.2
Pinduoduo ⁶	China US listed	Consumer Discretionary	9,840	2.2	7,199	2.6
Yunnan Energy New Material ³	China A Shares	Materials	9,287	2.0	—	—
Ping An Bank ²	China A Shares	Financials	8,573	1.9	4,778	1.7
Ten Largest Investments⁴			184,953	40.7		
Jiangsu Hengrui Medicine	China A Shares	Health Care	8,486	1.9	6,151	2.2
Country Garden Services	China HK listed	Industrials	8,423	1.9	4,867	1.8
Venus MedTech Hangzhou ³	China HK listed	Health Care	8,029	1.8	—	—
Contemporary Amperex Technology ³	China A Shares	Industrials	7,770	1.7	—	—
Shenzhen Mindray Bio-Medical Electronics ³	China A Shares	Health Care	7,710	1.7	—	—
TAL Education ^{3,6}	China US listed	Consumer Discretionary	7,694	1.7	—	—
iQIYI ⁶	China US listed	Communication Services	7,234	1.6	3,806	1.4
Foshan Haitian Flavouring & Food	China A Shares	Consumer Staples	7,046	1.6	2,623	0.9
Glodon ³	China A Shares	Information Technology	6,770	1.5	—	—
Hong Kong Exchanges & Clearing ³	Hong Kong	Financials	6,702	1.5	—	—
Wuliangye Yibin	China A Shares	Consumer Staples	6,604	1.5	2,550	0.9
Montage Technology (UBS) ^{3,5}	China A Shares	Information Technology	6,591	1.5	—	—
Sunny Optical Technology	China HK listed	Information Technology	6,271	1.4	6,496	2.3
LONGi Green Energy Technology	China A Shares	Information Technology	6,113	1.3	1,920	0.7
Kingsoft ³	China HK listed	Information Technology	6,079	1.3	—	—
Kweichow Moutai	China A Shares	Consumer Staples	6,060	1.3	5,880	2.1
JS Global Lifestyle ³	Hong Kong	Consumer Discretionary	5,952	1.3	—	—
China Merchants Bank	China HK listed	Financials	5,742	1.3	5,177	1.9
ENN Energy	China HK listed	Utilities	5,547	1.2	5,749	2.1
BOE Technology	China A Shares	Information Technology	5,535	1.2	1,541	0.6
Hangzhou Tigemed Consulting	China A Shares	Health Care	5,402	1.2	4,554	1.6
Guangzhou Kingmed Diagnostics ³	China A Shares	Health Care	5,335	1.2	—	—

PORTFOLIO INFORMATION

LIST OF INVESTMENTS CONTINUED

Company	Country of Listing/ Classification*	Sector	2020 Valuation		2019 Valuation	
			£'000	% ¹	£'000	% ¹
Shanghai Baosight (UBS) ⁵	China A Shares	Information Technology	5,229	1.2	2,588	0.9
Shenzhou International	China HK listed	Consumer Discretionary	5,192	1.1	4,855	1.7
Aier Eye Hospital	China A Shares	Health Care	4,939	1.1	3,558	1.3
Luxshare Precision Industry	China A Shares	Information Technology	4,858	1.1	2,956	1.1
Jiumaojiu International ³	Hong Kong	Consumer Discretionary	4,492	1.0	—	—
ANTA Sports Products	China HK listed	Consumer Discretionary	4,173	0.9	3,307	1.2
Xpeng ^{3,6}	China US listed	Consumer Discretionary	4,096	0.9	—	—
Jiangsu Hengli Hydraulic ³	China A Shares	Industrials	3,921	0.9	—	—
Venustech	China A Shares	Information Technology	3,849	0.9	4,259	1.5
China Overseas Land & Investment	China HK listed	Real Estate	3,848	0.9	4,141	1.5
BeiGene ³	China HK listed	Health Care	3,745	0.8	—	—
KE ^{3,6}	China US listed	Real Estate	3,690	0.8	—	—
Haidilao International ³	China HK listed	Consumer Discretionary	3,656	0.8	—	—
Fujian Anjoy Foods (UBS) ^{3,5}	China A Shares	Consumer Staples	3,340	0.7	—	—
Innovent Biologics	China HK listed	Health Care	3,266	0.7	2,027	0.7
Autobio Diagnostics	China A Shares	Health Care	3,089	0.7	3,333	1.2
Silergy	Taiwan	Information Technology	3,051	0.7	1,931	0.7
Bilibili ⁶	China US listed	Communication Services	2,965	0.7	1,500	0.5
Inner Mongolia Yili Industrial	China A Shares	Consumer Staples	2,800	0.6	3,047	1.1
Topsports International ³	China HK listed	Consumer Discretionary	2,774	0.6	—	—
Shanghai M&G Stationery ³	China A Shares	Industrials	2,753	0.6	—	—
Beijing Thunisoft	China A Shares	Information Technology	2,721	0.6	4,089	1.5
Huazhu ⁶	China US listed	Consumer Discretionary	2,645	0.6	1,937	0.7
WuXi AppTec	China HK listed	Health Care	2,604	0.6	2,005	0.7
Burning Rock Biotech ^{3,6}	China US listed	Health Care	2,566	0.6	—	—
Midea	China A Shares	Consumer Discretionary	2,476	0.5	1,737	0.6
Chongqing Zhifei Biological Products ³	China A Shares	Health Care	2,427	0.5	—	—
Galaxy Entertainment	Hong Kong	Consumer Discretionary	2,395	0.5	1,805	0.6
Zhejiang Dingli Machinery	China A Shares	Industrials	2,392	0.5	2,511	0.9
Hualan Biological Engineering ³	China A Shares	Health Care	2,219	0.5	—	—
Wisdom Education International	China HK listed	Consumer Discretionary	2,131	0.5	4,040	1.5
Zhongji Innolight ³	China A Shares	Information Technology	2,094	0.5	—	—
Amoy Diagnostics ³	China A Shares	Health Care	2,075	0.5	—	—
Kangji Medical ³	China HK listed	Health Care	2,056	0.5	—	—
China Yuhua Education	China HK listed	Consumer Discretionary	2,039	0.5	1,878	0.7
Kingsoft Cloud ^{3,6}	China US listed	Information Technology	2,039	0.5	—	—

Company	Country of Listing/ Classification*	Sector	2020 Valuation		2019 Valuation	
			£'000	% ¹	£'000	% ¹
Advanced Micro Devices (UBS) ^{3,5}	China A Shares	Information Technology	1,855	0.4	—	—
Auto Diagnostics (CICC Financial Trading) ^{3,5}	China A Shares	Health Care	1,345	0.3	—	—
NetEase ³	China HK listed	Communication Services	736	0.2	—	—
Everest Medicine ³	China HK listed	Health Care	679	0.2	—	—
Huazhu ³	China HK listed	Consumer Discretionary	639	0.1	—	—
China Molybdenum	China HK listed	Materials	626	0.1	1,861	0.7
Flat Glass ³	China HK listed	Information Technology	303	0.1	—	—
Total Investments			454,645	100.0		

¹ Based on total investments of £454.6m (2019: £278.0m).

² Not held in the ten largest investments at 30th September 2019.

³ Not held in the portfolio at 30th September 2019.

⁴ At 30th September 2019, the value of the ten largest investments amounted to £113.2m representing 40.7% of total investments.

⁵ Includes investments in Participatory Notes.

⁶ American Depository Receipts (ADRs).

*A glossary of terms and APMs is provided on pages 91 to 93.

PORTFOLIO INFORMATION

INVESTMENT ACTIVITY

DURING THE YEAR ENDED 30TH SEPTEMBER 2020

	Value at 30th September 2019			Changes in value £'000	Value at 30th September 2020		
	£'000	% of portfolio	Purchases £'000		£'000	% of portfolio	
China HK listed ¹	123,037	44.2	61,778	(68,368)	65,631	182,078	40.0
China A Shares	92,181	33.2	66,294	(56,460)	49,649	151,664	33.3
China US listed	55,138	19.8	26,883	(22,852)	39,142	98,311	21.7
China Total	270,356	97.2	154,955	(147,680)	154,422	432,053	95.0
Hong Kong	4,413	1.6	12,810	(4,792)	7,110	19,541	4.3
Taiwan	3,251	1.2	6,471	(9,218)	2,547	3,051	0.7
Total Portfolio	278,020	100.0	174,236	(161,690)	164,079	454,645	100.0

¹ Historically consisted of Hong Kong Red Chip, Hong Kong P Chip and Hong Kong H-Shares.

GEOGRAPHICAL ANALYSIS

	30th September 2020		30th September 2019	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
China HK listed	40.0	54.0	44.2	67.4
China A Shares	33.3	11.7	33.2	7.9
China US listed	21.7	34.2	19.8	24.6
China B Shares	—	0.1	—	0.1
China Total	95.0	100.0	97.2	100.0
Hong Kong	4.3	—	1.6	—
Taiwan	0.7	—	1.2	—
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £454.6m (2019: £278.0m).

SECTOR ANALYSIS

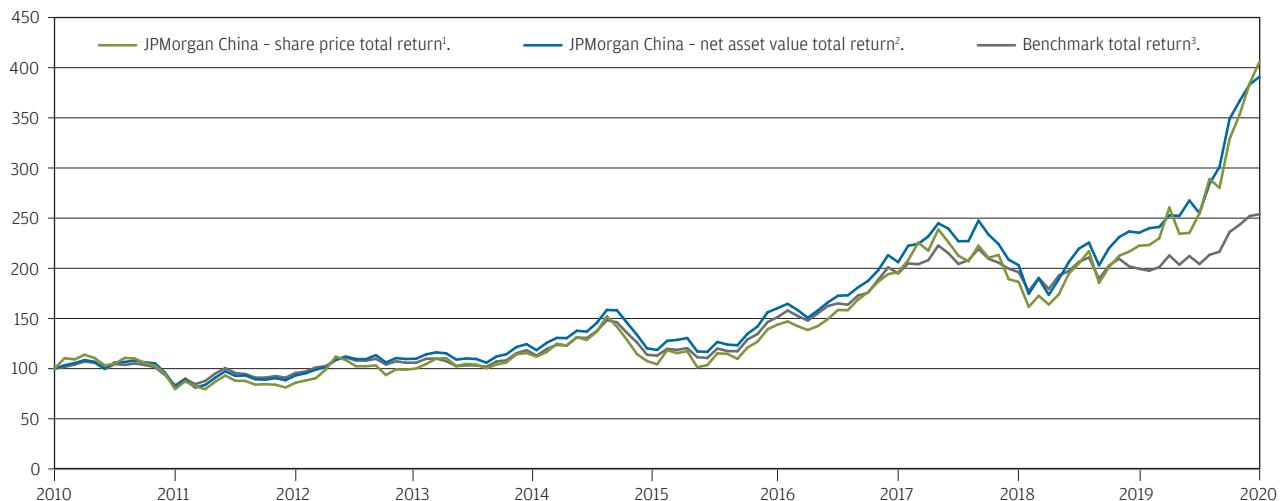
	30th September 2020		30th September 2019	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Consumer Discretionary	27.4	37.3	23.3	24.3
Healthcare	18.5	5.3	14.2	3.5
Information Technology	16.6	5.1	13.9	3.6
Communication Services	13.9	20.6	15.0	23.0
Financials	7.5	13.3	10.9	22.2
Consumer Staples	5.6	4.1	5.8	3.6
Industrials	5.6	4.6	7.9	5.4
Materials	2.1	2.0	1.8	2.1
Real Estate	1.6	4.2	3.9	5.3
Utilities	1.2	1.7	3.3	3.0
Energy	—	1.8	—	4.0
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £454.6m (2019: £278.0m).

PERFORMANCE

TEN YEAR PERFORMANCE

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2010



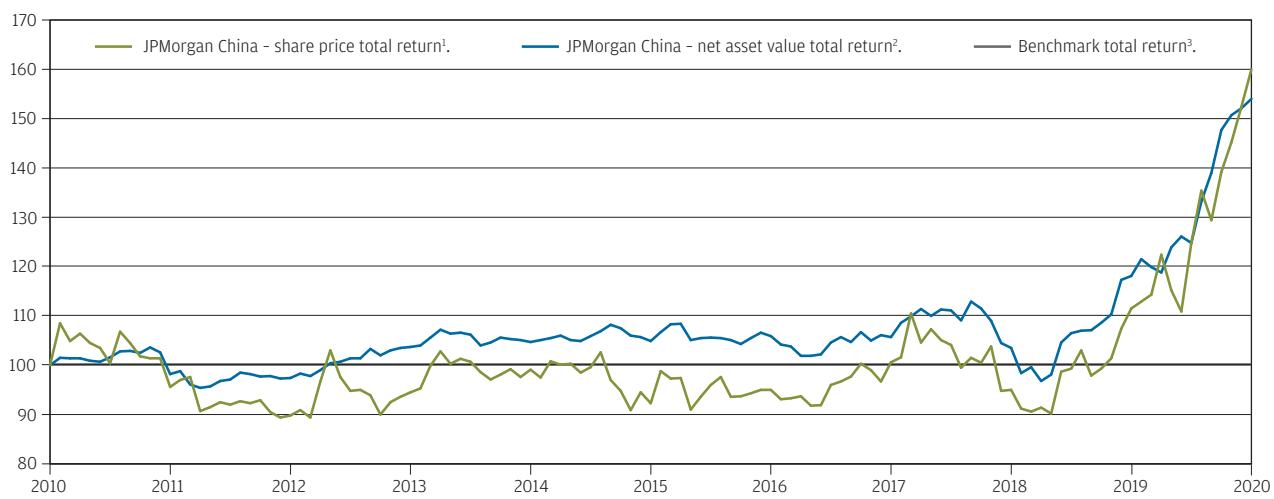
¹ Source: Morningstar.

