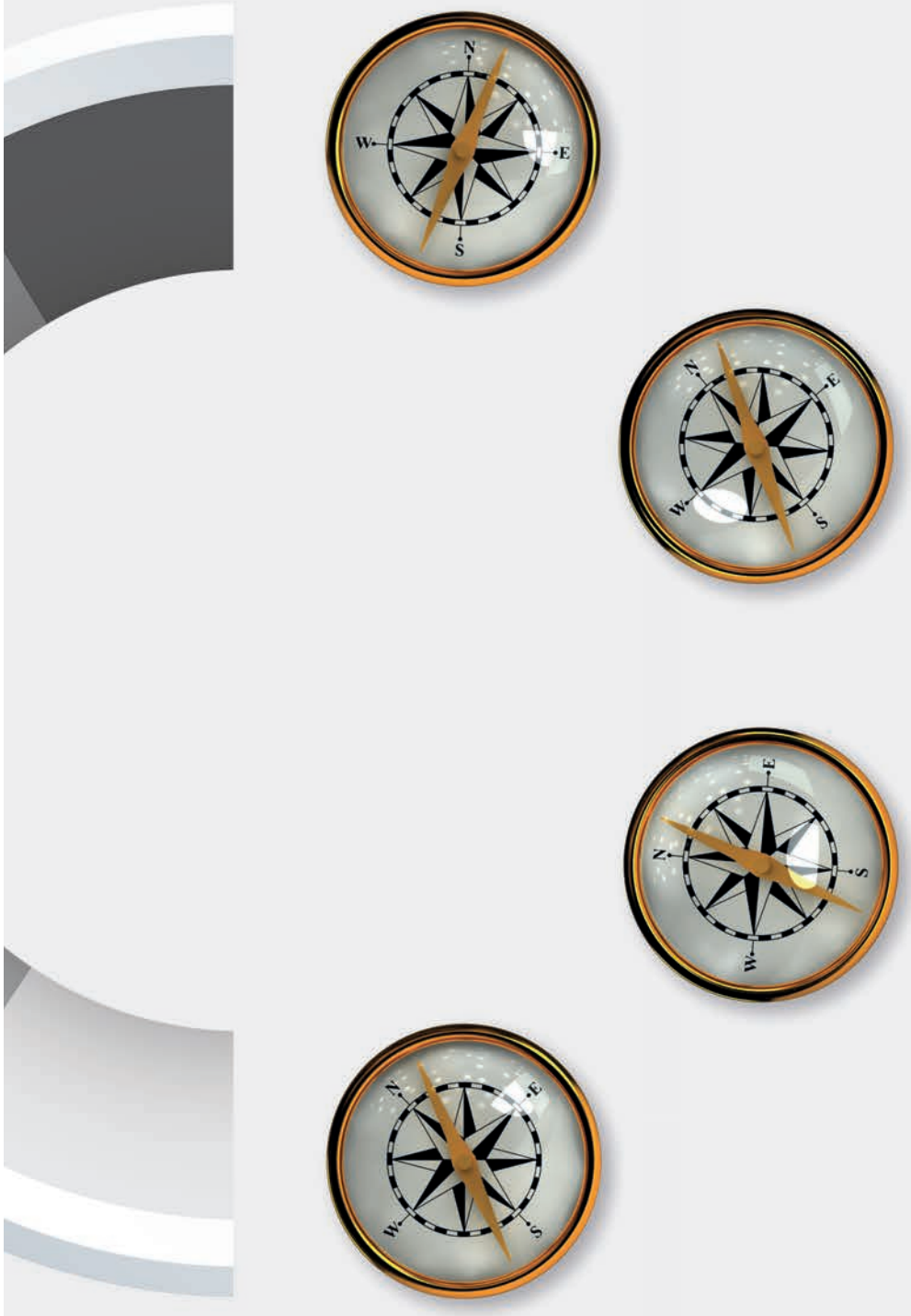
JPMorgan Emerging Markets Investment Trust plc

Annual Report & Financial Statements for the year ended 30th June 2018



J.P.Morgan
Asset Management

Your Company

Objective

To maximise total return from emerging markets worldwide through a diversified portfolio of underlying investments.

Investment Policies

- To invest in a diversified portfolio, concentrating on countries and shares with the most attractive prospects. To have no more than 50% of the Company's assets invested in any one region.
- To invest no more than 15% of gross assets in other UK listed closed-ended investment funds (including investment trusts).

Further details on investment policies and risk management are given in the Business Review on page 20.

Benchmark

The MSCI Emerging Markets Index with net dividends reinvested, in sterling terms.

Capital Structure

At 30th June 2018 the Company's issued share capital comprised 132,363,525 Ordinary shares of 25p each, including 8,748,179 shares held in Treasury.

Continuation Vote

At the Annual General Meeting held on 24th November 2017 an ordinary resolution of the shareholders approved the continuation of the Company until the Annual General Meeting in November 2020.

Management Company and Company Secretary

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

FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares 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.

AIC

The Company is a member of the Association of Investment Companies.

Website

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

JPMorgan Emerging Markets Investment Trust plc

Our heritage and our team

JPMorgan Emerging Markets Investment Trust plc has an established long-term track record of investing in emerging markets. The investment team, led by Austin Forey - who has been at the helm for over 20 years - benefits from J.P. Morgan Asset Management's extensive network of emerging market specialists around the world. Their on-the-ground experience and in-depth knowledge of local markets enable them to make longer-term appraisals of companies and not be side tracked by short-term noise.

Our Investment Approach

The Company takes an active, bottom-up approach to investing in emerging markets. Austin Forey looks at the growth potential of specific companies rather than simply taking a view on individual countries, which is reflected in the Company's low stock turnover and concentrated portfolio. Investing sustainably has always been an integral part of the Manager's fundamental research and investment approach, before environmental, social and governance (ESG) factors became mainstream. With an investment approach which identifies profitable companies that demonstrate sustainable growth potential over the long-term rather than focusing on short-term market movements, the Company has created value for investors over the long term.

5,000
Company meetings conducted per annum

95
Investors in Emerging Markets and Asia

20+
languages spoken, nationalities represented on the investment team

75%
Active share[1]

[1] Active share is a measurement of the difference in the Company's portfolio compared to the benchmark index.

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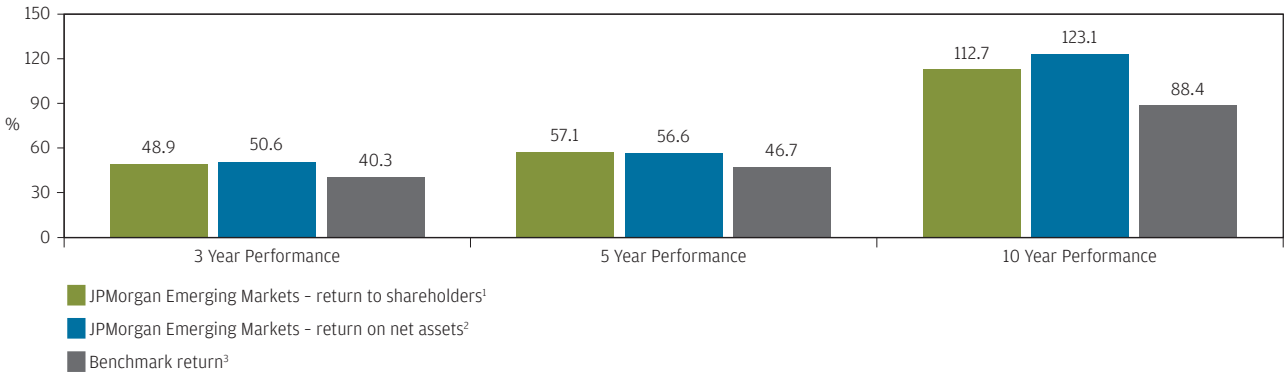
Strategic Report

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED) TO 30TH JUNE

	2018	2017	3 Year	5 Year
Return to shareholders[1]	+7.0%	+27.3%	+48.9%	+57.1%
Return on net assets[2]	+8.3%	+23.4%	+50.6%	+56.6%
Benchmark return[3]	+6.5%	+27.4%	+40.3%	+46.7%
Dividend	12.5p	11.0p		

LONG TERM PERFORMANCE (TOTAL RETURNS) FOR PERIODS ENDED 30TH JUNE 2018



[1] Source: Morningstar. Change in share price with dividends reinvested.

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

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

A glossary of terms and alternative performance measures is provided on pages 78 and 79.

SUMMARY OF RESULTS

	2018	2017	% change
Total returns for the year ended 30th June			
Return to shareholders[1]	+7.0%	+27.3%	
Return on net assets[2]	+8.3%	+23.4%	
Benchmark return[3]	+6.5%	+27.4%	
Net asset value, share price and discount at 30th June			
Shareholders' funds (£'000)	1,196,855	1,120,982	+6.8
Net asset value per share	968.2p	904.7p	+7.0
Share price	843.0p	798.5p	+5.6
Share price discount to net asset value per share[4]	11.7%	10.5%	
Shares in issue (excluding shares held in Treasury)	123,615,346	123,907,844	
Revenue for the year ended 30th June			
Gross revenue return (£'000)	23,207	21,902	+6.0
Net revenue attributable to shareholders (£'000)	16,576	15,972	+3.8
Revenue return per share	13.40p	12.75p	+5.1
Dividend per share[4]	12.50p	11.00p	+13.6
Gearing/(net cash) at 30th June	(0.6)%	(1.0)%	
Ongoing charges	1.02%	1.07%	

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

A glossary of terms and alternative performance measures is provided on pages 78 and 79.

Sarah Arkle
Chairman

Performance

I am delighted to present my first annual statement as Chairman of your Company and report on a year of good performance.

The year to 30th June 2018 was another positive one for investors in emerging markets with the return to shareholders +7.0% over the year and the Company's return on net assets +8.3%. These returns are both ahead of the Company's benchmark index (the MSCI Emerging Markets Index with net dividends reinvested, in sterling terms), which returned +6.5%. This reflects the strong and experienced analytical resource of JPMorgan combined with the Investment Manager's disciplined process of investing in companies which combine superior long-term prospects with rigorous environmental, social and governance practices. This approach has consistently benefited investment performance which remains well ahead of the benchmark over three, five and ten years, as the graph on page 4 illustrates.

The Investment Manager's Report on the following pages provides more detail on the Company's performance and the distinctive investment process. It is very pleasing to note that the Investment Manager's proprietary research focusing on quality growth companies' prospects over a five year time horizon has meant that stock selection was, once again, a major factor contributing to the Company's outperformance.

Revenue and Dividends

The revenue return per share has increased in the past three financial years, allowing us to increase this year's proposed dividend by 13.6%, consistent with our commitment to increase the dividend over time, in line with earnings. However, for individual years dividends received in sterling terms may fluctuate in line with underlying earnings as well as currency movements and any changes in the portfolio, although the Board has the ability to use the Company's reserves to smooth dividends paid to shareholders from year to year. The revenue return per share for the year was 13.40p (2017: 12.75p). The Board proposes to increase the dividend from 11.0p to 12.5p this year, subject to shareholder approval at the forthcoming Annual General Meeting ('AGM').

Discount and Share Repurchases

We continue to monitor closely the share price and the discount of our share price to the net asset value. The share price rose 5.6% over the year, from 798.5p to 843.0p at the year end. The discount (calculated using the capital-only net asset value, on which the Board's share buyback programme is operated) ranged between 9.6% and 13.2%, averaging 11.4% through the year.

The Board's policy on discount management remains unchanged: it is prepared to take action to try to ensure that the discount does not exceed 10% for an extended period, but only if the discount is out of line with our peer group and market conditions are orderly. During the year, we repurchased a total of 292,498 shares into Treasury at an average discount of 11.5%, primarily in the first half of the financial year as sentiment towards emerging markets deteriorated in the second half and discounts generally widened.

The Board

Anatole Kaletsky, the Company's Senior Independent Director, will retire from the Board at the conclusion of the forthcoming AGM. Anatole has served as a Director since September 2003 and I would like to thank him for his contribution to the Company over the past 15 years. The Board will certainly miss his valuable insight into global economics.

Andrew Page will succeed Anatole as Senior Independent Director and in order to ensure appropriate succession planning and continuity, the Board commenced the recruitment process to appoint a new Director in the summer. We expect to make an announcement shortly.

The Manager

The Board monitors the performance of our Manager through the Management Engagement Committee. It judges performance over the longer term and thus we remain satisfied with the Manager's overall performance, not only in terms of investment performance but also in terms of risk management, administration, controls and compliance, where we continue to be well served by JPMorgan.

With its strong record of stock picking, your Company is well placed to take advantage of the opportunities that lie ahead

AGM

This year's AGM will be held at JPMorgan's office at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 22nd November 2018 at 3.00 p.m.. Austin Forey will give a presentation to shareholders, reviewing the past year and giving his view on the outlook for emerging markets for the current year. The meeting will be followed by afternoon tea, which will provide shareholders with the opportunity to meet the Directors and the Investment Manager. We look forward to seeing as many shareholders as possible at the AGM.

Outlook

As the US interest rate cycle has begun to turn, a stronger US dollar coupled with a more aggressive US trade policy has caused some weakness in emerging markets. However, this does not change the argument for investing in the quality companies in emerging markets that your Investment Manager has identified as the future winners. We believe that the long term growth story in emerging markets remains intact and that volatility in markets can give rise to attractive valuations. With its strong record of stock picking, your Company is well placed to take advantage of the opportunities that lie ahead.

Sarah Arkle
Chairman

11th October 2018

Austin Forey
Investment Manager

Key Objectives

As you can see from the frontispiece of this report, our ultimate objective is to grow the value of the Company's portfolio over time. How do we do this? Our aims as investors are simple:

- Find good businesses
- Don't pay stupid prices for them
- Keep them for as long as possible

What does a good business look like? It has to have a strong competitive position which can be maintained or grown in the future; it has to be able to convert that, now or in the future, into good economic returns; and it has to be well governed and managed in the best interests of shareholders. You might think that this all seems obvious; but finding a company which has good economics, duration and governance is not as easy as it sounds.

What is a stupid price? It's a price which means you can't make a return on your purchase, even if the business does what you expected, because you paid for everything up front. Ideally I want a margin of safety in my purchase price; but I much prefer to own a great business at a reasonable price, than to buy a bad one on the cheap. When I look at your Company's portfolio, I see a collection of strong companies at a reasonable overall valuation, not a bunch of distressed assets at a deeply discounted price.

What does 'as long as possible' mean? It's ultimately a function of how durable a company's competitive advantages are. We have a good number of investments which have been in the portfolio for over a decade, in companies whose competitive advantages have been continually reinforced. We go into investments with an open-ended mind-set, prepared to own them as long as they keep delivering.

There are three reasons why we try to think long term: the first is that the effects of compounding become more powerful with time, and eventually become overwhelming; the second is that lower rates of turnover in the portfolio just mean lower costs for running the portfolio. The third is that it's not what most people do: the natural instinct to sell winners is strong; we want to let them keep winning, which means being patient and being prepared to give companies time.

Our Approach

- Keep it simple.
- Be consistent.
- Be patient.

Simplicity is not easy. The world is full of distractions, information is over-abundant, and yet cutting through the noise to what makes a difference is essential. When we look at a potential investment, we have two questions in mind: is this a business we would like to own? and do we want to own it at this price? That's it. All other questions are just ways of defining these issues more narrowly.

The way we do things has to be consistent with our objectives. The way we take decisions is dictated by our time horizon. Those interested in long term outcomes, as we are, naturally put more importance on understanding how companies will create intrinsic value (quality and duration) than on trying to make precise valuation judgements. We try to think about company-specific issues, especially competitive positioning, rather than worrying too much about short-term macro-economic conditions. And we try to keep our decision hierarchy clear in our minds after we've bought a stock, as well as before.

Be patient. Of all the things we try to do, this is perhaps the most difficult. Much of the financial industry has a vested interest in activity, and many investors feel the need to act, and go looking for decisions to take. I want the market to bring me opportunities that are too good to ignore, and if it doesn't, I don't want to take decisions for the sake of it; I'm happy to leave the portfolio alone instead. But resisting the noise, and the constant entreaties of others to change the portfolio, requires effort and clarity of purpose. Being patient always risks a charge of inertia; sometimes investments deteriorate and we don't see it coming. But the best investments the Company has made have all come from having the patience to stay invested for really long periods; these are the investments that really make a difference.

Investing Responsibly

- We need to invest your money responsibly.
- And show how we go about doing this.

It's no longer enough to think only about investment returns; people want to see that we are acting in a responsible way when we invest their money, which means having regard to the environmental and social conduct of the companies we invest in, as well as their standards of governance.

It almost goes without saying that such considerations are consistent with the way we think about stocks. Again, this is a matter of investment time horizon and the way it informs our decision hierarchy. If you're out to make a fast buck, you won't worry much about risks that may materialise far in the future. If, though, you start out intending to hold stocks for years, you will naturally think about risk factors which might irreparably damage a company's value, even if they may only play out over the very long term. Let me give you an example: your Company does not invest in coal-fired power stations. Coal remains an important fuel in many countries, but can we really say with confidence, given what we know about the environmental impact of burning coal, the direction of government policies in many countries, and the falling cost of alternative and renewable energy sources, that coal will remain a valuable fuel in the really long term? I don't think so. It's precisely because we think about corporate duration that we naturally stay away from industries where the direction of public policy and social norms is most likely to have an adverse impact.

How do we assess these issues? Over the last few years a whole industry has grown up around the monitoring of environmental, social and governance factors in investment, though without any common standards for corporate reporting, this remains an area where judgements are not straightforward. We subscribe to a number of external vendors in this area, who can be useful providers of information. But we don't want to outsource our judgements. For those, we prefer to use our internal resources, and we ask our analysts to address a series of questions covering environmental, social and governance issues about every company we research, and to think about the future, not just what has happened in the past.

Is this all words and good intentions, or does it actually make a difference? To take one issue, for which we do use external data, consider the question of carbon intensity – in other words, what the carbon footprint of the companies held in the portfolio is, and how it looks when set in a wider context. The following analysis is produced by MSCI, and shows that the carbon produced for every pound invested via this Company is roughly *one fifteenth* of what it would be if that same pound were invested in a passive fund or ETF which replicated the MSCI Emerging Markets index. Active investment can produce sharply differentiated outcomes in this kind of area, as long as you try.

MSCI CARBON ESG FOOTPRINT CALCULATOR

	Carbon Emissions tons CO2e/$M invested	Carbon Intensity tons CO2e/$M sales
JPMorgan Emerging Markets Investment Trust	**21.0**	**47.0**
Coverage by Portfolio Weight	90.7	90.7
MSCI EM Index	**311.6**	**407.4**
Coverage by Portfolio Weight	99.9	99.8
Aim/Purpose	*What is my portfolio's normalised carbon footprint per million dollars invested?*	*What is my portfolio's exposure to carbon intensive companies?*

Source: MSCI, J.P. Morgan Asset Management. Table as of 30th June 2018 based on data from MSCI as at that date.
MSCI EM = MSCI Emerging Markets Index. Coverage refers to percentage of index or portfolio covered by data.

Finally, shareholders should know that we try to engage with the companies we invest in, not only to explore areas of potential concern or disagreement, but also to promote and encourage good practices. I have always argued that owning shares is an activity in its own right, involving ongoing dialogue with a company about how it's doing, not just in a financial sense, but in the overall way it conducts its business. This dialogue doesn't get any weaker just because we have been invested for a long time. In fact the opposite is more likely to be true; the longer our tenure as shareholders on behalf of our clients, the more openly we tend to express our views, and the more likely they are to be listened to.

To take a single example of this, in the case of HDFC, one of the Company's leading investments for many years, we specifically raised questions during the last year about succession planning and the composition of the board. This was not because we have any complaints at all about how the company has been governed or managed; rather, we wanted to understand what steps are being taken to make ensure that the outcomes achieved in the past have the best chance of being repeated in the years ahead; the company's responses were encouraging, and showed that they took such matters as seriously as we would have expected. I've never thought of this kind of engagement as being distinct from the activity of investment management: it's just a natural part of what we do.

Review of the Year

As your Chairman has noted in her comments, this was not a bad year for emerging markets, though it was not an exceptional one either; single digit returns were the order of the day. Your Company's share price and net asset value per share both narrowly outpaced the reference benchmark, rising 7% and 8.3% respectively. But the year was a lot more eventful than these numbers suggest. To begin with, markets rose consistently, making 2017 one of the least volatile years on record for emerging market equities, a state of affairs that proved neither typical nor sustainable. After peaking in late January this year, markets surrendered the majority of their gains by the time your Company's financial year ended in June; and they have continued to weaken since then.

The causes of this recent weakness are not hard to identify. Last summer, the dollar was weakening, and American rhetoric on trade and tariffs seemed just talk. But in 2018, with the Federal Reserve shrinking its balance sheet and hence the supply of dollars at the same time as it started raising interest rates, the dollar began to strengthen again. For countries on the other side of this trend, it presents a dilemma: do you accept that inflationary pressures will increase as everything which is priced in dollars (oil, metals, semiconductor chips, iPhones) becomes more expensive in your own currency? Or do you start raising interest rates to stave off that inflation, even if it slows your economy? A number of emerging markets chose the latter course, with the inevitable result that economic momentum is slowing, corporate profit growth is lower, and currencies have weakened anyway.

PERFORMANCE ATTRIBUTION

YEAR ENDED 30TH JUNE 2018

	%	%
Contributions to total returns		
Benchmark return		**6.5**
Asset allocation	2.6	
Stock selection	1.4	
Currency effect	-1.1	
Cash	-0.1	
Investment Manager contribution		**2.8**
Portfolio return		**9.3**
Management fee and expenses	-1.0	
Share buybacks	–	
Return on net assets		**8.3**
Return to shareholders		**7.0**

Source: JPMAM/Morningstar.

All figures are on a total return basis.

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

A glossary of terms and alternative performance measures is provided on pages 78 and 79.

That was the first headwind. The second and third ones both stemmed from a change in US economic policy: 'America First' turned out not to be just an election slogan. The imposition of sanctions in a more direct and aggressive way, first on Russia and more recently on Turkey shows an America more willing to throw its political weight around; the example of a Chinese producer of telecom equipment, also sanctioned by the US, provides a reminder that America retains a special ability to render businesses anywhere unviable, if it wants to. If you tell a company like this that it cannot use American software or clear dollars through the global banking system, it's hard for the company to continue operating; in that case, the US relented slightly, but the lesson is clear, and for those countries on the receiving end, the effect on their stock markets has been equally clear, and negative.

If sanctions have been the second headwind for some markets, American trade policy has been the third, and China has been the principal target. It's not worth going into the justifications or otherwise of tariffs and trade wars here; but it's not good news for stocks, and the declines in some parts of the Chinese equity market in particular have certainly come partly as a response to this shift in American trade policy.

None of the above, then, has been good news for emerging markets; but these are mostly cyclical and temporary concerns. I worry much more about how the companies the Company owns are doing, and there the news looks rather better to me. Many of your Company's leading investments continue to perform well, demonstrating continued profit growth while also investing to widen their competitive moats. In such circumstances I'm happy to do very little to the portfolio; my only change during the year to the ten largest investments shown on page 17 was to add to the holding in Alibaba, China's e-commerce giant, as its valuation declined recently. Overall, turnover in the portfolio was below 10% of total assets, which I think demonstrates the point made above about keeping the running costs of the portfolio low.

But if transaction activity was restrained, this does not mean that nothing at all changed from an investment perspective. Partly as a result of the transactions we did make, and partly because of the way stocks performed, the importance of both China and of technology stocks has increased, and the number of holdings continues to decrease. A lot of the portfolio is now concentrated in three broad areas: financial companies; technology companies, and consumer companies, though within these sectors your Company owns a range of different businesses. I see this focus as entirely consistent with the objectives set out above; the key to success in all three of these areas of commercial endeavour rests on intangible assets – knowledge, information and skill – rather than with fixed assets, plant and machinery and so on.

In the financial sector, balance sheets remain very important, of course. But a look at any long term charts of bank stocks shows that just because an industry offers services which can be copied and commoditised, it does not follow that all outcomes are the same. Risk management and judgement remain critical skills: without them, failure awaits at the next crisis. To these essential qualities, I think we can now add technology and software. The way banking services are delivered has changed enormously everywhere in the world, as customers expect to be served online or through an app, rather than by phone or in the branch. Firms which navigate this changing landscape prosper; those which don't suffer a loss of competitiveness, probably irreparably.

You might think that in the consumer area, products have a reassuringly immutable nature: has beer really changed as a product in the last century? But the way that consumer companies create that most valuable of all things, a brand, certainly has. The ability to understand consumers' preferences and emotional responses to products has been altered by the ability to capture far more data than ever before, and to reach consumers with minutely targeted advertising through social media and other digital channels. Brands which retain and increase their relevance to the consumer remain intrinsically valuable; those which fail to do so will disappear.

As for technology, it's easy to look at the rise of huge internet businesses to understand how software and data can create large and very valuable businesses; but just as interesting, in my opinion, is the way that technology is allowing the things which create intangible value – software, systems, data, insights, design – to be separated from the physical assets employed in the provision of services or products to the customer. Your Company has several sorts of investments in technology, from the world's leading producer of semiconductor chips (Taiwan Semiconductor) to firms which provide software services like Tata Consultancy and EPAM, to large internet services companies like Alibaba and Tencent, which can be seen as the Chinese equivalents of Amazon and Facebook. But there are many more investments which can to some extent be thought of as technology companies because their real competitive advantage, and hence their value, derives from the way they use information and technology as a key competence to operate their business. Nowhere is this more true today than in China.

What Next?

If there's one country which I spend more time on than any other, it's China. I was last in mainland China in May this year, when I travelled with colleagues to Shenzhen, Hangzhou and Shanghai, and I can't remember a trip which had a bigger impact on my views. From one who has long been sceptical about Chinese equities, this may seem surprising.

I used to think that a serious financial crisis might trigger reforms and end the dominance of state-owned firms, turning China into a market where corporate skill could drive outcomes, and that what emerged would be a stock-picker's heaven. There hasn't been a crisis, and the state companies are still there, but the private sector is out of the bag and winning anyway, especially in service industries, and especially in the deployment of technology.

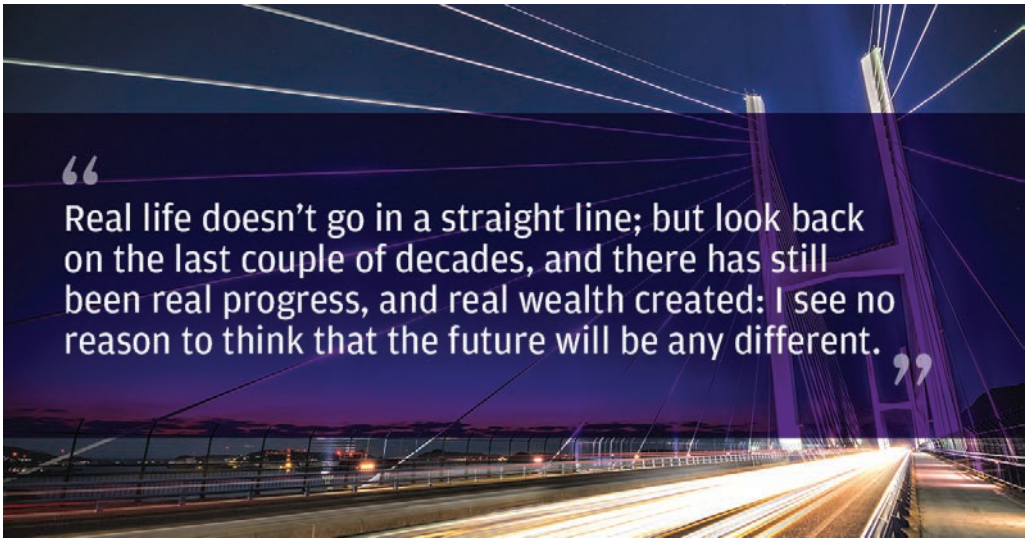
Four things in particular struck me during this last visit:

- The first is the level of entrepreneurial activity, allied to a sense of ambition and confidence
- The second is the impact of technology
- The third is the rapid development of service industries
- The fourth is the evolution of business models and the consequences for equity returns

These are all interlinked. In the first place, the rate of entrepreneurial activity in China outstrips most other emerging markets put together. It seems to me that conditions are now more favourable than before, as several factors combine. A generation of Chinese has now studied, worked and lived abroad, and perhaps therefore has a more globalised perspective. Meanwhile, rapid economic growth has taken the country to a point at which service industries and consumption become increasingly important for the economy. This is happening at the same time that technological innovation, especially due to the adoption of smart phones and the ability to capture and analyse huge amounts of data, is changing the landscape in many industries and allowing new companies to emerge rapidly, sometimes at a large scale. Maybe it's not surprising, given this combination of circumstances, that entrepreneurial activity is so abundant.