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

³ Source: MSCI.

TEN YEAR PERFORMANCE RELATIVE TO BENCHMARK

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2010



¹ Source: Morningstar.

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

³ Source: MSCI.

TEN YEAR FINANCIAL RECORD

At 30th September	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Shareholders' funds (£'m)	123.8	101.1	112.2	128.9	137.8	135.9	179.8	226.0	221.0	253.1	411.0
Net asset value per share (p) ⁴	160.1	129.8	146.4	170.7	182.4	181.2	242.7	309.8	303.9	348.1	565.3
Share price (p)	152.0	119.9	128.0	147.5	163.5	150.8	205.8	278.3	263.0	309.5	552.0
Share price discount to net asset value per share (%) ⁴	5.1	7.6	12.6	13.6	10.4	16.8	15.2	10.2	13.5	11.1	2.4
Gearing (%) ⁴	5.7	3.3	9.9	11.1	8.8	13.9	8.5	9.3	17.9	9.8	10.6

Year ended 30th September

Net revenue attributable to shareholders (£'000)	1,181	1,073	1,313	1,241	1,281	1,701	1,335	850	3,152	1,788	2,146
Revenue return per share (p)	1.55	1.38	1.69	1.63	1.70	2.25	1.79	1.16	4.32	2.46	2.95
Dividend per share (p) ¹	1.5	1.3	1.6	1.6	1.6	1.8	1.6	1.6	3.5	2.5	7.4
Ongoing Charges (%) (excluding performance fee payable) ^{2,4}	1.41	1.40	1.41	1.46	1.40	1.42	1.44	1.38	1.34	1.26	1.00
Ongoing Charges (%) (including performance fee payable) ^{3,4}	2.46	1.51	1.41	2.42	1.78	1.46	1.44	1.38	1.34	1.26	1.00

Rebased to 100 at 30th September 2010

Total return to shareholders ^{4,4}	100.0	79.6	85.9	100.1	112.0	104.3	143.9	196.2	186.4	222.5	406.3
Total return on net assets ^{5,4}	100.0	81.8	93.2	109.8	118.4	118.6	160.3	206.1	203.1	235.5	391.1
Benchmark total return ⁶	100.0	83.3	95.7	105.9	113.0	113.0	151.4	195.0	196.2	199.5	254.0

¹ As of 1st April 2020, the Company adopted a new distribution policy. Further details can be found on page 6.

² Management fee and all other operating expenses, excluding finance costs and any performance fee payable, are expressed as a percentage of the average daily net assets during the year (2009 to 2011: the average of the month end net assets).

³ Management fee and all other operating expenses and any performance fee, excluding finance costs, are expressed as a percentage of the average daily net assets during the year (2009 to 2011: the average of the month end net assets). The performance fee was removed from the Company's fee structure with effect from 30th September 2015.

⁴ Source: Morningstar.

⁵ Source: J.P. Morgan/Morningstar, using cum income net asset value per share.

⁶ Source: MSCI. The benchmark is the MSCI China Index with net dividends reinvested, in sterling terms. Prior to 26th January 2016, the benchmark was the MSCI Golden Dragon Index.

^A Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 91 to 93.

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. To assist shareholders with this assessment, the Strategic Report sets out the objective and strategy of the Company, its structure, its investment policies and risk management, investment restrictions and guidelines, performance and key performance indicators, share capital, the Company's environmental, social and governance policy, principal risks and how the Company seeks to manage those risks and finally its long term viability.

The Company's Purpose, Values, Strategy and Culture

The purpose of the Company is to provide long term capital growth by investment in 'Greater China' companies, and which outperforms its benchmark index over the longer term. In fulfilling its purpose, the Board takes account of wider issues including environmental, social and governance. To achieve this, the Board of Directors is responsible for employing and overseeing an investment management company that has appropriate investment expertise, resources and controls in place to meet the Company's investment objective. To ensure that it is aligned with the Company's purpose, values and strategy, the Board comprises Directors who have a breadth of relevant skills and experience and contribute in an open boardroom culture that both supports and challenges the investment management company and its other third party suppliers.

Business Review

JPMorgan China Growth & Income plc is an investment trust company that has a premium listing on the London Stock Exchange. In seeking to achieve its objectives, the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its AIFM which, in turn, delegates portfolio management to JPMorgan Asset Management (UK) Limited to actively manage the Company's assets. The Board has determined investment policies and related guidelines and limits. These objectives, investment policies and related guidelines and limits are detailed below.

Objective and Strategy of the Company

The Company's existing investment objective and investment policy are set out below.

The Company's objective is to provide long term capital growth by investing in companies in 'Greater China' (China, Hong Kong and Taiwan). It aims to outperform the MSCI China Index total return, with net dividends reinvested, in sterling terms.

J.P. Morgan Asset Management ('JPMAM') is a leading specialist with a long established presence in Greater China and the Asia Pacific region. JPMAM began managing its first Asia Pacific equity portfolio mandate in 1971 and has been managing money in

Greater China since the 1990s. The Greater China team consists of 21 investment professionals (comprising seven portfolio managers and 14 Greater China sector specific research analysts) located in Hong Kong, Shanghai and Taipei with an average of 16 years of industry experience (as at 30th September 2020).

The investment managers leverage the insights of these dedicated Greater China investment analysts, who spend the majority of their time conducting on-the-ground research and in-depth analysis on companies. The Team believes that the research analysts significantly enhance the due diligence efforts, particularly through the development of proprietary, in-house research and through their ability to cover more off-benchmark and under-researched stocks. All members of the team conduct company due diligence and travel across the Greater China region, enabling information sharing and discussion. Company visits form the cornerstone of the proprietary research process which allows the managers to take controlled, considered positions designed to enhance performance. In 2019, the team conducted over 1,800 company visits. Since the outbreak of COVID-19, in-person meetings with companies have been replaced by telephone meetings. As at 30th September 2020, there are close to 590 Greater China stocks under coverage, of which around 270 are A-shares (including dual-listings). In addition, the Team is also supported by the wider Emerging Markets and Asia Pacific sector research team and China-based China International Fund Management Co. Ltd. ('CIFM') counterparts.

The Team believes that active investing focused on stock selection conducted by portfolio managers, offers a significant opportunity to add value to client portfolios. The primary objective of the philosophy and process is to deliver strong relative performance in a disciplined manner over the longer term, which comes from investing, at the right time and price, in well-managed, high quality growth companies that return earnings and dividends fairly to minority shareholders.

Structure of the Company

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

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). 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 8, and in the Investment Managers' Report on pages 9 to 14.

Investment Policies and Risk Management

In order to achieve the investment objective, the Company's business model is to invest in a diversified portfolio and to employ a Manager with a strong focus on research and company visits that enables it to identify what it believes to be the most attractive stocks in the region.

Investment risks are managed by diversifying investment over a number of 'Greater China' companies. The number of investments held by the Company will normally range between 45 and 85. The maximum permitted exposure to Hong Kong and Taiwan listed stocks not in the index is 30% of the portfolio.

Liquidity and borrowings are managed with the aim of increasing returns to shareholders.

The Company does not invest more than 15% of its gross assets in other UK listed closed-ended investment funds (including investment trusts), nor does it invest more than 10% of its gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed closed-ended investment funds.

Investment Restrictions and Guidelines

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

- At the time of purchase, the maximum permitted exposure to each individual company is 10.0% of the Company's total assets.
- As a result of market growth, the maximum permitted exposure to each individual company is 12.5% of the Company's total assets.
- The maximum permitted exposure to group or related companies is 15% of the Company's total assets.
- The maximum permitted exposure to small-cap stocks (a stock with a market capitalisation of below US\$500 million) is 45% (including market movement).
- The Company may use derivative instruments for the purpose of efficient portfolio management up to a value of 10%. The Company does not have a policy of hedging or otherwise seeking to mitigate foreign exchange risk but reserves the right to do so from time to time as part of the Company's efficient portfolio management.
- The Company does not normally invest in unquoted investments and no more than 10% of the Company's total assets can be invested in unquoted investments.
- The Company's actual gearing is not to exceed 20%.

Monitoring of Compliance

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

Performance

In the year to 30th September 2020, the Company produced a total return to shareholders of +82.6% and a total return on net assets of +66.1%. This compares with the total return on the Company's benchmark index of +27.3%. As at 30th September 2020, the value of the Company's investment portfolio was £454.7 million. The Investment Managers' Report on pages 9 to 14 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

The gross total return for the year amounted to £169,137,000 (2019: £38,743,000) and the net total return after deducting the management fee, other administrative expenses, finance costs and taxation, amounted to £165,048,000 (2019: £34,696,000).

The dividend policy aims to pay, in the absence of unforeseen circumstances, an annual dividend equivalent to 4% of the Company's NAV on the last business day of the preceding financial year. The target dividend is announced at the start of each financial year and paid by way of four equal interim dividends on the first business day in March, June, September, and December. These dividends are paid from a combination of revenue and capital reserves.

The Company implemented the revised dividend policy with effect from 1st April 2020. Two quarterly distributions for the six-month period to 30th September 2020 were paid on 1st June 2020 and 1st September 2020 based on the Company's NAV at close of business on 31st March 2020.

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:

- **Total return performance against benchmark index**
This is the most important KPI by which performance is judged. The Company's principal objective is to achieve capital growth and outperformance relative to its benchmark over a normal cycle which is deemed to be five years. Information on the Company's performance is given in the Chairman's Statement and the Investment Managers' Report. (Also, please refer to the graphs on page 22).
- **Performance against the Company's peers**
The Board also monitors the performance relative to a broad range of competitor funds.

- **Performance attribution**

The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as stock selection, currency effect and gearing. Details of the attribution analysis for the year ended 30th September 2020 are given in the Investment Managers' Report on page 12.

- **Share price (discount)/premium to cum income net asset value ('NAV') per share**

The Board operates a share issuance and share repurchase programme which seeks to address imbalances in the supply of and demand for the Company's shares within the market and thereby reduce the volatility and absolute level of the discount/premium to NAV per share at which the Company's shares trade. In the year to 30th September 2020, the Company's shares traded at a discount to cum income net asset value per share between 0.6% and 19.1%, averaging 9.6% over the year.

The Board also has the ability to purchase shares into Treasury and to re-issue them at a later date at a premium to NAV per share. Since the year end the Company's shares have been trading at a premium. As a result 1,290,000 shares have been re-issued from Treasury. Further details of the Company's share capital can be found below in this Strategic Report.

(Discount)/Premium Performance



Source: Morningstar.

— JPMorgan China Growth & Income plc - discount.

- **Ongoing charges**

The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net assets during the year. The ongoing charges for the year ended 30th September 2020 decreased to 1.00% (2019: 1.26%). The Board reviews each year an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers.

Share Capital

The Directors have, on behalf of the Company, the authority to issue new Ordinary shares for cash on a non pre-emptive basis

and to repurchase shares in the market for cancellation or to be held in Treasury. The Directors will re-issue shares held in Treasury only at a premium to net asset value per share.

During the year the Company did not repurchase any Ordinary shares into Treasury (2019: nil) or for cancellation. In addition, no new Ordinary shares were issued. However, 1,290,000 shares have been re-issued from Treasury since the year end.

Resolutions to renew the authorities to issue new shares on a non pre-emptive basis and to repurchase shares for cancellation or to be held in Treasury will be put to shareholders for approval at the Annual General Meeting.

The full text of these Resolutions is set out in the Notice of Meeting on pages 87 and 88.

Board Diversity

The Board remains committed to appointing the most appropriate candidates on merit. The Board's policy is to seek to have a board which is diverse in terms of skills, knowledge, experience, gender and cultural background.

The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company.

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

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

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.

A comprehensive ESG statement is included on pages 15 and 16.

Greenhouse Gas Emissions

The Company itself has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. The Company's Manager is a signatory to the Carbon Disclosure Project and JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance. The Company is categorised as a lower energy user under the HMRC Environmental Reporting Guidelines March 2019 and is therefore not required to make the detailed disclosures of energy and carbon information set out within the guidelines. The Company's energy and carbon information is not therefore disclosed in this report.

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 maintains zero tolerance towards tax evasion. Shares in the Company are purchased through intermediaries or brokers, therefore no funds flow directly into the Company. As the Company has no employees, the Board's focus is to ensure that the risk of the Company's service providers facilitating tax evasion is also low.

To this end it seeks assurance from its service providers that effective policies and procedures are in place.

Principal and Emerging Risks

Investors should note that there can be significant economic and political risks inherent in investing in emerging economies. As such, the Greater China markets can exhibit more volatility than developed markets and this should be taken into consideration when evaluating the suitability of the Company as a potential investment.