It's easy – and hardly original – to expound on the consequences of technological innovation (not all of which are necessarily positive); but it's striking to see the effects it is having in China. Many companies have grown up during the smartphone era, and built their business models as well as their technology platforms on mobile data. They don't have legacy systems still being run on creaky mainframe computers, or have to worry about how their mobile app can be stitched on to their core business applications: it's all the same thing. In some industries, it's not an exaggeration to say that China leads the world: digital payments is a good example. It's hard to grasp how technology is being used until you see it for yourself; try to pay for a meal in a restaurant with a credit card, and you are likely to be embarrassed; digital payments from mobile wallets are now the norm. The scale of this is staggering: recent research suggest that the value of mobile payments handled by the two leading internet firms in China last year was greater than all payments processed by Visa and Mastercard worldwide. As a result of this growth, cities like Hangzhou, where Alibaba and its associated company Ant Financial are based, and Shenzhen, where Tencent and Ping An are headquartered, have become serious hubs for technology, including artificial intelligence. But even in more ordinary aspects of life – running hotels, cleaning blocks of flats, providing education, visiting the doctor – companies are doing things in new and different ways through the application of technology.

These examples are all in service industries, and the growth of consumption and of service industries should be good news for us as investors of your Company's assets. I've never been a fan of very capital-intensive businesses. Return on capital is not a bad way to think about the rate at which companies create intrinsic value, and if you have a huge denominator because your business needs to deploy huge amounts of capital, then the return is unlikely to be high. But when your business depends on knowledge, intellectual property or technology, the actual money spent to create value can be much smaller, and the return on capital higher.



What does all this mean for the portfolio? In a market where I used to struggle to find businesses I really liked, now there are appealing possibilities, and really it's just a question of being patient enough to find a good entry point. On our travels, we saw several Chinese companies whose underlying returns are very high, sometimes masked by the accumulation of significant cash balances. This is often being achieved precisely by isolating the intellectual property value developed by a company from the assets employed in the business – in the same way that companies like Nike or Apple outsource production and manufacturing while retaining the value of their expertise in software, design or marketing. In the long run, the ability to create these kinds of business models should be very interesting for investors. If we can find companies successfully doing this in China, and buy their shares at sensible valuations, we can certainly have more money invested in that country. China remains, then, the most important market that we look at, and the one where we are most likely to make changes to today's portfolio.

Last Words

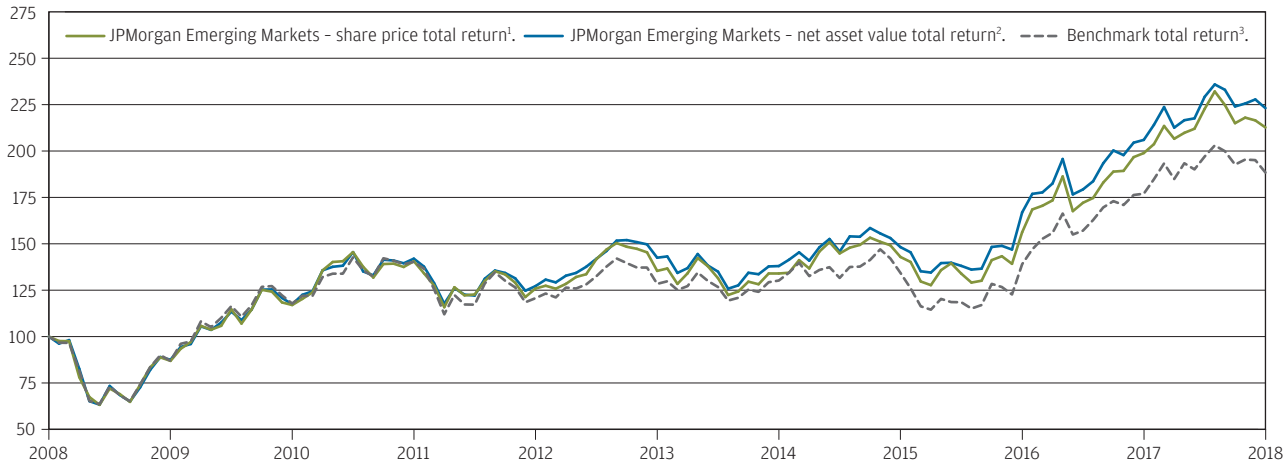
Sometimes it's easy to get negative about the prospects for equities, including those in emerging markets. The world has spent a decade recovering from the financial crisis and in the developed world we are well advanced in the economic cycle. Politics is less predictable than it has been for a long time, and even what passed for geo-political certainties seem less reliable than before. Some emerging markets are facing challenges. But hasn't it always been like this? There are always risks to worry about, but equity investors need, I think, to retain a degree of optimism. Some of the longest-held positions in your Company's portfolio have continued to compound in value through electoral cycles, economic cycles, the swings of currency markets and stock markets, surviving and prospering regardless. Real life doesn't go in a straight line; but look back on the last couple of decades, and there has still been real progress, and real wealth created: I see no reason to think that the future will be any different.

Austin Forey
Investment Manager

11th October 2018

TEN YEAR PERFORMANCE

REBASED TO 100 AT 30TH JUNE 2008



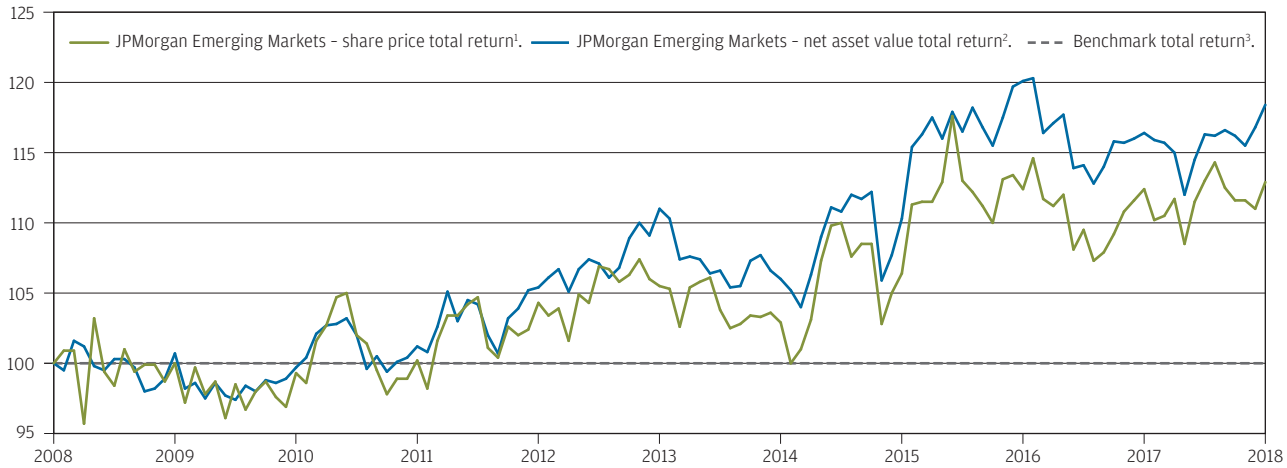
[1] Source: Morningstar.

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

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

TEN YEAR PERFORMANCE RELATIVE TO BENCHMARK

REBASED TO 100 AT 30TH JUNE 2008



[1] Source: Morningstar.

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

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

TEN YEAR FINANCIAL RECORD

At 30th June	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholders' funds (£m)	518.4	448.2	631.9	785.1	691.9	785.8	750.6	852.7	934.6	1,121.0	1,196.9
Net asset value per share (p)	470.0	406.3	544.9	655.7	584.1	649.3	623.4	663.8	740.8	904.7	968.2
Share price (p)	433.5	374.0	500.0	597.5	531.5	567.0	556.0	587.0	635.0	798.5	843.0
Discount (%)	7.8	7.9	8.2	8.8	9.1	11.8	10.1	10.7	13.2	10.5	11.7
Gearing/(net cash) (%)	(4.7)	(0.8)	(1.7)	(5.2)	(3.7)	(4.2)	(4.6)	(3.5)	(3.6)	(1.0)	(0.6)
Year ended 30th June											
Gross revenue return (£'000)	9,456	11,344	12,335	15,912	16,480	18,487	16,071	19,805	17,119	21,902	23,207
Revenue return per share (p)	2.59	4.43	4.47	5.26	6.22	6.73	5.12	6.68	9.49	12.75	13.40
Dividend per share (p)	2.00	3.20	3.20	3.50	4.50	5.50	5.50	6.00	9.00	11.00	12.50
Ongoing charges (%)	1.25	1.05	1.17	1.15	1.18	1.14	1.17	1.14	1.16	1.07	1.02
Rebased to 100 at 30th June 2008											
Share price total return[1]	100	86.9	117.0	140.6	125.9	135.4	134.0	142.9	156.2	198.9	212.7
Net asset value total return[2]	100	87.5	117.4	142.0	127.2	142.5	138.0	148.2	166.9	206.0	223.1
Benchmark total return[3]	100	86.9	117.8	140.3	120.7	128.4	130.2	134.3	139.0	177.0	188.4

[1] Source: Morningstar.

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

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

A glossary of terms and alternative performance measures is provided on pages 78 and 79.

TEN LARGEST EQUITY INVESTMENTS

AT 30TH JUNE

Company	Country	2018 Valuation Portfolio £'000	2018 Valuation Portfolio %[1]	2018 Valuation Benchmark %	2018 Valuation Over/Under Weight %	2017 Valuation Portfolio £'000	2017 Valuation Portfolio %[1]	2017 Valuation Benchmark %	2017 Valuation Over/Under Weight %
Tencent Tencent is an internet services company. From its headquarters in Shenzhen, Tencent provides gaming and social network services, digital payments and other online products and services in China and elsewhere.	China and Hong Kong	82,349	6.9	5.5	1.4	59,669	5.4	4.4	1.0
Housing Development Finance HDFC is a financial services company in India. Its core business is mortgage lending. It was a founding shareholder of HDFC Bank, a leading commercial bank in the same country. HDFC also has operations in life insurance, general insurance, asset management and rural lending.	India	68,774	5.8	0.8	5.0	62,551	5.6	0.8	4.8
Taiwan Semiconductor Manufacturing[2] TSMC is the world's leading semiconductor foundry company, based in Taiwan. It produces semiconductor chips for third-party designers.	Taiwan	62,953	5.3	3.3	2.0	61,167	5.5	3.6	1.9
Alibaba[2] Alibaba is a Chinese internet services company. Its principal business is in e-commerce. Through its affiliated company Ant Financial, Alibaba also offers digital payment solutions. In addition, it is the largest provider of cloud services in China.	China and Hong Kong	61,213	5.1	4.1	1.0	45,550	4.1	3.4	0.7
IndusInd Bank IndusInd is a bank offering a full range of banking and financial services to retail and business customers throughout India.	India	58,846	5.0	–	5.0	47,955	4.3	–	4.3
AIA AIA is an insurance company operating throughout Asia. The company offers life insurance; it also provides health and accident insurance, wealth management services and retirement planning.	China and Hong Kong	49,350	4.2	–	4.2	41,886	3.8	–	3.8
EPAM Systems EPAM Systems provides software development, outsourcing services, e-business, enterprise relationship management and content management solutions.	Belarus	41,918	3.5	–	3.5	28,792	2.6	–	2.6
Tata Consultancy Services TCS is a global IT services business headquartered in India. It provides a comprehensive range of IT services to clients around the world in many different industries.	India	40,334	3.4	0.5	2.9	27,806	2.5	0.4	2.1
Ping An Insurance[3] Ping An is leading financial services group in China. It provides a full range of retail financial services including life and general insurance, health insurance, banking, brokerage and wealth management. It also offers health and technology services.	China and Hong Kong	39,011	3.3	0.9	2.4	28,416	2.6	0.7	1.9
Clicks[4] Clicks is the leading pharmacy retail business in South Africa. It sells medicines, and also health and beauty products, from a network of retail outlets across the country.	South Africa	31,082	2.6	0.1	2.5	23,657	2.1	–	2.1
Total		**535,830**	**45.1**	**15.2**					

[1] Based on total portfolio of £1,189.1m (2017: £1,109.3m).
[2] Includes investments in American Depositary Receipts (ADRs).
[3] Hong Kong 'H' shares, that is, shares in companies incorporated in mainland China and listed in Hong Kong and other foreign stock exchanges.
[4] Not included in the ten largest equity investments at 30th June 2017.

At 30th June 2017, the value of the ten largest equity investments amounted to £431.2 million representing 38.9% of the total portfolio.