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The ways in which the risks are managed or mitigated are summarised below:

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

- **Geopolitical**

Geopolitical risk arises from uncertainty about the future prices of the Company's investments, the ability to trade in those investments, and the imposition of restrictions on the free movement of capital. Changes in economic or political conditions or other factors can substantially and potentially adversely affect the value of investments. The Board considers the broader geopolitical situation on a regular basis and takes advice from the Manager and its professional advisers.

- **Investment Underperformance**

An inappropriate investment decision may lead to sustained underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages this risk by diversification of investments through its investment restrictions and guidelines which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates and transaction reports. 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 investment managers employ the Company's gearing within a strategic range set by the Board.

- **Strategy and Business Management**

An ill-advised corporate initiative, for example an inappropriate takeover of another company or an ill-timed issue of new capital; misuse of the investment trust structure, for example inappropriate gearing; or if the Company's business strategy is no longer appropriate, may lead to a lack of investor demand.

- **Loss of Investment Team or Investment Manager**

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, as well as special efforts to retain key personnel.

- **Share Price Discount**

A disproportionate widening of the discount relative to the Company's peers could result in a loss of value for shareholders. In order to manage the Company's discount,

which can be volatile, the Company operates a share repurchase programme. The Board regularly discusses discount policy and has set parameters for the Manager and the Company's broker to follow. The Board receives regular reports and is actively involved in the discount management process.

- **Governance**

Changes in financial, regulatory or tax legislation, including in the European Union, may 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.

- **Legal and Regulatory**

In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given under 'Structure of the Company' on page 24. Were the Company to breach Section 1158, it may lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by the Manager and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules, Disclosure Guidance and Transparency Rules ('DTRs') and, as an Investment Trust, the Alternative Investment Fund Managers Directive ('AIFMD'). A breach of the Companies Act 2006 could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, JPMorgan Funds Limited and its professional advisers to ensure compliance with the Companies Act 2006, the UKLA Listing Rules, DTRs and AIFMD.

- **Corporate Governance and Shareholder Relations**

Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance statement on pages 35 to 40.

- **Operational Risk and Cybercrime**

Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the depositary's or custodian's records may prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by the Manager, its associates and depositary and the key elements designed to provide effective internal control are included within the Risk Management and Internal Control section of the Directors' Report on pages 38 and 39. 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 independently.

The risk of fraud or other control failures or weaknesses within the Manager or other service providers could result in losses to the Company. The Audit Committee receives independently audited reports on the Manager's and other service providers' internal controls, as well as a report from the Manager's Compliance function. The Company's management agreement obliges the Manager to report on the detection of fraud relating to the Company's investments and the Company is afforded protection through its various contracts with suppliers, of which one of the key protections is the Depositary's indemnification for loss or misappropriation of the Company's assets held in custody.

- **Financial**

The financial risks faced by the Company include market price risk, interest rate risk, currency risk, liquidity risk and credit risk. Counterparties are subject to daily credit analysis by the Manager. In addition the Board receives reports on the Manager's monitoring and mitigation of credit risks on share transactions carried out by the Company. Further details are disclosed in note 21 on pages 73 to 78.

- **Global Pandemics**

The recent emergence and spread of coronavirus (COVID-19) has raised the risk of global pandemics, in whatever form a pandemic takes. COVID-19 poses a significant risk to the Company's portfolio. At the date of this report, the virus has contributed to significant volatility in trading recently. However, the detrimental impact on the Chinese economy and financial markets has been less than other markets. The Chinese government's strong, decisive and seemingly successful COVID containment measures - coupled with its proactive economic policies - played a part in this.

The global reach and disruption to markets of this pandemic is unprecedented, so there are no direct comparatives from history to learn from. However, seismic events and situations in the past have also been the catalyst for violent market contractions. Time after time, markets have recovered, albeit over varying and sometimes extended time periods. Since the on-set of the pandemic and throughout, the Manager and the Company's other service providers have been able to adjust their business models to accommodate working from home requirements. The Board has been closely monitoring all service arrangements and has received assurances that its service providers have continued as normal with no reduction in the level of service provided nor any issues being identified to date. Should the virus become more virulent than is

currently the case, it may present risks to the operations of the Company, its Manager and other major service providers.

Should efforts to control a pandemic prove ineffectual or meet with substantial levels of public opposition, there is the risk of social disorder arising at a local, national or international level. Even limited or localised societal breakdown may threaten both the ability of the Company to operate, the ability of investors to transact in the Company's securities and ultimately the ability of the Company to pursue its investment objective and purpose.

- **Climate Change**

Climate change, which barely registered with investors a decade ago, has today become one of the most critical issues confronting asset managers and their investors.

Investors can no longer ignore the impact that the world's changing climate will have on their portfolios, with the impact of climate change on returns now inevitable. Financial returns for long term diversified investors should not be jeopardised given the investment opportunities created by the world's transition to a low-carbon economy. The Board is also considering the threat posed by the direct impact on climate change on the operations of the Manager and other major service providers. As extreme weather events become more common, the resiliency, business continuity planning and the location strategies of our services providers will come under greater scrutiny.

Long Term Viability

Taking account of the Company's current position, the principal and emerging 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. The Company has no loan covenants or liabilities that cannot be readily met and the Directors have reviewed income and expense projections and the liquidity of the investment portfolio in making their assessment. They have made that assessment by considering those principal and emerging risks, the Company's investment objective and strategy, the investment capabilities of the Manager and the outlook for the economies and markets of the Greater China region. The assessed risks include the impact of COVID-19. COVID-19 is not expected to impact on the viability of the Company due to the Company's experience in managing its business during the earlier peak of the virus, the Investment Managers' understanding of its portfolio companies, limited gearing, the robustness of its suppliers' systems and the strength of the Company's balance sheet.

In determining the appropriate period of assessment the Directors had regard to their view that, given the Company's objective of achieving long term capital growth, shareholders should consider the Company as a long term investment

proposition. This is consistent with advice provided by investment advisers, that investors should consider investing equities for a minimum of five years. Thus the Directors consider five years to be an appropriate time horizon to assess the Company's viability.

The Directors confirm that, assuming a successful continuation vote at the 2023 Annual General Meeting, 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.

By order of the Board
 Lucy Dina, for and on behalf of
 JPMorgan Funds Limited
Company Secretary

9th December 2020

Directors' Report



John Misselbrook (Chairman of the Board and Nomination and Management Engagement Committees)*†

A Director since July 2012.

Last reappointed to the Board: 2020.

Current remuneration: £35,500.

Formerly Non-Executive Chairman of Aviva Investors Holdings Limited and Non-Executive Chairman of Northern Trust Global Services SE. John was also Chief Operating Officer and on the board of Baring Asset Management Ltd and its predecessor from 2001 to 2011, the board of Baring Asset Management Japan Ltd from 2006 to 2011 and the boards of Baring Fund Managers Ltd and Baring International Fund Managers (Ireland) Ltd from 2009 to 2011. He had also held senior positions in finance and operations, including Director and Chief Financial Officer at LGT Asset Management Asia, Operations Director at Invesco Asia and Managing Director of Investment Administration at the WM Company Limited, part of the Deutsche Bank Group. He is a Non-Executive Director of Brown Shipley & Co Ltd and River and Mercantile Group plc and a Non-Executive Director and Chairman of Hargreaves Lansdown Fund Managers Limited.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 8,500 Ordinary shares.



Oscar Wong*† (Chairman of the Remuneration Committee)

A Director since August 2014.

Last reappointed to the Board: 2020.

Current remuneration: £25,000.

Oscar is currently Chairman and Executive Director of Green Energy Group. Prior to that, he was a Non-Executive Director of China Ping An Insurance and Credit China Holdings. He also held senior appointments at LGT Asset Management, Deputy Chief Executive of INVESCO Asia Limited, Regional Managing Director at Prudential Portfolio Managers Asia, Chief Executive of BOCI-Prudential Asset Management Limited and ICBC (Asia) Investment Management Company Limited, independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited and Chairman and Non-Executive Director of China Bio-Med Regeneration Technology Limited

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: Nil.



David Graham (Chairman of the Audit Committee and Senior Independent Director)*†

A Director since May 2017.

Current remuneration: £30,500.

Last reappointed to the Board: 2020.

David qualified as a Chartered Accountant and then had a career in investment management, firstly as an Asian fund manager with Lazard Frères and then building businesses across Asia Pacific, Europe, Middle East and Africa for BlackRock and predecessor firms (Merrill Lynch Investment Managers and Mercury Asset Management.) He has worked in Hong Kong, Tokyo and Sydney and has been a Representative Director in domestic, joint venture, fund management companies in China, India, Thailand and Taiwan.

He is also a Non-Executive Director of Templeton Emerging Markets Investment Trust PLC, Fidelity Japan Trust plc, DSP India Investment Fund and DSP India Fund.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 30,832 Ordinary shares.



Alexandra Mackesy*†

A Director since July 2018.

Current remuneration: £25,000.

Last reappointed to the Board: 2020.

Alexandra lived in Hong Kong for 14 years, where she worked as an investment analyst for Credit Suisse (Director, China and Hong Kong Equity Research), JPMorgan (Director, Asian Equity Research) and SG Warburg. Alexandra is currently a Non-Executive Director on the Boards of Henderson Smaller Companies Investment Trust plc and Murray International Trust PLC. She was previously a Non-Executive Director of Schroder Asian Total Return Investment Company plc, Empiric Student Property plc, RENN Universal Growth Investment Trust plc and the Scottish Oriental Smaller Companies Trust PLC.

Connections with Manager: None.

Shared directorships with other Directors: None

Shareholding in Company: Nil.

*** Considered independent by the Board**

† All Directors are members of the Audit, Nomination and Remuneration and Management Engagement Committees

The Directors present their report and the audited Financial Statements for the year ended 30th September 2020.

Management of the Company

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

JPMF is employed under a contract which can be terminated on one year's notice, without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

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

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 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.jpmchinese.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.

As an authorised AIFM, JPMF will make the requisite disclosures on remuneration levels and policies to the FCA at the appropriate time.

Management Fee

On 1st April 2019, the basic annual management fee was amended to 0.9% per annum on net assets, having previously been 1% on gross assets (i.e. total assets less liabilities, after adding back any loans). Investments in J.P. Morgan managed funds are excluded from the assets used for the purpose of this calculation.

Directors

The Directors of the Company who held office at the end of the year are as detailed on page 31.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 45. No changes have been reported to the Directors' shareholdings since the year end.

In accordance with corporate governance best practice all Directors stand for re-appointment each year. Therefore, John Misselbrook, David Graham, Oscar Wong and Alexandra Mackesy will retire at the forthcoming Annual General Meeting ('AGM') and, being eligible, will offer themselves for reappointment by shareholders. 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 those standing for reappointment be reappointed.

Director Indemnification and Insurance

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

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

Going Concern

The Directors believe that having considered the Company's investment objective (see page 24), risk management policies (see pages 73 to 78), capital management policies and procedures

(see page 79), the nature of the portfolio and revenue as well as expenditure projections, taking into account the impact of COVID-19 on the revenue expected from underlying investments in these projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. The Company's investments are in quoted securities which are readily realisable and exceed its liabilities significantly. Gearing levels and compliance with loan covenants are reviewed by the Board on a regular basis. The Company's key third party suppliers, including its Manager, are not experiencing any operational difficulties that would adversely affect their services to the Company. For these reasons, the Directors consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the Financial Statements. In its deliberations, the Board has not identified any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of the approval of these Financial Statements.

The Audit Committee has reviewed the appropriateness of the adoption of the Going Concern basis in preparing the Financial Statements, particularly in view of the impact of the COVID-19 pandemic. The Audit Committee recommended to the Board that the adoption of the Going Concern basis is appropriate.

Disclosure of information to Auditor

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

- (a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's Auditor is unaware, and
- (b) each of the Directors has taken all the steps that 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 Auditor is aware of that information.

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

Independent Auditor

In accordance with the Audit Regulations and Guidance effective from April 2017, the Company was required to change its Auditor no later than 2020. Therefore, the Audit Committee undertook an auditor review in 2019 and a resolution to appoint BDO LLP as Auditor to the Company was approved by shareholders at the AGM in February 2020.

Companies Act 2006 Requirements

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

Capital Structure

The Company's capital structure is summarised on the inside front cover of this report. The Ordinary shares have a premium listing on the London Stock Exchange.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 15 to the Notice of Annual General Meeting on page 90.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	Number of voting rights	%
City of London Investment Management Company Limited ¹	7,267,498	9.99

¹ The holding of City of London Investment Management Company Limited as at 30th September 2019 was 17,454,805 (24.0%).

No changes to these holdings have been notified as at the date of this report.

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 a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

Annual General Meeting

NOTE: THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial advisor 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 China Growth & Income 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.

Resolutions relating to the following items of special business will be proposed at the forthcoming AGM:

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

The Directors will seek renewal of the authority at the AGM to issue new Ordinary shares for cash on a non pre-emptive basis up to an aggregate nominal amount of £1,849,829 such amount being equivalent to 10% of the present issued Ordinary share capital (excluding Treasury shares) as at the last practicable date before the publication of the Notice of Meeting. This authority will expire at the conclusion of the Company's AGM in 2022 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares (or to re-issue Treasury shares) to investors when the Directors consider that it is in the best interests of shareholders to do so. Any such issues would only be made at prices greater than the net asset value (the 'NAV') per Ordinary share, thereby increasing the assets underlying each share and spreading the Company's administrative expenses over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies.