PORTFOLIO ANALYSES

	30th June 2018			30th June 2017		
Geographical	Portfolio %[1]	Benchmark %	Over/Under Weight %[1]	Portfolio %	Benchmark %	Over/Under Weight %
East Asia						
China and Hong Kong	28.6	32.7	(4.1)	23.4	27.9	(4.5)
Taiwan	8.7	11.6	(2.9)	9.2	12.5	(3.3)
South Korea	0.7	14.6	(13.9)	1.4	15.6	(14.2)
Thailand	–	2.2	(2.2)	–	2.2	(2.2)
	38.0	61.1	(23.1)	34.0	58.2	(24.2)
South Asia						
India	22.1	8.6	13.5	21.4	8.8	12.6
Indonesia	4.0	1.9	2.1	5.5	2.5	3.0
Philippines	0.4	1.0	(0.6)	0.4	1.2	(0.8)
Malaysia	–	2.3	(2.3)	–	2.4	(2.4)
Pakistan	–	0.1	(0.1)	–	0.1	(0.1)
	26.5	13.9	12.6	27.3	15.0	12.3
Latin America						
Brazil	8.7	5.8	2.9	11.2	6.6	4.6
Mexico	5.0	2.9	2.1	5.1	3.7	1.4
Argentina	2.8	–	2.8	1.3	–	1.3
Peru	1.4	0.4	1.0	1.2	0.4	0.8
Chile	1.0	1.1	(0.1)	0.9	1.1	(0.2)
Colombia	–	0.5	(0.5)	–	0.4	(0.4)
	18.9	10.7	8.2	19.7	12.2	7.5
Europe/Middle East/Africa						
South Africa	10.8	6.6	4.2	12.1	6.5	5.6
Belarus	3.5	–	3.5	2.6	–	2.6
Russia	2.3	3.5	(1.2)	2.6	3.2	(0.6)
Poland	–	1.1	(1.1)	–	1.3	(1.3)
Turkey	–	0.8	(0.8)	0.6	1.2	(0.6)
Qatar	–	0.8	(0.8)	–	0.7	(0.7)
United Arab Emirates	–	0.6	(0.6)	–	0.7	(0.7)
Greece	–	0.3	(0.3)	–	0.4	(0.4)
Hungary	–	0.3	(0.3)	–	0.3	(0.3)
Czech Republic	–	0.2	(0.2)	–	0.2	(0.2)
Egypt	–	0.1	(0.1)	–	0.1	(0.1)
Ukraine	–	–	–	0.7	–	0.7
United Kingdom	–	–	–	0.4	–	0.4
	16.6	14.3	2.3	19.0	14.6	4.4
Total	**100.0**	**100.0**		**100.0**	**100.0**	

[1] Based on total portfolio of £1,189.1m (2017: £1,109.3m).

SECTOR ANALYSIS

	30th June 2018			30th June 2017		
	Portfolio %[1]	Benchmark %	Over/Under Weight %[1]	Portfolio %	Benchmark %	Over/Under Weight %
Financials	33.7	22.8	10.9	32.3	23.6	8.7
Information Technology	33.0	27.9	5.1	28.7	26.6	2.1
Consumer Staples	16.7	6.6	10.1	17.3	6.8	10.5
Industrials	7.5	5.3	2.2	7.5	5.8	1.7
Consumer Discretionary	5.4	9.8	(4.4)	7.3	10.6	(3.3)
Materials	2.7	7.6	(4.9)	3.2	6.8	(3.6)
Energy	1.0	7.1	(6.1)	2.1	6.9	(4.8)
Telecommunication Services	–	4.3	(4.3)	0.2	5.4	(5.2)
Health Care	–	3.2	(3.2)	1.4	2.3	(0.9)
Real Estate	–	3.0	(3.0)	–	2.6	(2.6)
Utilities	–	2.4	(2.4)	–	2.6	(2.6)
Total	**100.0**	**100.0**		**100.0**	**100.0**	

[1] Based on total portfolio of £1,189.1m (2017: £1,109.3m).

INVESTMENT ACTIVITY

DURING THE YEAR ENDED 30TH JUNE 2018

	Value at 30th June 2017					Value at 30th June 2018	
	£'000	% of portfolio	Purchases £'000	Sales £'000	Changes in value £'000	£'000	% of portfolio
China and Hong Kong	259,859	23.4	20,455	(8,032)	67,491	339,773	28.6
India	237,801	21.4	11,337	(15,687)	29,003	262,454	22.1
South Africa	134,660	12.1	–	(18,174)	11,625	128,111	10.8
Taiwan	102,155	9.2	–	–	1,694	103,849	8.7
Brazil	124,254	11.2	9,236	(6,910)	(22,818)	103,762	8.7
Mexico	56,489	5.1	12,578	–	(9,602)	59,465	5.0
Indonesia	61,341	5.5	–	(6,132)	(7,891)	47,318	4.0
Belarus	28,792	2.6	–	–	13,126	41,918	3.5
Argentina	14,465	1.3	16,921	–	1,669	33,055	2.8
Russia	28,476	2.6	5,798	(2,857)	(3,517)	27,900	2.3
Peru	13,244	1.2	–	(355)	3,466	16,355	1.4
Chile	9,428	0.9	–	–	2,050	11,478	1.0
South Korea	15,568	1.4	8,156	(13,181)	(2,168)	8,375	0.7
Philippines	4,310	0.4	–	–	860	5,170	0.4
Pakistan	128	–	–	–	(32)	96	–
Ukraine	7,837	0.7	–	(6,606)	(1,231)	–	–
Turkey	6,223	0.6	–	(6,417)	194	–	–
United Kingdom	4,262	0.4	–	(4,250)	(12)	–	–
Total investments	**1,109,292**	**100.0**	**84,481**	**(88,601)**	**83,907**	**1,189,079**	**100.0**

LIST OF INVESTMENTS AT 30TH JUNE 2018

Company	Valuation £'000
CHINA AND HONG KONG	
Tencent	82,349
Alibaba[1]	61,213
AIA	49,350
Ping An Insurance Co. of China[2]	39,011
Jardine Matheson	21,290
Baidu[1]	19,921
JD.com[1]	17,155
Greentown Service	14,688
51job[1]	13,841
Tsingtao Brewery[2]	11,155
Cafe de Coral	9,800
	339,773
INDIA	
Housing Development Finance	68,774
IndusInd Bank	58,846
Tata Consultancy Services	40,334
Infosys[1]	24,248
ITC	20,835
United Breweries	19,853
Supreme Industries	18,487
HDFC Standard Life Insurance	11,077
	262,454
SOUTH AFRICA	
Clicks	31,082
Bid	18,560
RMB	15,503
Capitec Bank	13,892
Discovery	10,240
Shoprite	9,458
Bidvest	8,278
Sanlam	7,766
Tiger Brands	6,963
Mr Price	6,369
	128,111
TAIWAN	
Taiwan Semiconductor Manufacturing[1]	62,953
President Chain Store	20,626
Chailease	10,328
Delta Electronics	9,942
	103,849
BRAZIL	
Itau Unibanco	18,706
WEG	17,016
Lojas Renner	15,635
Vale[1]	13,275
Ambev[1]	12,465
Ultrapar Participacoes	11,906
Cielo	8,790
Raia Drogasil	5,969
	103,762
MEXICO	
Grupo Financiero Banorte	14,264
Grupo Aeroportuario del Sureste[1]	14,140
Wal-Mart de Mexico	13,284
Fomento Economico Mexicano[1]	11,870
Gentera	5,907
	59,465
INDONESIA	
Bank Rakyat Indonesia Persero	14,323
Bank Central Asia	11,927
Unilever Indonesia	10,991
Astra International	10,077
	47,318
BELARUS	
EPAM Systems	41,918
	41,918
ARGENTINA	
Globant	18,598
MercadoLibre	14,457
	33,055
RUSSIA	
Sberbank of Russia	22,408
Magnit	5,492
	27,900
PERU	
Credicorp	16,355
	16,355
CHILE	
Banco Santander Chile[1]	11,478
	11,478
SOUTH KOREA	
NAVER	8,375
	8,375
PHILIPPINES	
Jollibee Foods	5,170
	5,170
PAKISTAN	
BRR Guardian Modaraba	96
	96
TOTAL INVESTMENTS	**1,189,079**

[1] Includes investments in American Depositary Receipts (ADRs).

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

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

Business Review

Structure and Objective of the Company

JPMorgan Emerging Markets Investment Trust plc (the 'Company') is an investment trust company that has a premium listing on the London Stock Exchange. Its objective is to maximise total return from emerging markets worldwide through a diversified portfolio of underlying investments. In seeking to achieve this objective the Company employs JPMorgan Funds Limited ('JPMF') to actively manage the Company's assets. The Board has determined an investment policy and related guidelines and limits, as described below. It aims to outperform the MSCI Emerging Markets Index with net dividends reinvested, in sterling terms.

The Company is subject to UK and European legislation and regulations including UK company law, 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) for the year ended 30th June 2013 and future years. The Directors have no reason to believe that approval will not continue to be obtained. 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 6 and 7 and in the Investment Managers' Report on pages 8 to 14.

Investment Policies and Risk Management

In order to achieve the investment objective and to seek to manage risk, the Company invests in a well diversified spread of countries, industries and companies. The Company invests primarily in quoted securities in emerging stock markets but, where necessary or appropriate in the absence of suitable quoted securities, it may invest in unquoted securities. It may invest in other collective investment schemes, but usually only where legal restrictions prevent direct investment by foreign investors or prudent diversification can best be achieved in this way. The Company conducts its affairs so as to maintain approved investment trust status in the UK.

The Company is managed to produce total return and not to produce any particular level of dividend and therefore the level of dividend will vary.

The Company may employ gearing when the Manager believes it is appropriate to do so. Should the Manager decide to employ gearing, the Company will remain invested in the range of 90-120% under normal market conditions.

The Board has set no minimum or maximum limits on the number of investments in the portfolio but it is a relatively concentrated portfolio consisting typically of between 50 and 80 investments. The assets are managed by an investment manager based in London who is supported by 36 analysts who are based across the world.

It should be noted that historically, emerging market companies (and investments in their shares) have shown greater volatility and may be subject to certain political and corporate governance risks which are not typically associated with more developed markets and economies.

Investment Restrictions and Guidelines

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

- The Company will not invest more than 10% of its total assets in any one individual stock (excluding investment trusts) at the time of acquisition.
- No more than 50% of the Company's assets may be invested in any one region.
- No more than an aggregate of 25% of the Company's assets (before deducting borrowings) may be invested in: (i) securities not listed on any recognised investment exchange; and (ii) holdings in which the Company's interest amounts to 20% or more of the aggregate of the equity capital (including any capital having an element of equity) of any one listed company (other than an investment trust which has been approved by HM Revenue & Customs or which would qualify for such approval but for the fact that it is not listed).
- In accordance with the Listing Rules of the UK Listing Authority, the Company will not invest more than 15% of its gross assets in other UK listed closed-ended investment funds and will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of gross assets in UK listed closed-ended investment funds.
- The Company does not normally enter into derivative transactions, other than short term forward currency contracts to manage working capital requirements and to do so requires prior Board approval.

These limits and restrictions may be varied by the Board at any time at its discretion.

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 June 2018, the Company produced a total return to shareholders of +7.0% (2017: +27.3%) and a total return on net assets of +8.3% (2017: +23.4%). This compares with the total return on the Company's benchmark index of +6.5% (2017: +27.4%). At 30th June 2018, the value of the Company's investment portfolio was £1,189.1 million (2017: £1,109.3 million). The Investment Manager's Report on pages 8 to 14 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross total return for the year amounted to £106.3 million (2017: £227.3 million) and net total return after deducting management fee, other administrative expenses, finance costs and taxation amounted to £92.0 million (2017: £214.5 million). Distributable income for the year amounted to £16.6 million (2017: £16.0 million).

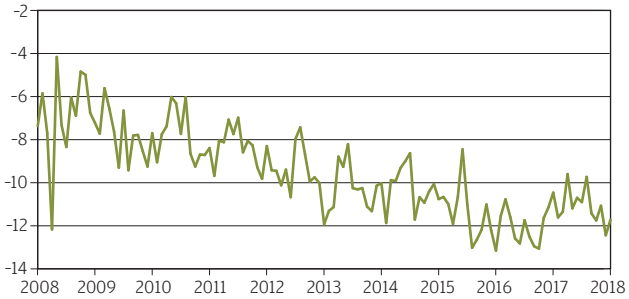
The Directors recommend a final dividend of 12.5p per share payable on 29th November 2018 to holders on the register at the close of business on 26th October 2018. This distribution will amount to £15.5 million. The revenue reserve after payment of the final dividend will amount to £13.6 million.

Key Performance Indicators ('KPIs')

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

- **Performance against the benchmark index**
  This is the most important KPI by which performance is judged. Information on the Company's performance is given in the Chairman's Statement and the Investment Manager's Report. (Also, please refer to the graphs on page 15).
- **Performance against the Company's peers**
  The principal objective is to maximise total return relative to the benchmark. However, the Board also monitors the performance relative to a broad range of investment trust companies, open ended funds and exchange traded 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 asset allocation and stock selection. Details of the attribution analysis for the year ended 30th June 2018 are given in the Investment Manager's Report on page 11.
- **Share price discount to net asset value ('NAV') per share**
  The Board has a share repurchase policy which seeks to address imbalances in supply of and demand for the Company's shares within the market. This should help to reduce the volatility and absolute level of the discount to NAV per share at which the Company's shares trade in relation to its peers in the sector. In the year to 30th June 2018, the Company's shares traded at a discount to the capital only net asset value per share between 9.6% and 13.2%, averaging 11.4% over the year.

Discount Performance



Source: Datastream (month end data).

JPMorgan Emerging Markets – share price discount to capital only net asset value per share.

- **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 June 2018 were 1.02% (2017: 1.07%). 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 both to repurchase shares in the market for cancellation, or holding in Treasury, and to issue new shares for cash or from Treasury on behalf of the Company.

A total of 292,498 shares (nominal value £73,125) were repurchased into Treasury during the year under review, for a total consideration of £2,479,000. This represented 0.2% of the shares in issue at the start of the financial year. The Company did not allot any new shares for cash. Since the year end no shares have been repurchased into Treasury.

Resolutions to renew the authorities to issue new shares and to repurchase shares for cancellation and/or for holding in Treasury will be put to shareholders for approval at the forthcoming Annual General Meeting.

The full text of these Resolutions is set out in the Notice of Meeting on pages 75 and 76.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board. At 30th June 2018, there were four male Directors and one female Director on the Board.

Employees, Social, Community and Human Rights Issues

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

Social, Environmental and Human Rights

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

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

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

Greenhouse Gas Emissions

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

The Modern Slavery Act 2015 (the 'MSA')

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

Principal Risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

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

- **Investment Underperformance**
  An inappropriate investment strategy, for example poor stock selection, the level of gearing or the degree of portfolio risk, could lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments and through a set of 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, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Manager, who attends all Board meetings, and reviews data which show statistical measures of the Company's risk profile.
- **Political and Economic**
  Sustained underperformance of emerging markets as an asset class as a result of risks such as the imposition of restrictions on the free movement of capital, significant changes to the benchmark index and therefore the investment universe. These risks are discussed by the Board on a regular basis.

- **Loss of Investment Team or Investment Manager**
  A sudden departure of the investment manager or several members of the investment management team could result in a short-term deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team based approach, as well as special efforts to retain key personnel.
- **Strategy/Business Management**
  An inappropriate corporate initiative, for example a takeover of another company or an 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. The Board discusses these risks regularly and takes advice from the Manager and its professional advisers.
- **Operational and Cyber Crime**
  Loss of key staff by the Manager, such as the Investment Manager, could affect the performance of the Company. Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the Depositary or Custodian's records may prevent accurate reporting and monitoring of the Company's financial position. Under the terms of its agreement, the Depositary has strict liability for the loss or misappropriation of assets held in custody. See note 20(c) for further details on the responsibilities of the Depositary. Details of how the Board monitors the services provided by JPMF and its associates and the key elements designed to provide effective risk management and internal controls are included within the Risk Management and Internal Controls section of the Corporate Governance Statement on pages 33 and 34. The threat of cyber attack, in all its guises, is regarded as at least as important as more traditional physical threats to business continuity and security. The Board has received the cyber security policies for its key third party service providers and JPMF has assured Directors that the Company benefits directly or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested by an independent third party and reported every six months against the AAF Standard.
- **Share Price Discount**
  A disproportionate widening of the share price discount relative to the Company's peers could result in loss of value for shareholders. The Board regularly discusses discount policy and has set parameters for the Manager and the Company's broker to follow.
- **Change of Corporate Control of the Manager**
  The Board holds regular meetings with senior representatives of JPMF in order to obtain assurance that the Manager continues to demonstrate a high degree of commitment to its investment trusts business through the provision of significant resources.
- **Legal and Regulatory**
  In order to qualify as an investment trust, the Company must comply with Section 1158. Details of the Company's approval are given under 'Structure and Objective of the Company' on page 22. Should the Company breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by the Manager and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules and Disclosure Guidance and Transparency Rules ('DTRs'). A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary and its professional advisers to ensure compliance with the Companies Act and the UKLA Listing Rules and DTRs.
- **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 31 to 34.
- **Financial**
  The financial risks faced by the Company include market price risk, interest rate risk and credit risk. Further details are disclosed in note 20 on pages 64 to 69.

Long Term Viability

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

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

The Directors confirm that, assuming a successful continuation vote at the 2020 AGM, 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
Jonathan Latter, for and on behalf of
JPMorgan Funds Limited
Company Secretary

11th October 2018

Directors' Report

Sarah Arkle §†‡ (Chairman of the Board and of the Nomination Committee and Remuneration Committee)

A Director since September 2013.

Last reappointed to the Board: 2017.

Remuneration: £41,000.

Non-executive director of Foreign & Colonial Investment Trust plc, Janus Henderson Group plc and a member of the finance committee of the Royal Commission for the Exhibition of 1851. She was previously a member of the Newnham College Cambridge Investment Committee, an advisor to the South Yorkshire Pension Fund and was Chief Investment Officer of Threadneedle Asset Management where she held a number of other senior positions.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,000 Ordinary shares.

Anatole Kaletsky *§†‡ (Senior Independent Director)

A Director since September 2003.

Last reappointed to the Board: 2017.

Remuneration: £28,500.

Chief Economist of Gavekal Dragonomics, a Hong Kong based company which provides economic analysis and asset management services to financial institutions around the world and a board member of the Open Society Foundations. Formerly Editor at Large at The Times of London. Economic commentator for Reuters and the New York Times.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 10,000 Ordinary shares.

Richard Laing *§†‡ (Chairman of the Audit Committee)

A Director since January 2015.

Last reappointed to the Board: 2017.

Remuneration: £34,500.

Non-executive director of Perpetual Income and Growth Investment Trust plc, Miro Forestry, Leeds Castle Foundation, 3i Infrastructure plc, Tritax Big Box REIT plc and a trustee of Plan International UK. Previously a trustee of The Overseas Development Institute, finance director of De La Rue plc and from 2000 until 2012 worked for CDC Group plc where he was finance director and latterly chief executive officer. Formerly a non-executive director of London Metal Exchange, Aureos Capital, Madagascar Oil Limited and Emerging Markets Private Equity Association, where he was chairman of the Advisory Council. He is a qualified accountant.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,000 Ordinary shares.

Andrew Page*§†‡

A Director since January 2015.

Last reappointed to the Board: 2017.

Remuneration: £28,500.

Chairman of Northgate plc, senior independent director of Carpetright plc and a director of The Schroder UK Mid Cap Fund plc. He was senior independent director at Arena Leisure plc from 2008 until 2012. He retired as chief executive of The Restaurant Group plc ('TRG') in September 2014 after thirteen years with TRG. Prior to joining TRG, he held a number of senior positions in the leisure and hospitality industry including senior vice president with InterContinental Hotels. Andrew trained and qualified as a chartered accountant with KPMG following which he was a corporate financier with Kleinwort Benson.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 5,000 Ordinary shares.

Ruary Neill *§†‡

A Director since 1st January 2017.

Last reappointed to the Board: 2017.

Remuneration: £28,500.

Chairman of The Investment Committee, Great Ormond Street Children's Charity and a member of The Advisory Council, The SOAS China Institute, London University. Previously worked in investment banking, managing the multi asset sales business at UBS Investment Bank and working closely with chief investment officers and senior asset managers on strategic and tactical asset allocation decisions. Prior to this he spent a number of years working in the Asian equity markets for UBS Investment Bank and Schroder Securities.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 5,000 Ordinary shares.

*** Member of the Audit Committee**
§ Member of the Nomination Committee
† Member of the Remuneration Committee
‡ Considered by the Board to be independent

The Directors present their report and the audited financial statements for the year ended 30th June 2018.

Management of the Company

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

The Manager is employed under a contract which can be terminated on one year's notice, without penalty, unless notice is given as a result of poor investment performance, in which case the contract can be terminated on six months' notice, without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

The Board, through the Management Engagement Committee, conducts a formal evaluation of the Manager on an annual basis. The evaluation includes consideration of the investment strategy and the process of the Manager, performance against the benchmark and a relevant peer group over the long term and the support the Company receives from JPMF. The Company has consistently outperformed its benchmark index over the long term and 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.jpmemergingmarkets.co.uk There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

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

Management Fee

The management fee is charged at the rate of 1.0% per annum of the Company's total assets less current liabilities up to £800 million and at the rate of 0.75% thereafter. The fee is calculated and paid monthly in arrears. Investments on which JPMAM earns a fee are excluded from the calculation and therefore attract no additional management fee.

Directors

Alan Saunders retired from the Board on 24th November 2017. The Directors of the Company who held office at the end of the year are detailed on page 28.

Details of Directors' beneficial shareholdings in the Company may be found in the Directors' Remuneration Report on page 38. No changes have been reported to the Directors' shareholdings since the year end.

In accordance with corporate governance best practice, all Directors will retire at the forthcoming Annual General Meeting and, with the exception of Anatole Kaletsky who will stand down from the Board, being eligible, will offer themselves for reappointment. The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its committees, confirms that each Director continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that they be reappointed.

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, the Directors have the benefit of 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.

Disclosure of information to Auditors

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

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

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

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

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as Auditors to the Company and a resolution proposing their reappointment and authorising the Directors to determine their remuneration for the ensuing year will be put to shareholders at the Annual General Meeting.

Companies Act 2006 Requirements

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

Capital Structure

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

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of Annual General Meeting on page 77.

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	Ordinary shares	%
City of London Investment Management Company	23,646,031	19.1
Lazard Asset Management LLC	18,859,690	15.3
Wells Capital Management	6,968,032	5.2

Since the year end the following notifications have been received:

Lazard Asset Management LLC	18,541,606	15.0
Rathbone Investment Management	6,204,292	5.0

The Company is also aware that approximately 2.8% of the Company's total voting rights are held by individuals through savings products managed by JPMorgan Asset Management and registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under certain circumstances JPMorgan Asset Management has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

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

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

Listing Rule 9.8.4R

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

Annual General Meeting

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

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

The Directors recommend that the Company continues in existence as an investment trust for a further three year period.

(i) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 10 and 11)

The Directors will seek renewal of the authority at the AGM to issue up to 6,180,767 new ordinary shares for cash up to an aggregate nominal amount of £1,545,192 such amount being equivalent to 5% of the present issued ordinary share capital (excluding Treasury shares) as at the last practicable date before the publication of this document. This authority will expire at the conclusion of the AGM of the Company in 2019 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to investors when the Directors consider that it is in the best interests of shareholders to do so. As issues are only made at prices greater than the net asset value (the 'NAV'), they increase the NAV per share and spread the

Company's administrative expenses, other than the management fee which is charged on the value of the Company's assets, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies.

The Company currently holds 8,748,179 shares in the capital of the Company in Treasury. The full text of the resolutions is set out in the Notice of Annual General Meeting on page 75.

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

The authority to repurchase up to 14.99% of the Company's issued ordinary share capital, granted by shareholders at the 2017 AGM will expire on 23rd May 2019, unless renewed prior to that time. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

Resolution 12 gives the Company authority to 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 18,529,940 ordinary shares, representing approximately 14.99% of the Company's issued ordinary shares as at 10th October 2018 (being the latest practicable date prior to the publication of this document). The authority also sets minimum and maximum prices.

If resolution 12 is passed at the AGM it is the Company's current intention to hold in Treasury any shares it may repurchase pursuant to the authority granted to it for possible re-issue at a premium to NAV. This policy is kept under review by the Board.

The full text of the resolution is set out in the Notice of Annual General Meeting on pages 75 and 76. 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.

Recommendation

The Board considers that resolutions 10 to 12 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 32,000 ordinary shares representing approximately 0.03% of the voting rights of the Company.

Corporate Governance Statement

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 41, indicates how the Company has applied the principles of good governance of the Financial Reporting Council 2016 UK Corporate Governance Code (the 'UK Corporate Governance Code') and the AIC's Code of Corporate Governance, (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

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

Role of the Board

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

The Board 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.

Anatole Kaletsky is a founding partner and chief economist of Gavekal Dragonomics, whose clients include JPMorgan. The Board does not believe this connection influences Mr Kaletsky's independence as a Director of the Company.

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 Sarah Arkle, consists of five non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 28.

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

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 therefore no targets have been set against which to report.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be appointed by shareholders. Thereafter, a Director's appointment is subject to the performance evaluation carried out each year and the approval of shareholders at each annual general meeting, in accordance with corporate governance best practice. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board takes into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees.

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

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.

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. All Directors are members of the committees, with the exception of the Chairman who attends the Audit Committee by invitation.

The table below details the number of Board and Committee meetings attended by each Director. During the year, there were five Board meetings, two Audit Committee meetings, a Management Engagement Committee meeting, a Nomination Committee meeting and a Remuneration Committee meeting.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Management Engagement Committee Meetings Attended	Remuneration Committee Meetings Attended	Nomination Committee Meetings Attended
Sarah Arkle[1]	5	2	1	1	1
Anatole Kaletsky	5	2	1	1	1
Richard Laing	5	2	1	1	1
Ruary Neill	5	2	1	1	1
Andrew Page	5	2	1	1	1
Alan Saunders[2,3]	3	1[3]	1	1	1

[1] Ceased to be a member of the Audit Committee on 24th November 2017. Mrs Arkle now attends by invitation.

[2] Retired 24th November 2017.

[3] Attended by invitation.

Board Committees

Nomination Committee

The Nomination Committee, chaired by Sarah Arkle, 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 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. The evaluation of individual Directors is led by the Chairman. The Senior Independent Director leads the evaluation of the Chairman's performance. The evaluations are facilitated by Lintstock, an independent third party.

Remuneration Committee

The Remuneration Committee, chaired by Sarah Arkle, comprises all of the Directors and meets annually to review the levels of remuneration of the Chairman, the Chairman of the Audit Committee and other Directors. 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 individuals are attracted and retained. Recommendations are made to the Board as and when appropriate.

Management Engagement Committee
The Management Engagement Committee, chaired by Sarah Arkle, 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 consistent 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 page 35.

Terms of Reference

The Nomination, Remuneration, Audit and Management Engagement Committees all 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 Annual General Meeting.

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders twice each year by way of the annual report and accounts and the half year report. These are supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares and the Company's level of gearing.

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 Manager who reviews the Company's performance. The Company's brokers, the Investment Manager and the Manager hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 81 or via the Company's website.

The Company's annual report and financial statements are published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 81. A formal process is in place for all letters to the Directors to be immediately forwarded. As part of this process, any feedback from shareholders is also communicated to the Board.

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

Risk Management and Internal Control

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by JPMF and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure that they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 24 and 25). This process has been in place for the year under review and up to the date of the approval of the annual report and accounts and it accords with the Financial Reporting Council's guidance. The Company does not have an internal audit function of its own, but relies on the internal audit department of the Manager. This arrangement is kept under review.