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

In addition to any authorities granted by resolutions 9 and 10 above, the Directors will seek renewal of the authority at the AGM to issue new Ordinary shares for cash on a non pre-emptive basis up to an aggregate nominal amount of £1,849,829 such amount being equivalent to 10% of the present issued Ordinary share capital (excluding Treasury shares) as at the last practicable date before the publication of the Notice of Meeting. This authority will expire at the conclusion of the Company's AGM in 2022 unless renewed at a prior general meeting.

The full text of the resolutions 9 to 12 is set out in the Notice of Annual General Meeting on pages 87 and 88.

If each of resolutions 9 to 12 are passed, the Company will have the ability to issue, on a non pre-emptive basis, up to 20% of its issued share capital (excluding shares held in Treasury) as at 9th December 2020.

(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 2020 AGM, will expire at the forthcoming AGM unless renewed at this 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 Ordinary shares.

Resolution 13 gives the Company authority to repurchase its own issued Ordinary shares in the market as permitted by the Companies Act 2006 (the 'Act'). The authority limits the number of shares that could be purchased to a maximum of approximately 14.99% of the Company's issued Ordinary shares (excluding Ordinary shares held in Treasury) at the date of the passing of resolution 13. The authority also sets minimum and maximum prices and will expire on 31st July 2022 unless the authority is renewed at the Company's AGM in 2022 or any other prior general meeting.

If resolution 13 is passed at the AGM, the Board may repurchase the shares for cancellation or hold them in Treasury. The Company will only reissue shares held in Treasury at a premium to NAV. This policy is kept under review by the Board.

Repurchases of Ordinary shares will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares as and when market conditions are appropriate.

The full text of the resolution is set out in the Notice of Annual General Meeting on page 88.

(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 2020 have totalled 7.4 pence per share.

(v) Adoption of New Articles of Association (resolution 15)

Resolution 15, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Existing Articles'). The proposed amendments being introduced in the New Articles provide for an increase in the limit on aggregate annual Directors' fees from £150,000 to £250,000 and other minor or technical amendments to the Existing Articles, including (i) clarifying that the consideration (if any) received by the Company upon the sale of any share which is forfeited by a shareholder pursuant to the New Articles will belong to the Company and (ii) simplifying the procedure in relation to the untraced shareholders procedure by removing the requirement for the Company to publish newspaper advertisements and clarifying that the consideration (if any) received by the Company upon the sale of any share pursuant to

the untraced shareholder provisions will belong to the Company. These changes reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

A copy of the New Articles, together with a copy showing all of the proposed changes to the Existing Articles, will be available for inspection on the Company's website, www.jpmchinagrowthandincome.co.uk, and at the offices of J.P. Morgan Asset Management, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00 a.m. and 5.00 p.m. (Saturdays, Sundays and public holidays excepted), from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

Recommendation

The Board considers that resolutions 9 to 15 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of all the resolutions as they intend to do, where voting rights are exercisable, in respect of their own beneficial holdings which amount in aggregate to 39,332 Ordinary shares (as at the date of this report) representing approximately 0.05% of the voting rights of the Company.

Other Information

Information on acquisition of the Company's own shares and greenhouse gas emissions, can be found in the Business Review. Financial risk management objectives and policies, with information on exposure to price, credit and liquidity risk, can be found in note 21 to the Financial Statements. Information on post balance sheet events can be found in note 23. Information on the outlook for the Company can be found in the Chairman's statement on page 8.

Corporate Governance Statement

Compliance

The Board is committed to high standards of corporate governance. It has considered the principles and provisions of the AIC Code of Corporate Governance published in 2019 (the 'AIC Code'), which addresses the principles and provisions set out in the UK Corporate Governance Code (the 'UK Code') published in 2018, as they apply to investment trust companies. It considers that reporting against the AIC Code, therefore, provides more appropriate information to the Company's shareholders. Through ongoing advice from the Company Secretary and the use of a detailed checklist, the Board confirms that the Company has complied with the principles and provisions of the AIC Code, in so far as they apply to the Company's business, throughout the year under review. As all of the Company's day-to-day management and administrative functions are outsourced to third parties, it has no executive directors,

employees or internal operations and therefore has not reported in respect of the following:

- the role of the executive directors and senior management;
- executive directors' and senior management remuneration;
- internal audit; and
- the workforce

Copies of the UK Code and the AIC Code may be found on the respective organisations' websites: www.frc.org.uk and www.theaic.co.uk.

Directors' Duty to promote the success of the Company

Section 172 of the Companies Act 2006 requires that a Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members (i.e. shareholders) as a whole and in doing so, have regard (amongst other matters) to the likely consequences of any decision in the long term; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company. Given the Company's structure of an investment company with no employees, its key stakeholders are considered to be its current and prospective shareholders, its Manager, its other third party suppliers (including the depositary, registrars, brokers, auditors and other professional service providers) and its portfolio companies.

The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers with appropriate performance records, resources and controls in place to deliver the services that the Company requires. Their performance is monitored by the Board and its committees, who have oversight of the Company's operations. The principal supplier is the Manager, in particular the investment management team who are responsible for managing the Company's assets in order to achieve its stated investment objective. The Board maintains a good working relationship with the Manager, who also provides administrative support and promotes the Company through its investment trust sales and marketing teams. The Manager's investment management function is fundamental to the long term success of the Company through the pursuit of the investment objective. The Board monitors the Company's investment performance at each Board Meeting in relation to its objective and also to its investment policy and strategy. Whilst strong long term investment performance is essential, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Manager must have regard to ethical and environmental issues that impact society. Hence

CORPORATE GOVERNANCE STATEMENT

environmental, social and governance considerations have been integrated into the Manager's investment process and will continue to evolve. The Board has sought to engage with and understand the views of the Company's shareholders and other key stakeholders as it regards an understanding of their views as essential in being able to fulfil its duty.

The Directors confirm that they have considered their duty under Section 172 when making decisions during the financial year under review. In particular they have sought to achieve the following objectives in 2020: to continue the strong record of investment performance; to manage the discount/premium of the Company's share price to the net asset value; and to broaden the shareholder base. In addition, in December 2019, the Directors announced a proposal to enhance dividends paid to shareholders through the distribution of capital gains as well as net revenue. Under this new dividend policy which was approved at the AGM in 2020, the Board aims to pay, in the absence of unforeseen circumstances, a target annual dividend of 4% of the Company's NAV on the last business day of the preceding financial year. This will be paid by way of four equal interim dividends on the first business day in March, June, September, and December. In light of the new dividend policy, the Board also decided to change the Company name to JPMorgan China Growth & Income plc. Finally, the Directors have kept under review the competitiveness of the management fee and the Company's other operating costs; continued to hold the Manager to account on investment performance; and undertaken a robust review of the principal and emerging risks faced by the Company.

To ensure continuing engagement with shareholders, the Manager conducts shareholder meetings each year and provides the Board with ongoing feedback. Under normal operating circumstances, shareholders are encouraged to attend the Company's Annual General Meeting. Shareholders can contact Directors via the Company Secretary.

Role of the Board

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

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

a Director which conflicted with the interests of the Company which arose during the year.

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

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

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

Board Composition

The Board, chaired by John Misselbrook, consists of four Non-Executive Directors as at the year end, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 31.

There have been no changes to the Chairman's significant commitments during the year under review.

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

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

Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on page 31. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long term success of the Company, are summarised below. All Directors will stand for reappointment at the Annual General Meeting.

Resolution 4 concerns the reappointment of John Misselbrook. He joined the Board in July 2012 and has served for eight years as

a Director and was appointed as Chairman in January 2018. John is a Non-Executive Director and Chairman of Hargreaves Lansdown Fund Managers Limited and a Non-Executive Director of Brown Shipley & Co Ltd and River and Mercantile Group plc. He has held a number of executive, non-executive and advisory positions.

For details of his current directorships, please refer to page 31 of the Report.

Resolution 5 concerns the reappointment of Oscar Wong. Based in Hong Kong, he joined the Board in August 2014 and has served for six years as a Director. Oscar is Chairman and Executive Director of Green Energy Group and has held a number of executive, non-executive and senior appointments.

For details of his current directorships, please refer to page 31 of the Report.

Resolution 6 concerns the reappointment of David Graham. He joined the Board in May 2017 and has served for three years as a Director and is Chairman of the Audit Committee. David is a Non-Executive Director of Templeton Emerging Markets Investment Trust PLC, Fidelity Japan Trust plc, DSP India Investment Fund and DSP India Fund. He has held a number of non-executive and senior appointments.

For details of his current directorships, please refer to page 31 of the Report.

Resolution 7 concerns the reappointment of Alexandra Mackesy. She joined the Board in July 2018 and has served for two years as a Director. Alexandra is a Non-Executive Director on the Boards of Henderson Smaller Companies Investment Trust plc and Murray International Trust PLC. She has held a number of non-executive positions and lived in Hong Kong for 14 years where she worked as an investment analyst.

For details of her current directorships, please refer to page 31 of the Report.

The Board confirms that each of the Directors standing for reappointment at the forthcoming Annual General Meeting continue to contribute effectively and recommends that shareholders vote in favour of their reappointment.

Tenure

Directors are initially appointed until the following AGM when, under the Company's Articles of Association, it is required that they be appointed by shareholders. Thereafter, 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 reappointment but, when making a recommendation, the Board will take into account the ongoing requirements of the AIC Code of Corporate Governance, including the need to refresh the Board and its Committees. The Board has adopted corporate governance best practice and hence all Directors must 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 AGM.

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

Induction and Training

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

The Nomination Committee undertakes an annual performance evaluation, as described below, to ensure that all members of the Board have devoted sufficient time and contributed adequately to the work of the Board.

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. All Directors are members of the committees.

The table details the number of Board and Committee meetings attended by each Director. During the year there were eight Board meetings, two Audit Committee meetings, one Management Engagement Committee meeting, one Nomination Committee meeting and one Remuneration Committee meeting. The Board holds four full Board meetings each year and any additional ad hoc meetings as and when required to deal with various corporate initiatives, procedural matters and formal approvals. In addition, there is regular contact between the Directors and the Manager and Company Secretary throughout the year.

Director	Management				
	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended	Remuneration Committee Meetings Attended	Engagement Committee Meetings Attended
David Graham	8	2	1	1	1
John Misselbrook	8	2	1	1	1
Oscar Wong	6	2	1	1	1
Alexandra Mackesy	8	2	1	1	1

Board Committees

Nomination Committee

The Nomination Committee, chaired by John Misselbrook, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. The appointment

process takes account of the benefits of diversity, including gender.

The Board's policy on diversity, is set out on page 26.

The Committee has a succession plan to refresh the Board in an orderly manner over time.

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.

Questionnaires, drawn up by the Board, are completed by each Director. The responses are collated and then discussed by the Committee. The evaluation of individual Directors is led by the Chairman. The Senior Independent Director, David Graham, leads the evaluation of the Chairman's performance.

Remuneration Committee

The Remuneration Committee, chaired by Oscar Wong, reviews Directors' fees and makes recommendations to the Board as and when appropriate in relation to remuneration policy and implementation. This takes into account the level of fees paid to the directors of the Company's peers and within the investment trust industry generally to ensure that high quality people are attracted and retained.

Management Engagement Committee

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

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

Audit Committee

The report of the Audit Committee is set out on pages 41 and 42.

Terms of Reference

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

Relations with Shareholders

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

In normal circumstances, all shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet shareholders and answer their questions. In addition, a presentation is given by the Investment Managers who review the Company's performance.

In view of the current restrictions regarding the COVID-19 pandemic and the continuing imposition of social distancing measures and prohibitions on large public gatherings by the UK Government, only the formal business will be conducted at the forthcoming AGM. Shareholders will not be allowed to attend the 2021 AGM.

The Board seeks regular engagement with the Company's major shareholders to understand their views on governance and performance against the Company's investment objective and investment policy, either directly or through the Company's brokers, the Investment Managers and JPMF by holding discussions on an ongoing basis. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 95.

The Company's Annual Report and Financial Statements are published in time to give shareholders at least 20 working days notice of the AGM. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 95.

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

Risk Management and Internal Control

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

The Directors are responsible for the Company's system of risk management and internal control which is designed to safeguard the Company's assets, maintain proper accounting records and

ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material misstatement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by JPMAM and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal and Emerging Risks on pages 27 to 29). This process has been in place for the year under review and up to the date of the approval of the Annual Report and Financial Statements 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 risk management and internal control are as follows:

- **Financial Reporting**

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

- **Management Agreement**

Appointment of a manager, depositary and custodian regulated by the FCA whose responsibilities are clearly defined in a written agreement.

- **Management Systems**

The Manager's system of risk management and internal control includes organisational agreements which clearly define the lines of responsibility, delegated authority, control procedures and systems. These are monitored by the Manager's Compliance department which regularly monitors compliance with FCA rules 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 risk management and internal control by monitoring the operation of the key operating controls of JPMAM and its associates as follows:

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

- **Depositary**

The Board has appointed Bank of New York Mellon (International) Limited as depositary, with responsibilities for safe keeping of custodial assets and oversight of the records and cash flows.

Through the procedures set out above, the Board confirms that it has reviewed, and is satisfied with, the effectiveness of the Company's system of internal control for the year ended 30th September 2020 and to the date of approval of this Annual Report and 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. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM through the Manager. The following, as highlighted in italics, is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included in the Strategic Report on pages 26 and 27.

Corporate Governance

JPMAM believes that corporate governance is integral to its investment process. As part of its commitment to delivering superior investment performance to its 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 its reasonable judgement of what will best serve the financial interests of its 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 the Stewardship Code for its UK investments and supports the principles as best practice elsewhere. It believes that regular contact with the companies in which it invests is central to its investment process and it also recognises the importance of being an 'active' owner on behalf of its 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: <https://am.jpmorgan.com/uk/institutional/corporate-governance>, which also sets out its approach to the seven principles of the FRC Stewardship Code, its policy relating to conflicts of interest and its detailed voting record.

Audit Committee Report

Composition and Role

The Audit Committee, chaired by David Graham and whose membership is set out on page 31, meets at least twice each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. At least one member of the Committee has recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual accounts and the Company's compliance with the AIC Code. It examines the effectiveness of the Company's internal control systems. It monitors the Company's key risks and controls relating to those risks. It receives controls reports on the Manager and the custodian and monitors the controls and service levels at the Company's other key third party suppliers. It also receives information from the Manager's Compliance department and reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditor. The Audit Committee has reviewed the independence and objectivity of the auditor and is satisfied that the auditor is independent. At the request of the Board, the Audit Committee provides confirmation to the Board as to how it has discharged its responsibilities.

Financial Statements and Significant Accounting Matters

During its review of the Company's Financial Statements for the year ended 30th September 2020, the Audit Committee considered the following significant issues, including those communicated by the Auditor during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1(b) to the accounts. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations. The Company has appointed Bank of New York Mellon (International) Limited ('BNYM') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A., as the Company's custodian. BNY remains responsible for the oversight of the custody of the Company's assets.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 60. The Board regularly reviews subjective elements of income such as special dividends and agrees their accounting treatment.

Significant issue	How the issue was addressed
Compliance with Sections 1158 and 1159 of the Corporation Tax Act 2010	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 by the Board on a regular basis.
Going Concern/Long Term Viability	The Committee recommended that the adoption of the Going Concern basis is appropriate (see Going Concern statement on pages 32 and 33). The Committee also assessed the Long Term Viability of the Company as detailed on page 29 and recommended to the Board its expectation that the Company would remain in operation for the five year period of the assessment.

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 Audit Committee has reviewed the appropriateness of the adoption of the Going Concern basis in preparing the Financial Statements (see Going Concern statement on pages 32 and 33), particularly in view of the impact of the COVID-19 pandemic. The Audit Committee recommended to the Board that the adoption of the Going Concern basis is appropriate. The Company's investments are in quoted securities which are readily realisable and exceed its liabilities significantly. Gearing levels and compliance with loan covenants are reviewed by the Board on a regular basis. The Company's key third party suppliers, including its Manager, are not experiencing any operational difficulties to adversely affect their services to the Company.

Risk Management and Internal Control

The Directors' statement on the Company's system of internal control is set out on pages 38 and 39.

Auditor Appointment and Tenure

The Audit Committee also has the primary responsibility for making recommendations to the Board on the reappointment and the removal of the external auditor and their fee. Representatives of the Company's Auditor attended the Audit Committee meeting at which the draft Annual Report and Financial Statements were considered and also engage with Directors as and when required.

Following a competitive tender process undertaken in 2019 as a result the length of tenure of PricewaterhouseCoopers LLP ('PwC') as auditor to the Company, BDO LLP was appointed as Auditor to the Company in February 2020. The current audit fee is £27,000. Having reviewed the performance of the external Auditors, including assessing the quality of work, proposed fee, timing of

AUDIT COMMITTEE REPORT

communications and work with the Manager, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting.

The Board reviews and approves any non-audit services provided by the independent auditor and assesses the impact of any non audit work on the ability of the auditor to remain independent. Details of the auditor's fees paid are disclosed in note 6 on page 64. There were no non-audit fees incurred during the year. The Company's year ended 30th September 2020 is the current Audit Partner's first of a five year maximum term.

Fair, Balanced and Understandable

Having taken all available information into consideration and having discussed the content of the Annual Report and Financial Statements with the AIFM, the Investment Managers, the Company Secretary and other third party service providers, the Committee has concluded that the Annual Report and Financial Statements for the year ended 30th September 2020, 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 48.

By order of the Board
Lucy Dina, for and on behalf of
JPMorgan Funds Limited
Company Secretary
9th December 2020

The Board presents the Directors' Remuneration Report for the year ended 30th September 2020, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in its report on pages 50 to 54.

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote. However, the Board has resolved that for good governance purposes, the policy vote will be put to shareholders every year. Accordingly, a resolution to approve this policy will be put to shareholders at the 2021 AGM. 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 Remuneration Committee, comprising all Directors, reviews fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on information provided by the Manager, and includes research carried out by third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The involvement of remuneration consultants has not been deemed necessary as part of this review.

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

During the year under review, Directors' fees were paid at a fixed rate of £35,000 per annum for the Chairman, £30,000 per annum for the Chairman of the Audit Committee and £24,000 per annum for each other Director. The fees were then increased following the AGM in 2020 to the following levels; £35,500 for the

Chairman, £30,500 for the Audit Committee Chairman and £25,000 for each other Director. The Board has agreed that fees will be increased following the AGM in 2021 to the following levels to reflect more closely industry standards: £37,000 for the Chairman, £31,500 for the Audit Committee Chairman and £26,000 for each other Director,

The Company's Articles of Association stipulate that aggregate fees must not exceed £150,000 per annum. Directors' fees are reviewed regularly and any increase in the maximum aggregate amount requires both Board and shareholder approval. The Board will seek shareholder approval at the forthcoming Annual General Meeting to increase the maximum aggregate amount payable per annum to £250,000.

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 Remuneration 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 AGM and the Company's registered office. Details of the Board's policy on tenure are set out on page 37.

The Company's Remuneration policy also applies to new Directors.

Directors' Remuneration Policy Implementation Report

The Directors' Remuneration Policy Implementation Report which includes details of the Directors' Remuneration Policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming AGM. 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 2021.

At the AGM held on 3rd February 2020, of votes cast, 99.7% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the Resolutions to approve both the Directors' Remuneration Policy and the Directors' Remuneration Report and 0.3% voted against both Resolutions.

Details of voting on both the Remuneration Policy and Remuneration Policy Implementation Reports from the 2021 AGM will be given in the Annual Report for the year ending 30th September 2021.

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

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 30th September 2020 was £114,583. 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 table¹

Directors' Name	Total fees	
	2020 £	2019 £
John Misselbrook	35,333	35,000
David Graham	30,250	30,000
Alexandra Mackesy ²	24,500	24,000
Oscar Wong	24,500	24,000
Kathryn Matthews ³	—	7,867
Total	114,583	120,867

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

² Appointed 27th July 2018.

³ Retired 28th January 2019.

A table showing the total remuneration for the Chairman over the five years ended 30th September 2020 is below:

Remuneration for the Chairman over the five years ended 30th September 2020

Year ended 30th September	Fees £	Performance related benefits received as a percentage of maximum payable ¹
2020	35,500	n/a
2019	35,000	n/a
2018	35,000	n/a
2017	34,000	n/a
2016	34,000	n/a

¹ In respect of one year period and periods of more than one year.

Directors' Shareholdings¹

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, including any shares held by connected persons, are detailed below.

Directors' Name	30th September 2020		30th September 2019 or as at date of appointment
	2020	2019	
David Graham	30,832	24,403	
Kathryn Matthews ²	—	3,000	
John Misselbrook	8,500	6,000	
Oscar Wong	—	—	
Alexandra Mackesy	—	—	
Total	39,332	33,403	

¹ Audited information.

² Retired 28th January 2019.

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

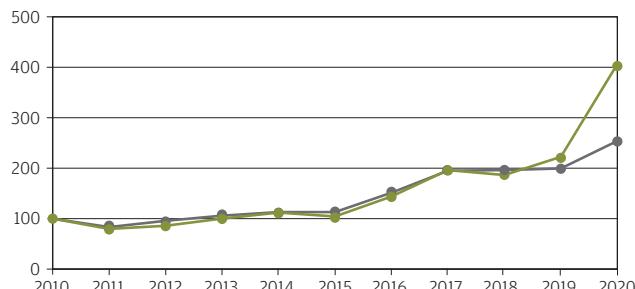
The Directors have no other share interests or share options in the Company and no share schemes are available.

No amounts (2019: nil) were paid to third parties for making available the services of Directors.

In accordance with the Companies Act 2006, a graph showing the Company's share price total return compared with its benchmark, the MSCI China Index¹ with dividends reinvested, in sterling terms, over the last ten years is shown below. The Board believes this Index is the most representative comparator for the Company, as it includes China securities and non-domestic China securities listed in Hong Kong and the United States.

¹ Prior to 26th January 2016, the benchmark was the MSCI Golden Dragon Index.

Ten Year Share Price and Benchmark Total Return Performance to 30th September 2020



Source: Morningstar/J.P.Morgan/MSCI.

— Share price total return.
— Benchmark total return.

A table showing actual expenditure by the Company on remuneration and distributions to shareholders for the year and the prior year can be seen on the following table:

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th September	
	2020	2019
Remuneration paid to all Directors	£114,583	£120,867
Distribution to shareholders – by way of dividend	£5,422,000	£2,545,000
– by way of share repurchases	—	—
Total distribution to shareholders	£5,422,000	£2,545,000

For and on behalf of the Board

John Misselbrook

Chairman

9th December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, 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, taken as a whole, the Annual Report and Financial Statements are fair, balanced and understandable; provide the information necessary for shareholders to assess the Company's position, business model and strategy; and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

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

and the Directors confirm that they have done so.

The Directors are responsible for keeping 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 comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Under applicable law and regulations the Directors are also responsible for preparing a Strategic Report, a Directors' Report and a Directors' Remuneration Report that comply with that 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 and the Strategic Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

For and on behalf of the Board

John Misselbrook

Chairman

9th December 2020

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of JPMorgan China Growth & Income plc

Opinion

We have audited the financial statements of JPMorgan China Growth & Income plc (the 'Company') for the year ended 30th September 2020 which comprise the statement of the comprehensive, the statement of changes in equity, the statement of financial position and the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30th September 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to principal risks, going concern and viability statement

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

- the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the Company's emerging and principal risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- 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 to do so over a period of at least 12 months from the date of approval of the financial statements;;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation in 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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. This matter was 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 this matter.

Key audit matter**Valuation and ownership of investments (note 1b to the Financial Statements)**

We considered the valuation and ownership of investments to be the most significant audit areas as investments represent the most significant balance in the financial statements and underpin the principal activity of the entity.

We also considered the valuation of investments with respect to realised and unrealised gains/(losses) to be a significant area as the reported performance of the portfolio is a key area of interest for the users of the financial statements.

Furthermore, we considered the disclosures related to investments to be a significant area as they are expected to be a key area of interest for the users of the financial statements.

How We Addressed the Key Audit Matter in the Audit

We responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures:

In respect of quoted investment valuations (100% of the total portfolio by value) we have:

- Confirmed the year end bid price was used by agreeing to externally quoted prices and for all of the investments, assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value.
- Obtained direct confirmation from the custodian regarding all investments held at the balance sheet date.

The gains/(losses) on investments held at fair value comprise realised and unrealised gains/(losses). For unrealised gains/(losses) we tested the valuation of the portfolio at the year end, together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and custodian's transaction report and performed the re-calculation of a sample of realised gains/losses.

We also considered the completeness, accuracy and clarity of investment-related disclosures against the requirements of the relevant accounting standards.

Key observations:

Based on our procedures performed we did not identify any material exceptions with regards to valuation or ownership of investments or the disclosures.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements. The application of these key considerations gives rise to three levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£) - 2020
<i>Financial statement materiality. (1 % of net assets)</i>	Assessing whether the Financial Statements as a whole present a true and fair view.	• The value of gross investments to the financial statements as a whole	£4,100,000

INDEPENDENT AUDITOR'S REPORT

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£) - 2020
<i>Performance materiality. (70% of materiality)</i>	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	<ul style="list-style-type: none">• Financial statement materiality• Risk and control environment• History of prior errors (if any)	£2,870,000

We have set a lower testing threshold for those items impacting revenue returns of £231,000, which is based on 10% of the total revenue returns before tax.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £82,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Company's activities, and the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement.

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

How the audit was considered capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, section 1158 of the Corporation Tax Act 2020, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ('the SORP') issued in November 2014 and updated in October 2019 with consequential amendments and FRS 102.

We designed audit procedures to respond to the risk, recognising that 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, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management; and
- review of minutes of Board meetings throughout the period.