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

- **Management Systems**

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

- **Investment Strategy**

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

  The Board, either directly or through the Audit 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 the Manager and its associates as follows:

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

By the means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 30th June 2018 and to the date of approval of this Annual Report and Accounts.

The Board confirms that any failings or weaknesses identified during the course of its review of the system of risk management and internal control were not significant and did not affect the Company.

Corporate Governance and Voting Policy

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

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

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

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

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

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

Audit Committee Report

Role and Composition

The Audit Committee, chaired by Richard Laing and whose membership is set out on page 28, meets at least twice each year. The members of the Audit Committee consider that at least one member has recent and relevant financial experience and that the Committee as a whole has competency relevant to the sector in which the Company operates.

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

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 30th June 2018, the Audit Committee considered the following significant issues, including those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1(b) to the accounts on page 54. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 54.
Compliance with Sections 1158 and 1159 Corporation Tax Act 2010 ('Section 1158 and 1159')	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

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

Going Concern

The Directors believe that having considered the Company's investment objective (see page 22), risk management policies (see pages 64 to 69), capital management policies and procedures (see page 70), the nature of the portfolio and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements. They have not identified any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of these financial statements.

Auditor Appointment and Tenure

Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Accounts were considered and also engage with Directors as and when required. Having reviewed the performance of the external Auditors, including assessing the quality of work, timing of communications and work with the Manager, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The Board reviews and approves any non-audit services provided by the independent auditors and assesses the impact of any non audit work on the ability of the auditors to remain independent. Details of the auditors fees paid are disclosed in note 6 on page 57. PricewaterhouseCoopers have audited the Company's financial statements since its launch in 1991 and were reappointed following an auditor review in 2013. The Company's year ended 30th June 2018 is the current Audit Partner's fourth of a five year maximum term. The Company will need to appoint a different audit firm to succeed PricewaterhouseCoopers in 2020.

Fair, Balanced and Understandable

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30th June 2018, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 41.

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

11th October 2018

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30th June 2018, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The Auditors' opinion is included in their report on pages 43 to 48.

Directors' Remuneration Policy

The law requires that the Directors' Remuneration Policy is subject to a triennial binding vote. However, the Board has decided to seek annual approval and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. The policy subject to the vote, is set out in full below and is currently in force.

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

The Remuneration Committee, comprising all Directors, reviews Directors' 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 industry research carried out by third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The involvement of remuneration consultants has not been deemed necessary as part of this review. The Company has no Chief Executive Officer and no employees and therefore 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.

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

In the year under review, Directors' fees were paid at the following rates: Chairman £40,000; Audit Committee Chairman £33,500; and other Directors £28,000. With effect from 1st July 2018, fees have been increased to £41,000, £34,500 and £28,500 respectively.

The Company's articles of association currently stipulate that aggregate fees must not exceed £225,000 per annum and provide that any increase in the maximum aggregate annual limit on Directors' fees requires both Board and shareholder approval.

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 takes account of those views.

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 32.

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report, which includes details of the Directors' remuneration policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 30th June 2017 and no changes are proposed for the year ending 30th June 2019.

At the Annual General Meeting held on 24th November 2017, of the votes cast, 99.8% of votes were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.2% voted against. Abstentions were received from less than 0.1% of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report from the 2018 Annual General Meeting will be given in the annual report for the year ending 30th June 2019.

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

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 30th June 2018 was £170,699. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

Single total figure table[1]

	2018			2017		
Directors' Name	Fees £	Taxable expenses[2] £	Total £	Fees £	Taxable expenses[2] £	Total £
Sarah Arkle[3]	35,207	–	35,207	27,000	–	27,000
Anatole Kaletsky	28,000	837	28,837	27,000	–	27,000
Nigel Kenny[4]	–	–	–	12,087	–	12,087
Richard Laing	33,500	1,109	34,609	30,111	347	30,458
Ruary Neill[5]	28,000	68	28,068	13,500	68	13,568
Andrew Page	28,000	–	28,000	27,000	1,056	28,056
Alan Saunders[6]	15,978	–	15,978	38,000	–	38,000
Total	168,685	2,014	170,699	174,698	1,471	176,169

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

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

[3] Appointed Chairman on 24th November 2017.

[4] Retired 16th November 2016.

[5] Appointed on 1st January 2017.

[6] Retired 24th November 2017.

A table showing the total remuneration for the Chairman over the five years ended 30th June 2018 is below:

Remuneration for the Chairman over the five years ended 30th June 2018

Year ended 30th June	Fees
2018	£40,000
2017	£38,000
2016	£38,000
2015	£35,000
2014	£35,000

Directors' Shareholdings[1]

There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The beneficial shareholdings of the Directors who held office at the year end are detailed below.

Directors' Name	30th June 2018	1st July 2017 or as at date of appointment
Sarah Arkle	6,000	6,000
Anatole Kaletsky	10,000	10,000
Richard Laing	6,000	6,000
Ruary Neill	5,000	5,000
Andrew Page	5,000	5,000
Total	32,000	32,000

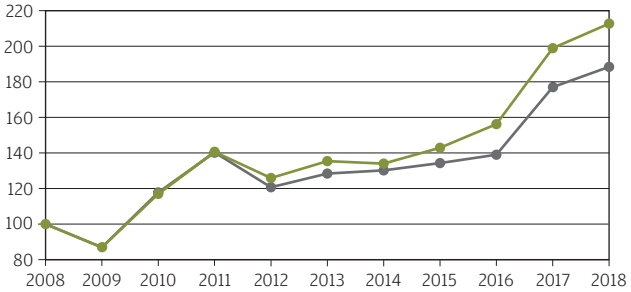
[1] Audited information.

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

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

A graph showing the Company's share price total return compared with the return on its benchmark index, the MSCI Emerging Markets Index with net dividends reinvested, in sterling terms, over the last ten years is shown below. The Board believes that this index is the most appropriate for performance comparison purposes because it reflects the Investment Manager's investment universe.

Ten Year Share Price and Benchmark Total Return Performance to 30th June 2018



Source: Morningstar.

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 is below:

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th June	
	2018 £	**2017 £**
Remuneration paid to all Directors		
– by way of fees	170,699	176,169
Distribution to shareholders		
– by way of dividend	13,616,000	11,324,000
– by way of share repurchases	2,490,000	16,878,000

For and on behalf of the Board
Sarah Arkle
Chairman

11th October 2018

Statement of Directors' Responsibilities

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

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

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

and the Directors confirm that they have done so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. 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.jpmemergingmarkets.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 auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the Annual Report since they were initially presented on the website. The Annual Report is 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 Directors' Remuneration Report that comply with the law and those regulations.

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

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

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board
Sarah Arkle
Chairman

11th October 2018

Independent Auditors' Report

To the members of JPMorgan Emerging Markets Investment Trust plc

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 30th June 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Financial Statements (the 'Annual Report'), which comprise: the statement of financial position as at 30th June 2018; the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

We have provided no non-audit services to the Company in the period from 1st July 2017 to 30th June 2018.

Our audit approach

Overview

- Overall materiality: £6.0 million (2017: £5.6 million), based on 0.5% of net assets.

- The Company is a standalone investment trust company and engages JPMorgan Funds Limited (the 'Manager') to manage its assets.
- We conducted our audit of the financial statements using information from JPMorgan Corporate & Investment Bank (the 'Administrator') to whom the Manager has, as permitted by the investment management agreement, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at the Administrator, and adopted a fully substantive testing approach using reports obtained from the Administrator.

- Income from investments
- Valuation and existence of investments.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

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. 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 or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Company's financial statements, including, but not limited to, the UK Corporate Governance Code (the 'Code'), the UKLA Listing Rules (the 'Listing Rules'), the Companies Act 2006 ('CA06'), section 1158 of the Corporation Tax Act 2010 and the Alternative Investment Fund Managers Directive ('AIFMD'). Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, enquiries with management and testing the Company's compliance with section 1158 in the current year. 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.

We did not identify any key audit matters relating to irregularities, including fraud. 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.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Income from investments. *Refer to page 35 (Audit Committee Report), page 54 (Accounting Policies) and page 57 (Notes to the Financial Statements).* We focused on the accuracy and completeness of dividend income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'). This is because incomplete or inaccurate income could have a material impact on the Company's net asset value. We also focused on the accuracy and occurrence of realised and unrealised gains or losses on the investment portfolio	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP and that income has been accounted for in accordance with the stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. To test for completeness, we tested all investment holdings in the portfolio, to ensure that all dividends declared in the market by investment holdings had been recorded. We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. We tested the allocation and presentation of dividend income between the revenue and capital return columns in the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. We also checked that the gains or losses on investments held at fair value comprise realised and unrealised gains or losses. We tested a sample of disposal proceeds to bank statements. For unrealised gains or losses, we tested the valuation of the portfolio at the year-end and also tested the reconciliation of opening and closing investments.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments *Refer to page 35 (Audit Committee Report), page 54 (Accounting Policies) and page 60 (Notes to the Financial Statements).* The investment portfolio at the year end principally comprised of listed equity investments. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the financial statements.	We tested the valuation of the listed investment portfolio by agreeing the prices used in the valuation to independent third party sources. We tested the existence of the investment portfolio by agreeing the holdings of investments to an independent custodian confirmation from JPMorgan Chase Bank, N.A. as at 30th June 2018. Our testing did not identify any material misstatements.

How we tailored the audit scope

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

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

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

Materiality

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

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

Overall materiality	£6.0 million (2017: £5.6 million).
How we determined it	0.5% of net assets.
Rationale for benchmark applied	We applied this benchmark, which is a generally accepted auditing practice for investment trust audits.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £299,000 (2017: £280,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30th June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06).*

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

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

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

- The Directors' confirmation on page 24 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 26 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 41, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the Directors in 1991 to audit the financial statements for the year ended 30th June 1992 and subsequent financial years. The period of total uninterrupted engagement is 27 years, covering the years ended 30th June 1992 to 30th June 2018.

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

11th October 2018

Financial Statements

FOR THE YEAR ENDED 30TH JUNE 2018

	Notes	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Gains on investments held at fair value through profit or loss	3	–	83,886	83,886	–	204,432	204,432
Net foreign currency (losses)/gains		–	(796)	(796)	–	939	939
Income from investments	4	23,039	–	23,039	21,816	–	21,816
Interest receivable	4	168	–	168	86	–	86
Gross return		**23,207**	**83,090**	**106,297**	**21,902**	**205,371**	**227,273**
Management fee	5	(3,293)	(7,687)	(10,980)	(2,915)	(6,801)	(9,716)
Other administrative expenses	6	(1,294)	–	(1,294)	(1,478)	–	(1,478)
Net return on ordinary activities before taxation		**18,620**	**75,403**	**94,023**	**17,509**	**198,570**	**216,079**
Taxation	7	(2,044)	–	(2,044)	(1,537)	–	(1,537)
Net return on ordinary activities after taxation		**16,576**	**75,403**	**91,979**	**15,972**	**198,570**	**214,542**
Return per share	8	**13.40p**	**60.96p**	**74.36p**	**12.75p**	**158.45p**	**171.20p**

A dividend of 12.50p (2017: 11.0p) per ordinary share has been proposed in respect of the year ended 30th June 2018 totalling £15.5 million (2017: £13.6 million). Further details are given in note 9 on page 59.

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 on ordinary activities after taxation represents the profit for the year and also Total Comprehensive Income.

The notes on pages 54 to 70 form an integral part of these financial statements.

FOR THE YEAR ENDED 30TH JUNE 2018

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserves £'000	Capital reserves £'000	Revenue reserve[1] £'000	Total £'000
At 30th June 2016	**33,091**	**173,657**	**1,665**	**69,939**	**634,869**	**21,421**	**934,642**
Repurchase of shares into Treasury	–	–	–	–	(16,878)	–	(16,878)
Net return on ordinary activities	–	–	–	–	198,570	15,972	214,542
Dividend paid in the year (note 9)	–	–	–	–	–	(11,324)	(11,324)
At 30th June 2017	**33,091**	**173,657**	**1,665**	**69,939**	**816,561**	**26,069**	**1,120,982**
Repurchase of shares into Treasury	–	–	–	–	(2,490)	–	(2,490)
Net return on ordinary activities	–	–	–	–	75,403	16,576	91,979
Dividend paid in the year (note 9)	–	–	–	–	–	(13,616)	(13,616)
At 30th June 2018	**33,091**	**173,657**	**1,665**	**69,939**	**889,474**	**29,029**	**1,196,855**

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

The notes on pages 54 to 70 form an integral part of these financial statements.

AT 30TH JUNE 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	1,189,079	1,109,292
Current assets	11		
Derivative financial assets		1	–
Debtors		9,467	3,285
Cash and cash equivalents		1,023	10,580
		10,491	**13,865**
Current liabilities			
Creditors: amounts falling due within one year	12	(2,711)	(2,173)
Derivative financial liabilities	13	(4)	(2)
Net current assets		**7,776**	**11,690**
Total assets less current liabilities		**1,196,855**	**1,120,982**
Net assets		**1,196,855**	**1,120,982**
Capital and reserves			
Called up share capital	13	33,091	33,091
Share premium	14	173,657	173,657
Capital redemption reserve	14	1,665	1,665
Other reserve	14	69,939	69,939
Capital reserves	14	889,474	816,561
Revenue reserve	14	29,029	26,069
Total shareholders' funds		**1,196,855**	**1,120,982**
Net asset value per share	**15**	**968.2p**	**904.7p**

The financial statements on pages 50 to 70 were approved and authorised for issue by the Directors on 11th October 2018 and were signed on their behalf by:

Sarah Arkle
Director

The notes on pages 54 to 70 form an integral part of these financial statements.

The Company is registered in England and Wales.

Company registration number: 2618994.