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. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover

the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

INDEPENDENT AUDITOR'S REPORT

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by The Board of Directors on 3rd February 2020 to audit the financial statements for the year ending 30th September 2020 and subsequent financial periods. The period of total uninterrupted engagement is one year.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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

Vanessa Bradley (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

9th November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

Notes	Revenue £'000	2020			2019		
		Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Gains on investments held at fair value through profit or loss	3	—	164,024	164,024	—	36,566	36,566
Net foreign currency gains/(losses) ¹		—	1,492	1,492	—	(1,128)	(1,128)
Income from investments	4	3,401	—	3,401	2,836	—	2,836
Interest receivable and similar income	4	220	—	220	469	—	469
Gross return		3,621	165,516	169,137	3,305	35,438	38,743
Management fee	5	(683)	(2,050)	(2,733)	(575)	(1,726)	(2,301)
Other administrative expenses	6	(438)	—	(438)	(507)	—	(507)
Net return before finance costs and taxation		2,500	163,466	165,966	2,223	33,712	35,935
Finance costs	7	(188)	(564)	(752)	(268)	(804)	(1,072)
Net return before taxation		2,312	162,902	165,214	1,955	32,908	34,863
Taxation charges	8	(166)	—	(166)	(167)	—	(167)
Net return after taxation		2,146	162,902	165,048	1,788	32,908	34,696
Return per share	9	2.95p	224.06p	227.01p	2.46p	45.26p	47.72p

¹ £1,430,000 due to an exchange gain on the loan which is denominated in US dollars. £62,000 due to net exchange gains on cash and cash equivalents (2019: (£1,345,000) due to an exchange loss on the loan which is denominated in US dollars. £217,000 due to net exchange gains on cash and cash equivalents).

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

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

The notes on pages 60 to 79 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve ^{1,2} £'000	Capital reserves ² £'000	Revenue reserve ² £'000	Total £'000
At 30th September 2018	19,481	13,321	3	581	37,392	146,151	4,033	220,962
Net return	—	—	—	—	—	32,908	1,788	34,696
Dividend paid in the year (note 10)	—	—	—	—	—	—	(2,545)	(2,545)
At 30th September 2019	19,481	13,321	3	581	37,392	179,059	3,276	253,113
Net return	—	—	—	—	—	162,902	2,146	165,048
Dividend paid in the year (note 10)	—	—	—	—	—	(1,776)	(5,422)	(7,198)
At 30th September 2020	19,481	13,321	3	581	37,392	340,185	—	410,963

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

² These reserves form the distributable reserves of the Company and may be used to fund distributions to investors.

The notes on pages 60 to 79 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30TH SEPTEMBER 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	454,645	278,020
Current assets	12		
Debtors		819	363
Cash and cash equivalents		343	3,134
		1,162	3,497
Current liabilities	13		
Creditors: amounts falling due within one year		(44,844)	(28,404)
Net current liabilities		(43,682)	(24,907)
Total assets less current liabilities		410,963	253,113
Net assets		410,963	253,113
Capital and reserves			
Called up share capital	14	19,481	19,481
Share premium	15	13,321	13,321
Exercised warrant reserve	15	3	3
Capital redemption reserve	15	581	581
Other reserve	15	37,392	37,392
Capital reserves	15	340,185	179,059
Revenue reserve	15	—	3,276
Total shareholders' funds		410,963	253,113
Net asset value per share	16	565.3p	348.1p

The Financial Statements on pages 56 to 79 were approved and authorised for issue by the Directors on 9th December 2020 and signed on their behalf by:

John Misselbrook
Chairman

The notes on pages 60 to 79 form an integral part of these Financial Statements.

The Company is registered in England and Wales No. 02853893.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

	Notes	2020 £'000	2019 £'000
Net cash outflow from operations before dividends and interest ¹	17	(2,885)	(2,184)
Dividends received		3,248	2,695
Interest received		18	100
Overseas tax recovered		1	—
Interest paid		(700)	(1,127)
Net cash outflow from operating activities		(318)	(516)
Purchases of investments		(174,168)	(101,831)
Sales of investments		161,070	121,821
Settlement of foreign currency contracts		33	(54)
Net cash (outflow)/inflow from investing activities		(13,065)	19,936
Dividends paid		(7,198)	(2,545)
Repayment of bank loans		(67)	(25,058)
Drawdown of bank loans		17,895	4,121
Net cash inflow/(outflow) from financing activities		10,630	(23,482)
Decrease in cash and cash equivalents		(2,753)	(4,062)
Cash and cash equivalents at start of year		3,134	7,174
Unrealised (losses)/gains on foreign currency cash and cash equivalents ¹		(38)	22
Cash and cash equivalents at end of year		343	3,134
Decrease in cash and cash equivalents		(2,753)	(4,062)
Cash and cash equivalents consist of:			
Cash at bank		343	3,134
		343	3,134

¹ The unrealised exchange losses on the JPMorgan US Dollar Liquidity Fund in the comparative column have been moved from the initial 'Net cash outflow from operations' total to be disclosed separately as the 'unrealised losses on foreign currency cash and cash equivalents'.

RECONCILIATION OF NET DEBT

	As at 30th September 2019 £'000	Cash flows £'000	Other non-cash charges £'000	As at 30th September 2020 £'000
Cash and cash equivalents:				
Cash	3,134	(2,753)	(38)	343
	3,134	(2,753)	(38)	343
Borrowings:				
Debt due within one year	(27,185)	(17,828)	1,430	(43,583)
	(27,185)	(17,828)	1,430	(43,583)
Total	(24,051)	(20,581)	1,392	(43,240)

The notes on pages 60 to 79 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

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 October 2019.

All of the Company's operations are of a continuing nature.

The Financial Statements have been prepared on a going concern basis. In forming this opinion, the directors have considered any potential impact of COVID-19 pandemic on the going concern and viability of the Company. They have considered the potential impact of COVID-19 and the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience particularly in light of COVID-19. The Directors have reviewed income and expense projections and the liquidity of the investment portfolio in making their assessment.

The policies applied in these Financial Statements are consistent with those applied in the preceding year.

(b) Valuation of investments

The Company has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

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

Accordingly, upon initial recognition the investments are designated by the Company as held at fair value through profit or loss. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

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

(c) Accounting for reserves

Gains and losses on sales of investments including the related foreign exchange gains and losses, 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.

Securities 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.

(e) Expenses

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

- the management fee is allocated 25% to revenue and 75% to capital, in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio. With effect from 1st April 2019, the management fee was amended from 1% per annum of the Company's total assets less current liabilities, after adding back any loans, to 0.9% per annum of the Company's net assets.
- 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 67.

(f) Finance costs

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

Finance costs are allocated 25% to revenue and 75% to capital, in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(g) Financial instruments

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

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

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

(h) Taxation

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

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

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

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

(i) Value Added Tax ('VAT')

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

1. Accounting policies *continued*

(j) 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

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'.

(m) Repurchase of shares to hold in Treasury

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

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

2. Significant accounting judgements, estimates and assumptions

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

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

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

	2020 £'000	2019 £'000
Realised gains on sales of investments	33,930	8,698
Net change in unrealised gains and losses on investments	130,149	27,893
Other capital charges	(55)	(25)
Total capital gains on investments held at fair value through profit or loss	164,024	36,566

4. Income

	2020 £'000	2019 £'000
Income from investments:		
Overseas dividends	3,245	2,804
Dividends from participatory notes	46	32
Scrip dividends	110	—
	3,401	2,836
Interest receivable and similar income:		
Securities lending fees	202	378
Interest from liquidity fund	18	90
Deposit interest	—	1
	220	469
Total income	3,621	3,305

5. Management fee

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Management fee	683	2,050	2,733	575	1,726	2,301

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

NOTES TO THE FINANCIAL STATEMENTS

6. Other administrative expenses

	2020 £'000	2019 £'000
Administration expenses	192	281
Directors' fees ¹	115	121
Safe custody fees	65	46
Depository fees ²	38	31
Auditor's remuneration for audit services ³	28	28
	438	507

¹ Full disclosure is given in the Directors' Remuneration Report on page 45.

² Includes £1,000 (2019: £1,000) irrecoverable VAT.

³ Includes £1,000 (2019: £1,000) irrecoverable VAT.

7. Finance costs

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Interest on bank loans and overdrafts	188	564	752	268	804	1,072

8. Taxation

(a) Analysis of tax charge for the year

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Overseas withholding tax	166	—	166	167	—	167
Total tax charge for the year	166	—	166	167	—	167

(b) Factors affecting total tax charge for the year

The tax charge for the year is lower (2019: lower) than the Company's applicable rate of corporation tax of 19% (2019: 19%).

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

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Net return before taxation	2,312	162,902	165,214	1,955	32,908	34,863
Net return before taxation multiplied by the applicable rate of corporation tax of 19% (2019: 19%)	439	30,951	31,390	371	6,253	6,624
Effects of:						
Non taxable capital gains	—	(31,448)	(31,448)	—	(6,733)	(6,733)
Non taxable scrip dividends	(21)	—	(21)	—	—	—
Non taxable overseas dividends	(616)	—	(616)	(533)	—	(533)
Tax attributable to expenses and finance costs charged to capital	(497)	497	—	(480)	480	—
Unrelieved expenses	695	—	695	642	—	642
Overseas withholding tax	166	—	166	167	—	167
Total tax charge for the year	166	—	166	167	—	167

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £6,217,974 (2019: £4,941,850) based on a prospective corporation tax rate of 19% (2019: 17%). 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

	2020 £'000	2019 £'000
Revenue return	2,146	1,788
Capital return	162,902	32,908
Total return	165,048	34,696
Weighted average number of shares in issue during the year	72,703,188	72,703,188
Revenue return per share	2.95p	2.46p
Capital return per share	224.06p	45.26p
Total return per share	227.01p	47.72p

10. Dividends

(a) Dividends paid and proposed

	2020 £'000	2019 £'000
Dividends paid		
2019 final dividend of 2.5p (2018: 3.5p) per share	1,818	2,545
2020 first quarterly interim dividend of 3.7p (2019: nil)	2,690	–
2020 second quarterly interim dividend of 3.7p (2019: nil)	2,690	–
Total dividends paid in the period	7,198	2,545
Dividends proposed		
2019 final dividend of 2.5p per share	–	1,818
2021 first quarterly interim dividend of 5.7p per share	4,144	–

The first quarterly interim dividend has been declared in respect of the year ended 30th September 2021. In accordance with the accounting policy of the Company, this dividend will be reflected in the Financial Statements for the year ending 30th September 2021.

(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 £377,577,000 (2019: Revenue reserve £3,276,000). Please note that at the Annual General Meeting ('AGM') in February 2020, shareholders approved an amendment to the Company's Articles of Association to allow the Company to distribute capital as income to enable the implementation of the Company's revised dividend policy. Please see page 6 for further details.

	2020 £'000	2019 £'000
2019 final dividend of 2.5p per share	–	1,818
2020 first quarterly interim dividend of 3.7p (2019: nil)	2,690	–
2020 second quarterly interim dividend of 3.7p (2019: nil)	2,690	–
	5,380	1,818

The aggregate of the distributable reserves after the payment of the first quarterly dividend will amount to £373,433,000 (2019: Revenue reserve £1,458,000. At the time only the revenue reserve was distributable). Please see page 6 for further details.

11. Investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Investments listed on a recognised stock exchange	454,645	278,020
Opening book cost	195,587	206,001
Opening investment holding gains	82,433	54,540
Opening valuation	278,020	260,541
Movements in the year:		
Purchases at cost	174,236	102,347
Sales proceeds	(161,690)	(121,459)
Gains on investments	164,079	36,591
	454,645	278,020
Closing book cost	242,063	195,587
Closing investment holding gains	212,582	82,433
Total investments held at fair value through profit or loss	454,645	278,020

The Company received £161,690,000 (2019: £121,459,000) from investments sold in the year. The book cost of these investments when they were purchased was £127,760,000 (2019: £112,761,000). These investments have been revalued over time, and until they were sold, any unrealised gains/losses were included in the fair value of the investments.

Transaction costs on purchases during the year amounted to £353,000 (2019: £168,000) and on sales during the year amounted to £242,000 (2019: £183,000). These costs comprise mainly brokerage commission.

12. Current assets

	2020 £'000	2019 £'000
Debtors		
Securities sold awaiting settlement	572	—
Overseas tax recoverable	12	—
Dividends and interest receivable	204	340
Other debtors	31	23
	819	363

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.

NOTES TO THE FINANCIAL STATEMENTS

13. Current liabilities

	2020 £'000	2019 £'000
Creditors amounts falling due within one year		
Bank loan	43,583	27,185
Securities purchased awaiting settlement	977	1,019
Loan interest payable	154	102
Other creditors and accruals	130	98
	44,844	28,404

On 18th April 2019 the Board reduced and renewed the loan facility of £40 million (with an accordion facility of £10 million) for a further 364 days. On 30th April 2020 the Company extended the £40 million (with an accordion facility of £10 million) loan facility with Scotiabank for a further three months at an increased margin of 100 bps. On 16th July 2020 the Company increased and extended the £50 million (with an accordion facility of £10 million) loan facility with Scotiabank for a further 364 days at an increased margin of 140 bps.

Under the terms of this current agreement, the Company may draw down up to £50 million (with an accordion facility of an additional £10 million) or its foreign currency equivalent, at an interest rate of LIBOR as offered in the market for the relevant currency and loan period, plus a margin of 1.40% (2019: 0.75%) and plus 'Mandatory Costs', which are the lender's costs of complying with certain regulatory requirements of the Bank of England and the Financial Conduct Authority. The facility is subject to the following covenants and restrictions:

- The Company's adjusted asset coverage must not fall below 5:1;
- The Company's net asset value must not be less than £180 million, and;
- The Company's maximum borrowing limit cannot be exceeded at any time.

These covenants and restrictions are customary for a credit facility of this nature. All of the covenants and restrictions have been met during the year and continue to be met.

At 30th September 2020, the Company had drawn down US\$ 56.3 million (2019: US\$33.5 million) on the multicurrency revolving loan facility with Scotiabank at an interest rate of 1.67% (2019: 2.90%).

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

14. Called up share capital

	2020 £'000	2019 £'000
Issued and fully paid share capital:		
Ordinary shares of 25p each¹		
Opening balance of 72,703,188 (2019: 72,703,188) shares	18,178	18,178
Subtotal of 72,703,188 (2019: 72,703,188)	18,178	18,178
5,211,777 (2019: 5,211,777) shares held in Treasury	1,303	1,303
Closing balance of 77,914,965 (2019: 77,914,965) including shares held in Treasury	19,481	19,481

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 26.

15. Capital and reserves

2020	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves ²				Revenue reserve ² £'000	Total £'000
					Other reserve ^{1,2} £'000	Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	Revenue reserve ² £'000		
Opening balance	19,481	13,321	3	581	37,392	99,405	79,654	3,276	253,113	
Net exchange gains on cash and cash equivalents	–	–	–	–	–	62	–	–	62	
Realised gain on sale of investments	–	–	–	–	–	33,930	–	–	33,930	
Net change in unrealised gains and losses on investments	–	–	–	–	–	–	130,149	–	130,149	
Unrealised exchange gains on multi currency loan	–	–	–	–	–	–	1,429	–	1,429	
Realised exchange gains on repayment of foreign currency loan	–	–	–	–	–	1	–	–	1	
Unrealised exchange loss on foreign currency loan now realised	–	–	–	–	–	(5)	5	–	–	
Finance costs charged to capital	–	–	–	–	–	(564)	–	–	(564)	
Management fee charged to capital	–	–	–	–	–	(2,050)	–	–	(2,050)	
Other capital charges	–	–	–	–	–	(55)	–	–	(55)	
Dividend paid in the year	–	–	–	–	–	(1,776)	–	(5,422)	(7,198)	
Retained revenue for the year	–	–	–	–	–	–	–	2,146	2,146	
Closing balance	19,481	13,321	3	581	37,392	128,948	211,237	–	410,963	

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

² These reserves form the distributable reserves of the Company and may be used to fund distributions to investors.

NOTES TO THE FINANCIAL STATEMENTS

15. Capital and reserves *continued*

2019	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves				Revenue reserve ² £'000	Total £'000
					Other reserve ¹ £'000	Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	Revenue reserve ² £'000		
Opening balance	19,481	13,321	3	581	37,392	94,972	51,179	4,033	220,962	
Net exchange gains on cash and cash equivalents	—	—	—	—	—	217	—	—	—	217
Gains on sales of investments based on the carrying value at the previous balance sheet date	—	—	—	—	—	658	—	—	—	658
Net movement in investment holding gains and losses	—	—	—	—	—	—	35,933	—	—	35,933
Transfer on disposal of investments	—	—	—	—	—	8,040	(8,040)	—	—	—
Unrealised exchange losses on multi currency loan	—	—	—	—	—	—	(1,209)	—	—	(1,209)
Realised exchange loss on repayment of multi currency loan	—	—	—	—	—	(136)	—	—	—	(136)
Unrealised exchange loss on multi currency loan now realised	—	—	—	—	—	(1,791)	1,791	—	—	—
Finance costs charged to capital	—	—	—	—	—	(804)	—	—	—	(804)
Management fee charged to capital	—	—	—	—	—	(1,726)	—	—	—	(1,726)
Other capital charges	—	—	—	—	—	(25)	—	—	—	(25)
Dividend paid in the year	—	—	—	—	—	—	—	(2,545)	(2,545)	
Retained revenue for the year	—	—	—	—	—	—	—	1,788	1,788	
Closing balance	19,481	13,321	3	581	37,392	99,405	79,654	3,276	253,113	

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

² This reserve forms the distributable reserve of the Company and may be used to fund distributions to investors via dividend payments.

16. Net asset value per share

	2020	2019
Net assets (£'000)	410,963	253,113
Number of shares in issue	72,703,188	72,703,188
Net asset value per share	565.3p	348.1p

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

	2020 £'000	2019 £'000
Net return before finance costs and taxation	165,966	35,935
Less capital return before finance costs and taxation	(163,466)	(33,712)
Scrip dividends received as income	(110)	—
Decrease in accrued income and other debtors	128	25
Increase in accrued expenses	25	7
Tax on unfranked investment income	(179)	(167)
Expenses charged to capital	(2,050)	(1,726)
Dividends received	(3,248)	(2,695)
Interest received	(18)	(100)
Realised gains/(losses) on foreign exchange transactions	99	(98)
Realised (losses)/gains on liquidity fund ¹	(32)	347
Net cash outflow from operations before dividends and interest¹	(2,885)	(2,184)

¹ The Unrealised exchange gain on liquidity fund (2019: loss of £8,000) in the comparative column has been removed from this note to be disclosed separately on the face of the Statement of cash flows within the 'Unrealised gain on foreign currency cash and cash equivalents'.

18. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2019: same).

19. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 32. The management fee payable to the Manager for the year was £2,733,000 (2019: £2,301,000) of which £nil (2019: £nil) was outstanding at the year end.

Safe custody fees amounting to £65,000 (2019: £46,000) were payable to JPMorgan Chase Bank N.A. during the year of which £14,000 (2019: £8,000) 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 £15,000 (2019: £20,000) of which £nil (2019: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £55,000 (2019: £25,000) were payable to JPMorgan Chase Bank N.A. during the year of which £7,000 (2019: £nil) was outstanding at the year end.

The Company also held cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £nil (2019: £nil). Interest amounting to £18,000 (2019: £90,000) was receivable during the year of which £nil (2019: £nil) was outstanding at the year end.

Fees amounting to £202,000 (2019: £378,000) were receivable from stock lending transactions during the year. JPMorgan Investor Services Limited commissions in respect of such transactions amounted to £22,000 (2019: £56,000).

At the year end, total cash of £343,000 (2019: £3,134,000) was held with JPMorgan Chase Bank, N.A.. A net amount of interest of £nil (2019: £1,000) was receivable by the Company during the year of which £nil (2019: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 45 and in note 6 on page 64.

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 60.

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

	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	436,285	—	272,991	—
Level 2	18,360 ¹	—	5,029 ²	—
Total	454,645	—	278,020	—

¹ Participatory notes (Montage Technology, Shanghai Baosight, Fujian Anjoy Foods, Advanced Micro Devices, Autobio Diagnostics).

² Participatory notes (Autobio Diagnostics and Wuxi Lead Intelligent Equipment).

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, with exposure to 'Greater China' companies and 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; and
- a 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.

Management of currency risk

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

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 30th September are shown below. Notwithstanding the exposure being shown in the table as US Dollar and HK Dollar, the predominant, underlying currency exposure of these investments will be to the Chinese Yuan. 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.

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

(a) Market risk *continued*

(i) Currency risk *continued*

Foreign currency exposure *continued*

	2020					Total £'000
	US Dollar £'000	Hong Kong Dollar £'000	Taiwan Dollar £'000	Euro £'000	Chinese Yuan £'000	
Current assets	195	814	36	—	64	1,109
Creditors	(43,737)	(977)	—	—	—	(44,714)
Net current (liabilities)/assets	(43,542)	(163)	36	—	64	(43,605)
Investments held at fair value through profit or loss	116,670	201,621	3,051	—	133,304	454,646
Total net foreign currency exposure	73,128	201,458	3,087	—	133,368	411,041
2019						
	US Dollar £'000	Hong Kong Dollar £'000	Taiwan Dollar £'000	Euro £'000	Chinese Yuan £'000	Total £'000
Current assets	424	385	15	—	2,595	3,419
Creditors	(28,204)	—	—	—	—	(28,204)
Net current (liabilities)/assets	(27,780)	385	15	—	2,595	(24,785)
Investments held at fair value through profit or loss	60,167	127,448	3,251	1,038	86,116	278,020
Total net foreign currency exposure	32,387	127,833	3,266	1,038	88,711	253,235

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

Foreign currency sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2019: 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.

	2020 If sterling strengthens by 10% £'000	2020 If sterling weakens by 10% £'000	2019 If sterling strengthens by 10% £'000	2019 If sterling weakens by 10% £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	(342)	342	(293)	293
Capital return	4,361	(4,361)	2,479	(2,479)
Total return after taxation	4,019	(4,019)	2,186	(2,186)
Net assets	4,019	(4,019)	2,186	(2,186)

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

The Company does not normally hold significant cash balances. Short term borrowings are used when required. The Company may finance part of its activities through borrowings at levels approved and monitored by the Board. 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 the 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.

	2020 £'000	2019 £'000
Exposure to floating interest rates:		
Cash and short term deposits	343	3,134
Bank loan	(43,583)	(27,185)
Total exposure	(43,240)	(24,051)

Interest receivable on cash balances, or payable on overdrafts, is at a margin below or above LIBOR respectively (2019: same).

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1% (2019: 1%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

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

(a) Market risk *continued*

(ii) Interest rate risk *continued*

Interest rate sensitivity *continued*

	2020		2019	
	1% Increase in rate £'000	1% Decrease in rate £'000	1% Increase in rate £'000	1% Decrease in rate £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	(106)	106	(37)	37
Capital return	(327)	327	(204)	204
Total return after taxation for the year	(433)	433	(241)	241
Net assets	(433)	433	(241)	241

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

(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:

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	454,645	278,020

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 17 to 19. This shows that the investments' value is in the 'Greater China' area. 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 20% (2019: 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 equity investments, adjusting for changes in the management fee but with all other variables held constant.

	2020		2019	
	20% increase in fair value £'000	20% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	(204)	204	(63)	63
Capital return	90,316	(90,316)	27,614	(27,614)
Total return after taxation	90,214	(90,214)	27,551	(27,551)
Net assets	90,214	(90,214)	27,551	(27,551)

(b) Liquidity risk

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

Management of the risk

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

The Board's policy is for the Company to remain fully invested in normal market conditions and that short term borrowings be used to manage short term liabilities, working capital requirements and to gear the Company as appropriate. Details of the current loan facility are given in note 13 on page 68.

Liquidity risk exposure

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

	2020			2019		
	More than three months	Three months but not more than one year	Total £'000	More than three months	Three months but not more than one year	Total £'000
Creditors:						
Securities purchased awaiting settlement	977	—	977	1,019	—	1,019
Bank loan - including interest	43,768	—	43,768	303	27,429	27,732
Other creditors and accruals	130	—	130	98	—	98
	44,875	—	44,875	1,420	27,429	28,849

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

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

(c) Credit risk

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

Management of credit risk

Portfolio dealing

The Company invests in markets that operate Delivery Versus Payment ('DVP') settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. However, the Company's holdings in Participatory Notes and Warrants are subject to counterparty risk associated with each issuer. 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 and the Board.

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

Exposure to JPMorgan Chase

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

The Depositary, 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 2020 amounted to £33.7 million (2019: £7.5 million) and the maximum value of stock on loan during the year amounted to £50.8 million (2019: £28.1 million). Collateral is obtained by JPMorgan Asset Management and is called in on a daily basis to a value of 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% 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 debt and equity structure comprises the following:

	2020 £'000	2019 £'000
Debt:		
Bank loan	43,583	27,185
	43,583	27,185
Equity:		
Called up share capital	19,481	19,481
Reserves	391,482	233,632
	410,963	253,113
Total debt and equity	454,546	280,298

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

The Company's actual gearing is not to exceed 20% without Board permission.

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	454,645	278,020
Net assets	410,963	253,113
Gearing	10.6%	9.8%

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 to issue new shares, including issues from Treasury.

23. Subsequent events

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

Regulatory Disclosures

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

Leverage

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

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

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit ¹	200%	200%
Actual	111%	111%

¹ This is the maximum level of gearing as prescribed by the AIFMD. Please note that the Company's investment policies currently restrict gearing to a maximum of 20% of shareholders' funds, i.e. 120%.

JPMorgan Funds Limited (the '**Management Company**') is the authorised manager of JPMorgan China Growth & Income 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.

REGULATORY DISCLOSURES

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 2019 Performance Year in June 2019 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 2019 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JPMorgan 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 30 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 38 sub-funds) as at 31st December 2019, with a combined AUM as at that date of £13.8 billion and £17.1 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (USD\$'000s)	15,972	9,139	25,111	119

The aggregate 2019 total remuneration paid to AIFMD Identified Staff was USD \$57,449,000, of which USD \$4,425,000 relates to Senior Management and USD \$53,024,000 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 REGULATIONS ('SFTR') DISCLOSURES (UNAUDITED)

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to SFTR for the accounting year ended 30th September 2020 are detailed below.