FOR THE YEAR ENDED 30TH JUNE 2018

	Notes	2018 £'000	2017 £'000
Net cash outflow from operations before dividends and interest	16	(12,752)	(10,218)
Dividends received		19,314	19,551
Interest received		166	86
Overseas tax recovered		–	229
Net cash inflow from operating activities		**6,728**	**9,648**
Purchases of investments		(82,163)	(80,427)
Sales of investments		84,070	76,582
Settlement of forward currency contracts		(218)	110
Net cash inflow/(outflow) from investing activities		**1,689**	**(3,735)**
Repurchase of shares into Treasury		(4,323)	(15,045)
Dividend paid		(13,616)	(11,324)
Net cash outflow from financing activities		**(17,939)**	**(26,369)**
Decrease in cash and cash equivalents		**(9,522)**	**(20,456)**
Cash and cash equivalents at start of year		10,580	31,052
Exchange movements		(35)	(16)
Cash and cash equivalents at end of year		1,023	10,580
Decrease in cash and cash equivalents		**(9,522)**	**(20,456)**
Cash and cash equivalents consist of:			
Cash and short term deposits		873	3,871
Cash held in JPMorgan US Dollar Liquidity Fund		150	6,709
Total		**1,023**	**10,580**

The notes on pages 54 to 70 form an integral part of these financial statements.

FOR THE YEAR ENDED 30TH JUNE 2018

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in November 2014, and updated in February 2018.

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

The financial statements have been prepared on a going concern basis. The disclosure on going concern on page 35 of the Directors' Report form part of these financial statements.

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

(b) Valuation of investments

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

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

Accordingly, upon initial recognition the investments are 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, realised gains and losses on foreign currency contracts, management fees and finance costs allocated to capital and any other capital charges, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Gains and losses on sales of investments'.

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

(d) Income

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

Overseas dividends are included gross of any withholding tax.

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

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

Interest receivable is taken to revenue on an accruals basis.

(e) Expenses

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

- The management fee and any finance costs incurred are allocated 30% to revenue and 70% to capital, in line with Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- Expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 10 on page 60.

(f) Financial instruments

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

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

Derivative financial instruments, including short term forward currency contracts are valued at fair value, which is the net unrealised gain or loss, and are included in current assets or current liabilities in the Statement of Financial Position.

(g) 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.

(h) 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.

(i) Functional currency

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

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Monetary assets, 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 on monetary assets from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature.

1. Accounting policies *continued*

(j) Dividends payable

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

(k) Repurchase of shares for cancellation

The cost of repurchasing ordinary shares including the related stamp duty and transactions costs is charged to the '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'.

(l) 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 the 'Gains and losses on sales of investments' 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 the 'Capital redemption reserve'.

Should shares held in Treasury be reissued, the sales proceeds will be treated as a realised capital 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 and estimates

The preparation of the Company's financial statements on occasion requires the Board 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

	2018 £'000	2017 £'000
Gains from investments held at fair value through profit or loss based on historic cost	22,844	3,435
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	(29,235)	(2,097)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	(6,391)	1,338
Net movement in investment holding gains and losses	90,298	203,100
Other capital charges	(21)	(6)
Total capital gains on investments held at fair value through profit or loss	**83,886**	**204,432**

4. Income

	2018 £'000	2017 £'000
Income from investments		
UK dividends	–	381
Overseas dividends	23,039	21,435
	23,039	**21,816**
Interest receivable and similar income		
Interest from liquidity fund	137	82
Deposit interest	31	4
	168	**86**
Total income	**23,207**	**21,902**

5. Management fee

	2018			2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	3,293	7,687	10,980	2,915	6,801	9,716

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

6. Other administrative expenses

	2018 £'000	2017 £'000
Administrative expenses	359	359
Safe custody fees	571	551
Directors' fees[1]	169	175
Depositary fees[2]	128	193
Savings scheme costs[3]	35	134
Auditors' remuneration - for audit services[4]	32	32
Overseas board trip expenses	–	33
Auditors' remuneration - for non-audit services (taxation compliance)	–	1
	1,294	**1,478**

[1] Full disclosure is given in the Directors' Remuneration Report on page 38.

[2] Includes £13,000 (2017: £19,000) irrecoverable VAT.

[3] Paid to the Manager for the administration of savings scheme products. Includes £3,000 (2017: £13,000) irrecoverable VAT.

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

7. Taxation

(a) Analysis of tax charge in the year

	2018			2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	2,044	–	2,044	1,537	–	1,537
Total tax charge for the year	**2,044**	**–**	**2,044**	**1,537**	**–**	**1,537**

(b) Factors affecting total tax charge for the year

The tax charge for the year is lower than (2017: lower) the Company's applicable rate of corporation tax of 19.00% (2017: 19.75%) The factors affecting the total tax charge for the year are as follows:

	2018			2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return on ordinary activities before taxation	18,620	75,403	94,023	17,509	198,570	216,079
Net return on ordinary activities before taxation multiplied by the applicable rate of corporation tax of 19.00% (2017: 19.75%)	3,538	14,327	17,865	3,458	39,218	42,676
Effects of:						
Non taxable capital gains	–	(15,787)	(15,787)	–	(40,561)	(40,561)
Non taxable UK dividends	–	–	–	(75)	–	(75)
Non taxable overseas dividends	(3,740)	–	(3,740)	(3,557)	–	(3,557)
Tax attributable to expenses charged to capital	(1,460)	1,460	–	(1,343)	1,343	–
Timing differences relating to the receipt of dividends	(235)	–	(235)	–	–	–
Unrelieved expenses	1,956	–	1,956	1,602	–	1,602
Overseas withholding tax	2,044	–	2,044	1,537	–	1,537
Deferred tax relief expensed	(59)	–	(59)	(85)	–	(85)
Total tax charge for the year	**2,044**	**–**	**2,044**	**1,537**	**–**	**1,537**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £12,777,000 (2017: £10,882,000) based on a prospective corporation tax rate of 17% (2017: 17%). The UK corporation tax rate is enacted to fall to 17% effective on 1st April 2020. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

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

8. Return per share

	2018 £'000	2017 £'000
Revenue return	16,576	15,972
Capital return	75,403	198,570
Total return	**91,979**	**214,542**
Weighted average number of shares in issue during the year	123,694,695	125,320,130
Revenue return per share	13.40p	12.75p
Capital return per share	60.96p	158.45p
Total return per share	**74.36p**	**171.20p**

9. Dividends

(a) Dividends paid and proposed

	2018 £'000	2017 £'000
Dividend paid		
2017 Final dividend of 11.0p (2016: 9.0p) per share	13,616	11,324
Dividend proposed		
2018 Final dividend proposed of 12.50p (2017: 11.0p) per share	15,452	13,630

All dividends paid and proposed in the year have been funded from the revenue reserve.

The final dividend declared in respect of the year ended 30th June 2017 amounted to £13,630,000. However, the amount paid amounted to £13,616,000 due to shares repurchased after the balance sheet date but prior to the share register record date.

The dividend proposed in respect of the year ended 30th June 2018 is subject to shareholder approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 30th June 2019.

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

The requirements of Section 1158 are considered on the basis of the dividend proposed in respect of the financial year, shown below. The revenue available for distribution by way of dividend for the year is £16,576,000 (2017: £15,972,000). The revenue reserve after payment of the final dividend will amount to £13,577,000 (2017: £12,439,000).

	2018 £'000	2017 £'000
Final dividend proposed of 12.5p (2017: 11.0p)	15,452	13,630

10. Investments

	2018 £'000	2017 £'000
Investments listed on a recognised stock exchange	1,189,079	1,109,292
Opening book cost	538,403	531,139
Opening investment holding gains	570,889	369,886
Opening valuation	1,109,292	901,025
Movements in the year:		
Purchases at cost	84,481	80,427
Sales - proceeds	(88,601)	(76,598)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	(6,391)	1,338
Net movement in investment holding gains	90,298	203,100
	1,189,079	1,109,292
Closing book cost	557,127	538,403
Closing investment holding gains	631,952	570,889
Total investments held at fair value through profit or loss	**1,189,079**	**1,109,292**

Transaction costs on purchases during the year amounted to £96,000 (2017: £71,000) and on sales during the year amounted to £162,000 (2017: £150,000). These costs comprise mainly brokerage commission.

During the year, prior year investment holding gains amounting to £29,235,000 have been transferred to gains and losses on sales of investments as disclosed in note 14 on page 62.

11. Current assets

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

	2018 £'000	2017 £'000
Debtors		
Securities sold awaiting settlement	4,510	–
Dividends and interest receivable	4,909	3,210
Other debtors	48	59
Overseas tax recoverable	–	16
	9,467	**3,285**

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.

12. Current liabilities

	2018 £'000	2017 £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	2,318	–
Other creditors and accruals	393	340
Repurchase of the Company's own shares awaiting settlement	–	1,833
	2,711	**2,173**

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

	2018 £'000	2017 £'000
Derivative financial liabilities		
Forward foreign currency contracts	4	2

13. Called up share capital

	2018 £'000	2017 £'000
Issued and fully paid share capital:		
Ordinary shares of 25p each		
Opening balance of 123,907,844 (2017: 126,174,703) shares excluding shares held in Treasury	30,977	31,544
Repurchase of 292,498 (2017: 2,266,859) shares into Treasury	(73)	(567)
Subtotal of 123,615,346 (2017: 123,907,844) shares excluding shares held in Treasury	30,904	30,977
8,748,179 (2017: 8,455,681) Ordinary shares held in Treasury	2,187	2,114
Closing balance of 132,363,525 (2017: 132,363,525) shares including shares held in Treasury	33,091	33,091
Total called up share capital	**33,091**	**33,091**

Share capital transactions

During the year 292,498 shares were repurchased into Treasury for a total consideration of £2,490,000.

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

14. Capital and reserves

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve[1] £'000	Capital reserves: Gains and losses on sales of investments £'000	Capital reserves: Investment holding gains and losses £'000	Revenue reserve[2] £'000	Total £'000
Opening balance	33,091	173,657	1,665	69,939	246,278	570,283	26,069	1,120,982
Net foreign currency losses	–	–	–	–	(793)	–	–	(793)
Unrealised losses on foreign currency contracts	–	–	–	–	–	(3)	–	(3)
Unrealised losses on forward foreign currency contracts from prior period now realised	–	–	–	–	(2)	2	–	–
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	(6,391)	–	–	(6,391)
Net movement in investment holding gains and losses	–	–	–	–	–	90,298	–	90,298
Transfer on disposal of investments	–	–	–	–	29,235	(29,235)	–	–
Repurchase of shares into Treasury	–	–	–	–	(2,490)	–	–	(2,490)
Management fee charged to capital	–	–	–	–	(7,687)	–	–	(7,687)
Other capital charges	–	–	–	–	(21)	–	–	(21)
Dividend paid in the year	–	–	–	–	–	–	(13,616)	(13,616)
Retained revenue for the year	–	–	–	–	–	–	16,576	16,576
Closing balance	**33,091**	**173,657**	**1,665**	**69,939**	**258,129**	**631,345**	**29,029**	**1,196,855**

[1] Created during the year ended 30th June 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 distribution of profits to investors via dividend payments.

15. Net asset value per share

	2018	2017
Net assets (£'000)	1,196,855	1,120,982
Number of shares in issue	123,615,346	123,907,844
Net asset value per share	**968.2p**	**904.7p**

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

	2018 £'000	2017 £'000
Net return on ordinary activities before taxation	94,023	216,079
Less: capital return on ordinary activities before taxation	(75,403)	(198,570)
Increase in accrued income and other debtors	(1,688)	(507)
Increase in accrued expenses	53	144
Overseas withholding tax	(2,028)	(1,773)
Expenses charged to capital	(7,687)	(6,801)
Dividends received	(19,314)	(19,551)
Interest received	(166)	(86)
Realised loss on foreign currency transactions	(5)	(633)
Exchange (loss)/gain on liquidity fund	(537)	1,480
Net cash outflow from operations before dividends and interest	**(12,752)**	**(10,218)**

17. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2017: none).

18. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 29. The management fee payable to the Manager for the year was £10,980,000 (2017: £9,716,000) of which £nil (2017: £nil) was outstanding at the year end.

During the year £35,000 (2017: £134,000), including VAT, was payable to the Manager for the administration of savings scheme products, of which £44,000 (2017: £38,000) was outstanding at the year end.

Safe custody fees amounting to £571,000 (2017: £551,000) were payable during the year to JPMorgan Chase Bank N.A. of which £229,000 (2017: £139,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities Limited for the year was £nil (2017: £8,000) of which £nil (2017: £nil) was outstanding at the year end.

The Company also holds cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMF. At the year end this was valued at £0.2 million (2017: £6.7 million). Interest amounting to £137,000 (2017: £82,000) was received during the year of which £2,000 (2017: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £21,000 (2017: £6,000) were payable to JPMorgan Chase Bank N.A. during the year of which £2,000 (2017: £2,000) was outstanding at the year end.

At the year end, total cash of £873,000 (2017: £3,871,000) was held with JPMorgan Chase. A net amount of interest of £31,000 (2017: £4,000) was receivable by the Company during the year from JPMorgan Chase of which £nil (2017: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 38.

19. Disclosures regarding financial instruments measured at fair value

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

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 (ie: 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 (ie: 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 54.

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

	2018		2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	1,189,079	–	1,109,292	–

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

20. 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 of overseas companies, which are held in accordance with the Company's investment objective;

– cash held within a liquidity fund;

– short term debtors, creditors and cash arising directly from its operations; and

– forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the Company's investment activities.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) 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 June are shown below. Where the Company's equity investments (which are not monetary items) are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2018						
	US Dollar £'000	Indian Rupee £'000	Hong Kong Dollar £'000	South African Rand £'000	Brazilian Real £'000	Other £'000	Total £'000
Net current assets	6,029	552	719	219	133	418	8,070
Foreign currency exposure on net monetary items	6,029	552	719	219	133	418	8,070
Investments held at fair value through profit or loss	403,077	238,206	206,354	128,111	78,021	135,310	1,189,079
Total net foreign currency exposure	**409,106**	**238,758**	**207,073**	**128,330**	**78,154**	**135,728**	**1,197,149**

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

(a) Market risk *continued*

(i) Currency risk *continued*

Foreign currency exposure *continued*

	2017							
	US Dollar £'000	Indian Rupee £'000	Hong Kong Dollar £'000	South African Rand £'000	Brazilian Real £'000	Indonesian Rupiah £'000	Other £'000	Total £'000
Net current assets	11,774	614	–	329	196	–	791	13,704
Foreign currency exposure on net monetary items	11,774	614	–	329	196	–	791	13,704
Investments held at fair value through profit or loss	329,645	218,759	156,758	134,660	99,239	61,341	104,628	1,105,030
Total net foreign currency exposure	**341,419**	**219,373**	**156,758**	**134,989**	**99,435**	**61,341**	**105,419**	**1,118,734**

In the opinion of the Directors, the above year end amounts are not representative of the exposure to foreign currency risk during the year. Cash held in the JPMorgan US Dollar Liquidity Fund has fluctuated between £nil and £20,754,097 during the year (2017: £nil and £40,795,000).

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% (2017: 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.

	2018		2017	
	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(2,318)	2,318	(2,152)	2,152
Capital return	(807)	807	(1,370)	1,370
Total return after taxation	(3,125)	3,125	(3,522)	3,522
Net assets	**(3,125)**	**3,125**	**(3,522)**	**3,522**

In the opinion of the Directors, the above sensitivity analysis is not representative of the whole year or comparative year due to fluctuations in the cash held in the JPMorgan liquidity fund.

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the liquidity fund.

Management of interest rate risk

The Company does not normally hold significant cash balances. Short term borrowings are used when required.

Interest rate exposure

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

	2018 £'000	2017 £'000
Exposure to floating interest rates:		
Cash and short term deposits	873	3,871
JPMorgan US Dollar Liquidity Fund	150	6,709
Total net exposure	**1,023**	**10,580**

Interest receivable on cash balances is at a margin below LIBOR (2017: same).

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

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1% (2017: 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.

	2018		2017	
	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	10	(10)	106	(106)
Capital return	–	–	–	–
Total return after taxation for the year	10	(10)	106	(106)
Net assets	**10**	**(10)**	**106**	**(106)**

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

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

(a) Market risk *continued*

(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 June comprises its holdings in equity investments as follows:

	2018 £'000	2017 £'000
Investments held at fair value through profit or loss	1,189,079	1,109,292

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 21. This shows that the investments' value is in a broad spread of countries with no concentration of exposure to any one country. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2017: 10%) in the market value of equity investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities, adjusting for changes in the management fee but with all other variables held constant.

	2018		2017	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(268)	268	(250)	250
Capital return	118,284	(118,284)	110,347	(110,347)
Total return after taxation for the year and net assets	**118,016**	**(118,016)**	**110,097**	**(110,097)**

(b) Liquidity risk

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

Management of the risk

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

Liquidity risk exposure

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

	2018		2017	
	Within one year £'000	Total £'000	Within one year £'000	Total £'000
Creditors: amounts falling due within one year				
Repurchase of the Company's own shares awaiting settlement	–	–	1,833	1,833
Securities purchased for future settlement	2,318	2,318	–	–
Other creditors and accruals	393	393	340	340
Derivative financial liabilities	4	4	2	2
	2,715	**2,715**	**2,175**	**2,175**

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

(c) Credit risk

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

Management of credit risk

Portfolio dealing

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

Cash and cash equivalents

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

Exposure to JPMorgan Chase

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading. The Depositary, The Bank of New York Mellon (International) Limited, is responsible for the safekeeping of all custodial assets of the Company and for verifying and maintaining a record of all other assets of the Company. However, no absolute guarantee can be given on the protection of all the assets of the Company.

Credit risk exposure

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

(d) Fair values of financial assets and financial liabilities

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

21. Capital management policies and procedures

The Company's capital comprises the following:

	2018 £'000	2017 £'000
Equity:		
Called up share capital	33,091	33,091
Reserves	1,163,764	1,087,891
Total capital	**1,196,855**	**1,120,982**

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.

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

	2018 £'000	2017 £'000
Investments held at fair value through profit or loss	1,189,079	1,109,292
Net assets	1,196,855	1,120,982
Net gearing/(cash)	**(0.6)%**	**(1.0)%**

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

- the need to buy back equity shares for cancellation or to hold in Treasury, which takes into account the share price discount or premium;
- the need for issues of new shares including issues from Treasury; and
- the ability to employ gearing when the Manager believes it to be appropriate.

22. Subsequent events

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

Regulatory Disclosures

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

Leverage

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

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD, at 30th June 2018, which gives the following figures:

Leverage Exposure	Gross Method	Commitment Method
Maximum limit	200%	200%
Actual[1]	101%	100%

[1] It should be noted that the Company does not have a borrowing facility and does not currently employ gearing. At the year end the Company's position was 1.0% net cash. The above figures are theoretical and are calculated in accordance with the methodology prescribed by the AIFMD.

JPMF Remuneration

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

This section of the annual report has been prepared in accordance with the Alternative Investment Fund Managers' Directive (the '**AIFMD**'), the European Commission Delegated Regulation supplementing the AIFMD, and the 'Guidelines on sound remuneration policies' issued by the European Securities and Markets Authority under the AIFMD.

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

Remuneration Policy

A summary of the Remuneration Policy currently applying to the Management Company (the '**Remuneration Policy Statement**') can be found at https://am.jpmorgan.com/gb/en/asset-management/gim/per/legal/emea-remuneration-policy. This Remuneration Policy Statement includes details of how remuneration and benefits are calculated, including the financial and non-financial criteria used to evaluate performance, the responsibilities and composition of the Firm's Compensation and Management Development Committee, and the measures adopted to avoid or manage conflicts of interest. A copy of this policy can be requested free of charge from the Management Company.

The Remuneration Policy applies to all employees of the Management Company, including individuals whose professional activities may have a material impact on the risk profile of the Management Company or the Alternative Investment Funds it manages ('**AIFMD Identified Staff**'). The AIFMD Identified Staff include members of the Board of the Management Company (the '**Board**'), senior management, the heads of relevant Control Functions, and holders of other key functions. Individuals are notified of their identification and the implications of this status on at least an annual basis.

The Board reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. As at 31st December 2017, the Board last reviewed and adopted the Remuneration Policy in June 2017 with no material changes and was satisfied with its implementation.

Quantitative Disclosures

The table below provides an overview of the aggregate 2017 total remuneration paid to staff of the Management Company and the number of beneficiaries. These figures include the remuneration of all staff of JP Morgan Asset Management (UK) Ltd (the relevant employing entity) and the number of beneficiaries, both apportioned to the Management Company on an AUM weighted basis.

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 32 Alternative Investment Funds and 2 UCITS (with 38 sub-funds), with a combined AUM as at 31st December 2017 of £13,204 million and £15,004 million respectively.

	Fixed remuneration ($'000)	Variable remuneration ($'000)	Total remuneration ($'000)	Number of beneficiaries ($'000)
All staff	14,845	9,801	24,646	117

The aggregate 2017 total remuneration paid to AIFMD Identified Staff was USD 65,309,308, of which USD 7,505,126 relates to Senior Management and USD 57,804,181 relates to other Identified Staff[1].

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

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) or total return swaps. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 30th June 2018.

Shareholder Information

Notice is hereby given that the twenty seventh Annual General Meeting of JPMorgan Emerging Markets Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 22nd November 2018 at 3.00 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th June 2018.
2. To approve the Company's Remuneration policy.
3. To approve the Directors' Remuneration Report for the year ended 30th June 2018.
4. To approve a final dividend of 12.5p per share.
5. To reappoint Sarah Arkle as a Director of the Company.
6. To reappoint Richard Laing as a Director of the Company.
7. To reappoint Ruary Neill as a Director of the Company.
8. To reappoint Andrew Page as a Director of the Company.
9. To reappoint PricewaterhouseCoopers LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

10. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £1,545,191, representing approximately 5% of the Company's issued Ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2019 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

11. THAT subject to the passing of Resolution 10 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 to 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 10 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £1,545,191 representing approximately 5% of the issued Ordinary share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 10 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuant of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

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

PROVIDED ALWAYS THAT

(i) the maximum number of Ordinary shares hereby authorised to be purchased shall be 18,529,940, or if less, that number of Ordinary shares which is equal to 14.99% of the issued share capital as at the date of the passing of this Resolution;

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

(iii) the maximum price which may be paid for an Ordinary share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for an Ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is contracted to be purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

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

(v) the authority hereby conferred shall expire on 21st May 2020 unless the authority is renewed at the Company's Annual General Meeting in 2018 or at any other general meeting prior to such time; and

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

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

18th October 2018

Notes

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

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.
3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form no later than 3.00 p.m. two business days prior to the Meeting (i.e. excluding weekends and bank holidays).
4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.
6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.

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

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

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

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

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

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

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

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

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

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

16. As at 10th October 2018 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 132,363,525 Ordinary shares (of which 8,748,179 shares are held in Treasury), carrying one vote each. Therefore the total voting rights in the Company are 123,615,346.

Electronic appointment – CREST members

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

Return to Shareholders (APM)

Total return to the shareholder, 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	2018	2017	
Opening share price as at 30th June (p)	5	798.5	635.0	
Closing share price as at 30th June (p)	5	843.0	798.5	(a)
Reinvestment of dividend paid during the financial year				
Final dividend (p)	5	11.0	9.0	(b)
Share price on ex-dividend date 26th October 2017 (2017: 13th October 2016)		830.0	727.5	(c)
Total dividend adjustment factor (d = b / c + 1)		1.013253	1.012371	(d)
Adjusted closing share price (e = a x d)		854.2	808.4	(e)
Total return to shareholder		**7.0%**	**27.3%**	

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, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Total return calculation	Page	2018	2017	
Opening cum-income NAV per share as at 30th June (p)	5	904.7	740.8	
Closing cum-income NAV per share as at 30th June (p)	5	968.2	904.7	(a)
Reinvestment of dividend paid during the financial year				
Final dividend (p)	5	11.0	9.0	(b)
Cum-income NAV per share on ex-dividend date 26th October 2017 (2017: 13th October 2016)		940.5	844.0	(c)
Total dividend adjustment factor (d = b / c + 1)		1.011696	1.010663	(d)
Adjusted closing cum-income NAV per share (e = a x d)		979.5	914.4	(e)
Total return on net assets		**8.3%**	**23.4%**	

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 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Gearing/Net cash (APM)

Gearing represents the excess amount above shareholder's 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	2018 £'000	2017 £'000	
Investments held at fair value through profit or loss	52	1,189,079	1,109,292	(a)
Net assets	50	1,196,855	1,120,982	(b)
Gearing/(Net cash) (c = a / b – 1)		**(0.6%)**	**(1.0%)**	(c)

Ongoing charges (APM)
The ongoing charges represents 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	2018 £'000	2017 £'000	
Management Fee	50	10,980	9,716	
Other administrative expenses	50	1,294	1,478	
Total management fee and other administrative expenses		12,274	11,194	(a)
Average daily cum-income net assets		1,205,517	1,044,665	(b)
Ongoing charges (c = a / b)		**1.02%**	**1.07%**	(c)

Share Price Discount/Premium to Net Asset Value ('NAV') per Share (APM)
If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount, meaning there are more sellers than buyers. 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 company's shares to trade at a discount than at a premium.

Performance attribution

Analysis of how the Company achieved its recorded performance relative to its benchmark (see page 11).

Performance attribution definitions:

- **Asset allocation**
  Measures the impact of allocating assets differently to 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.
- **Gearing/cash**
  Measures the impact on returns of borrowings or cash balances on the Company's relative performance.
- **Currency**
  Measures the impact of currency exposure differences between the Company's portfolio and its benchmark.
- **Management fee/other expenses**
  The payment of fees and expenses reduces the Company's net assets and therefore has a negative effect on relative performance.

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

1. Directly from J.P. Morgan

Investment Account

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

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within a J.P. Morgan ISA. For the 2018/19 tax year, from 6th April 2018 and ending 5th April 2019, the total ISA allowance is £20,000. The shares are also available in a J.P. Morgan Junior ISA. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk/investor

2. Via a third party provider

Third party providers include:

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

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

3. Through a professional adviser

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

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

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

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

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

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

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

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

Report a Scam

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

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

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

FCA FINANCIAL CONDUCT AUTHORITY

FINANCIAL CALENDAR

Financial year end	30th June
Final results announced	September/October
Half year end	December
Half year results announced	February
Final dividend on ordinary shares paid	November
Annual General Meeting	November

History

The Company was launched in July 1991 with assets of £60 million. In March 1993 the Company raised a further £50 million by an issue of conversion shares. On 13th April 2006, an additional £76 million was raised by an issue of shares following the reconstruction of F&C Emerging Markets Investment Trust plc. The Company adopted its current name in November 2005.

Company Numbers

Company registration number: 2618994
LEI: 5493001VPQDYH1SSSR77

Ordinary Shares

London Stock Exchange number: 0341895
ISIN: GB0003418950
Bloomberg code: JMG LN

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 quoted daily in the Financial Times, The Times, the Daily Telegraph, The Scotsman and on the J.P. Morgan website at www.jpmemergingmarkets.co.uk, where the Ordinary share price is updated every fifteen minutes during trading hours.

Website

www.jpmemergingmarkets.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited
Company's Registered Office
60 Victoria Embankment
London EC4Y 0JP

Telephone: 020 7742 4000

For Company Secretarial and administrative matters, please contact Jonathan Latter.

Depositary

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

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

Registrars

Equiniti Limited
Reference 1081
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Telephone number: 0371 384 2320

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 1081.

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

Independent Auditors

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

Brokers

Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET

Telephone number: 020 7710 7600

Savings Product Administrators

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

aic
The Association of Investment Companies
A member of the AIC

www.jpmemergingmarkets.co.uk

J.P. MORGAN HELPLINE

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

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

GB A109 | 10/18

J.P.Morgan
Asset Management