Global Data

Amount of securities on loan

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is Total lendable assets represents the aggregate value of assets types forming part of the Fund's securities lending programme.

Amount of assets engaged in securities lending

The following table represents the total value of assets engaged in securities lending:

	Value £'000	% of AUM
Securities lending	33,721	8.21%

Concentration and Aggregate Transaction Data

Counterparties

The following table provides details of the counterparties (based on gross volume of outstanding transactions with exposure on a gross absolute basis) in respect of securities lending as at the balance sheet date:

Collateral	Country of Incorporation	Value £'000
Morgan Stanley	United States of America	10,864
Merrill Lynch	United States of America	5,341
Macquarie	Australia	4,692
JP Morgan	United States of America	4,311
Goldman Sachs	United States of America	3,903
UBS	Switzerland	3,654
Credit Suisse Group	Switzerland	615
HSBC	United Kingdom	343
Total		33,721

Maturity tenure of Security lending transactions

The Company's securities lending transactions have open maturity.

REGULATORY DISCLOSURES

Collateral Issuers

The following table lists the issuers by value of non-cash collateral received by the Company by way of title transfer collateral arrangement across securities lending transactions, as at the balance sheet date:

Issuer	Collateral Value £'000
United States of America Treasury	10,142
United Kingdom Treasury	2,783
Japan Treasury	3,487
French Republic Government	2,389
Kingdom of Belgium Government	1,760
Kingdom of Netherlands Government	1,112
Republic of Austria Government	872
Federal Republic of Germany Government	426
Republic of Finland Government	114
Total	23,085

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

Type, quality and currency of collateral

The following table provides an analysis of the type, quality and currency of collateral received by the Company in respect of securities lending transactions as at the balance sheet date.

Type	Quality	Currency	Value £'000
Treasury Notes	Investment Grade	USD	10,142
Sovereign Debt	Investment Grade	EUR	6,673
Sovereign Debt	Investment Grade	JPY	3,487
Sovereign Debt	Investment Grade	GBP	2,783
Total			23,085

Maturity tenure of collateral

The following table provides an analysis of the maturity tenure of collateral received in relation to securities lending transactions as at the balance sheet date:

Maturity	Value £'000
1 day to 1 week	—
1 week to 1 month	—
1 to 3 months	61
3 to 12 months	394
More than 1 year	22,630
Total	23,085

Settlement and clearing

The Company's securities lending transactions including related collaterals are settled and cleared either bi-laterally, tri-party or through a central counterparty.

Re-use of collateral

Share of collateral received that is reused and reinvestment return

Non-cash collateral received by way of title transfer collateral arrangements in relation to securities lending transactions cannot be sold, re-invested or pledged.

Cash collateral received in the context of securities lending transactions may be reused in accordance with the provisions contained within the Prospectus. However, the Company does not currently reinvest cash collateral received in respect of securities lending transactions.

Safekeeping of collateral

All collateral received by the Company in respect of securities lending transactions as at the balance sheet date is held by the Depository.

Return and cost

JPMorgan Chase Bank, N.A (JPMCB), the lending agent, receives a fee of 10% of the gross revenue for its services related to the Stock Lending Transactions. The remainder of the revenue, 90%, is received by the Company i.e. for the benefit of Shareholders.

Shareholder Information

Notice is hereby given that the twenty-sixth Annual General Meeting of JPMorgan China Growth & Income plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Monday, 1st February 2021 at 11.30 a.m. for the following purposes:

1. To receive the Directors' Report, the Annual Financial Statements and the Auditor's Report for the year ended 30th September 2020.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th September 2020.
4. To reappoint John Misselbrook as a Director of the Company.
5. To reappoint Oscar Wong as a Director of the Company.
6. To reappoint David Graham as a Director of the Company.
7. To reappoint Alexandra Mackesy as a Director of the Company.
8. To reappoint BDO LLP as Auditor of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new Ordinary shares - Ordinary Resolution

9. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, 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 Ordinary shares in the Company and to grant rights to subscribe for, or to convert any security into, Ordinary shares in the Company ('Rights') up to an aggregate nominal amount of £1,849,829 (representing approximately 10% of the Company's issued Ordinary share capital (excluding shares held in Treasury) as at 9th December 2020, this being the latest practicable date prior to the publication of this notice), provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2022 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 Ordinary shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot Ordinary shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

10. THAT, subject to the passing of Resolution 9 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities

(within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 9 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of Treasury shares for cash up to an aggregate nominal amount of £1,849,829 (representing approximately 10% of the issued Ordinary share capital (excluding shares held in Treasury) of the Company as at 9th December 2020, this being the latest practicable date prior to the publication of this notice), at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 9 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or Treasury shares to be sold after such expiry and so that the Directors of the Company may allot equity securities or sell Treasury shares pursuant to such offers or agreements as if the power conferred hereby had not expired.

Authority to allot further new Ordinary shares - Ordinary Resolution

11. THAT, in addition to any authority granted by Resolution 9 above, the Directors of the Company be and they are hereby generally and unconditionally authorised, 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 Ordinary shares in the Company and to grant rights to subscribe for, or to convert any security into, Ordinary shares in the Company ('Rights') up to an aggregate nominal amount of £1,849,829 (representing approximately 10% of the Company's issued Ordinary share capital (excluding shares held in Treasury) as at 9th December 2020, this being the latest practicable date prior to the publication of this notice), provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2022 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 Ordinary shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot Ordinary 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 further relevant securities - Special Resolution

12. THAT, subject to the passing of Resolution 11 set out above, and in addition to any authority granted by Resolution 10 above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (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

NOTICE OF ANNUAL GENERAL MEETING

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 and the sale of Treasury shares for cash up to an aggregate nominal amount of £1,849,829 (representing approximately 10% of the issued Ordinary share capital (excluding shares held in Treasury) of the Company as at 9th December 2020, this being the latest practicable date prior to the publication of this notice) 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 to be sold after such expiry and so that the Directors of the Company may allot equity securities or sell Treasury shares pursuant to such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

13. THAT, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693 of the Act) of fully paid Ordinary shares in the capital of the Company on such terms and in such manner as the Directors may from time to time determine, provided always that:
 - (i) the maximum aggregate number of Ordinary shares hereby authorised to be purchased shall be 11,091,578, or if less, that number of Ordinary shares which is equal to 14.99% of the issued share capital (less shares held in Treasury, if any) as at the date of the passing of this Resolution;
 - (ii) the minimum price (excluding expenses) which may be paid for an Ordinary share shall be 25 pence;
 - (iii) the maximum price (excluding expenses) 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 Ordinary share (as determined by the Directors);
 - (v) the authority hereby conferred shall expire on 31st July 2022 unless the authority is renewed at the Company's Annual General Meeting in 2022 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.

Adoption of New Articles of Association – Special Resolution

15. THAT the Articles of Association produced to the meeting and signed by the chairman of the meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the meeting.

By order of the Board

Lucy Dina, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

9th December 2020

Notes

These notes should be read in conjunction with the notes on the reverse of the proxy form. As stated in note 1 below, other notes to this Notice of Meeting will be subject to COVID-19 restrictions.

1. At the date of this Notice the format of the Company's 2021 AGM has had to be changed so that it complies with both the existing Companies Act and the legislation which the UK Government introduced to limit the impact of the COVID-19 pandemic, restricting travel and limiting gatherings. Shareholders are asked to comply with the government's latest COVID-19 pandemic legislation restricting travel and public gatherings and not to attend the AGM. Arrangements will be made by the Company to ensure that the minimum number of two shareholders required to form a quorum for the AGM will attend the meeting in order that the meeting may proceed and the business be concluded. To ensure compliance with COVID-19 pandemic legislation restricting public gatherings, no shareholders (other than the two previously notified shareholders making up the quorum for the AGM) will be permitted to attend the meeting and entry to the building will not be allowed.
2. 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.
3. 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

NOTICE OF ANNUAL GENERAL MEETING

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.

4. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form, no later than 11.30 a.m. two business days prior to the Meeting (i.e. excluding weekends and bank holidays).
5. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
6. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.
7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditor of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
10. 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.
11. 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.jpmchinagrowthandincome.co.uk.
12. 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.
13. 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.
14. As an alternative to completing a hard copy Form of Proxy/Voting Direction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction

NOTICE OF ANNUAL GENERAL MEETING

Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.

15. As at 9th December 2020 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 77,914,965 Ordinary shares (of which 3,921,777 shares are held in Treasury), carrying one vote each. Therefore the total voting rights in the Company are 73,993,188.
16. A copy of the proposed new articles of association of the Company, together with a copy showing all of the proposed changes to the existing articles of association, will be available for inspection on the Company's website, www.jpmchinagrowthandincome.co.uk, and at the offices of J.P. Morgan Asset Management, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00 a.m. and 5.00 p.m. (Saturdays, Sundays and public holidays excepted), from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

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 Form of Proxy.

Return to Shareholders (APM)

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

Total return calculation	Page	Year ended	Year ended
		30th September	30th September
Opening share price (p)	4	309.5	263.0
Closing share price (p)	4	552.0	309.5
Total dividend adjustment factor ¹		1.023965	1.014228
Adjusted closing share price (d = b x c)		565.29	313.9
Total return to shareholders (e = d / a - 1)		82.6%	19.4%

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

Return on Net Assets (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	Year ended
		30th September	30th September
Opening cum-income NAV per share (p)	4	348.1	303.9
Closing cum-income NAV per share (p)	4	565.3	348.1
Total dividend adjustment factor ¹		1.022516	1.012398
Adjusted closing cum-income NAV per share (d = b x c)		578.0	352.4
Total return on net assets (e = d / a - 1)		66.1%	16.0%

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 cum-income NAV at the ex-dividend date.

Benchmark return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested, without transaction costs, 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; consequently, there may be some divergence between the Company's performance and that of the benchmark.

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 70 for detailed calculations.

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	30th September
		2020	2019
Investments held at fair value through profit or loss	58	454,645	278,020
Net assets	58	410,963	253,113
Gearing (c = a / b - 1)		10.6%	9.8%

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	30th September
		2020	2019
Management Fee	56	2,733	2,301
Other administrative expenses	56	438	507
Total management fee and other administrative expenses		3,171	2,808
Average daily cum-income net assets		315,530	222,364
Ongoing charges (c = a / b)		1.00%	1.26%

Share Price Discount/Premium to cum income 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).

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.

Dividends/Residual

Represents timing differences in respect of cash flows and dividends.

Management fee/Other expenses

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

Share 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 Depository Receipts (ADRs)

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

China A-Shares

Companies incorporated in mainland China and which are traded in the mainland A-Share markets. The prices of A-Shares are quoted in renminbi, and currently, only Mainland Chinese Investors and selected Foreign Institutional Investors are allowed to trade A-Shares.

The Company invests directly in China A-Shares and also gains access to the A-Share market by investing into China A-Share access products (participatory notes).

China B-Shares

Companies incorporated in mainland China and traded on the mainland B-Share markets. The prices of B-Shares are quoted in US dollars and are available to both Mainland Chinese Investors and Foreign Institutional Investors.

Hong Kong H-Shares

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

Shanghai-Hong Kong Stock Connect

A cross-boundary investment channel that connects the Shanghai Stock Exchange and the Hong Kong Stock Exchange. Under the program, investors in each market are able to trade shares on the other market using their local brokers and clearing houses.

Shenzhen-Hong Kong Stock Connect

A cross-boundary investment channel that connects the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. Under the program, investors in each market are able to trade shares on the other market using their local brokers and clearing houses.

Participatory Notes (or P-Notes)

Financial instruments used to gain access to markets with capital controls. The notes are derivative products issued by brokers or other financial institutions that have quota from the Chinese regulator to invest directly in the Chinese market.

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 You Invest	Fidelity Personal Investing
Barclays Smart Investor	Halifax Share Dealing
Charles Stanley Direct	Hargreaves Lansdown
EQi	Interactive Investor

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.

The Board encourages all of its shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability 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 Association of Investment Companies' ('AIC') website at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms for information on which platforms support these services and how to utilise them.

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

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



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	March/June/September/December
Annual General Meeting	February

History

JPMorgan China Growth & Income plc was launched in October 1993, as The Fleming Chinese Investment Trust plc, by a public offer of shares which raised £60 million before expenses. The Company changed its name to JPMorgan Fleming Chinese Investment Trust in December 2001 and adopted its present name on 4th February 2020.

Company Numbers

Company registration number: 02853893
London Stock Exchange Sedol number: 0343501

Ordinary Shares

ISIN: GB0003435012
Bloomberg ticker: JCGI LN
LEI: 549300S8M91P5FYONY25

Market Information

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

Website

www.jpmchinagrowthandincome.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 Lucy Dina at the above address.

Depository

The Bank of New York Mellon (International) Limited
1 Canada Square
London E14 5AL
The Depository has appointed JPMorgan Chase Bank, N.A. as the Company's custodian.

Registrars

Equiniti Limited
Reference 1078
Aspect House
Spencer Road
West Sussex BN99 6DA
Telephone number: 0371 384 2317

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 1078.

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

Independent Auditor

BDO LLP
Statutory Auditor
55 Baker Street
London W1U 7EU

Brokers

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA
Telephone number: 020 310 0000



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