



# JPMorgan European Growth & Income plc

(formerly JPMorgan European Investment Trust plc)

Annual Report & Financial Statements  
for the year ended 31st March 2022

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**J.P.Morgan**  
ASSET MANAGEMENT

# Key Features

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## Your Company

Following the merger of the Company's Growth and Income portfolios and share classes and change of name from JPMorgan European Investment Trust plc to JPMorgan European Growth & Income plc on 4th February 2022, the Company now consists of one single portfolio and one share class.

## Objectives

The investment objective of the Company is to provide capital growth and a rising share price over the longer term from Continental European investments by out-performance of the benchmark and taking carefully controlled risks through an investment method that is clearly communicated to shareholders. See page 25 for a description of the investment process.

## Investment Policies

- To invest in a diversified portfolio of companies in the equity markets of Continental Europe.
- To manage liquidity and borrowings to increase returns to shareholders.

See page 24 for details of the Company's Investment Restrictions and Guidelines.

## Dividend Policy

Following the Company's restructuring on 4th February 2022, the dividend policy is to pay four dividends per financial year payable in July, October, January and March and calculated on 4% per annum based on the NAV as at close of business on 31st March of the preceding financial year.

## Benchmark

The MSCI Europe ex UK Index (total return) in sterling terms.

## Capital Structure

At 31st March 2022, the Company's share capital comprised 437,286,529 Ordinary shares with a nominal value of 0.5 pence per share.

## Tender Offer

The Performance-Related Tender Offer is proposed to be made for up to 25% of the issued share capital of the Company (excluding treasury shares) in the event that the NAV total return of the Company does not equal or exceed the total return of the Benchmark over the five-year period commencing on 4th February 2022, being the first day of trading in the Ordinary Shares. The Performance-Related Tender Offer allows Shareholders to realise the value of a portion of their Ordinary Shares at the NAV per Ordinary Share, less costs.

## Management Company

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

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

The Company currently conducts its affairs so that the shares issued by JPMorgan European Growth & Income plc can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust. The Company's shares are not classified as 'complex instruments' under the FCA's revised 'appropriateness' criteria adopted in the implementation of MiFID II.

## Association of Investment Companies ('AIC')

The Company is a member of the AIC.

## Website

The Company's website, which can be found at [www.jpmeuropeangrowthandincome.com](http://www.jpmeuropeangrowthandincome.com), includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports and investment methodology.

- Successful long term investment approach supported by the significant resources of J P Morgan
- Differentiated and attractive dividend policy delivered by the close ended investment trust structure
- Active discount management and long term alignment with shareholders through a competitive fee structure and performance tender

### Why invest in JPMorgan European Growth & Income plc?

JPMorgan European Growth & Income plc has a distinctive strategy for investing in Europe – with an enhanced dividend policy. The investment managers focus on building a core portfolio of European equities comprising well managed companies with improving prospects and attractive valuations.

#### Our investment approach

JPMorgan European Growth & Income plc investment managers combine research from their in house fundamental analysts with the disciplined and objective output from quantitative analysis. The investment managers look to build a diversified portfolio of European stocks that aims to outperform in various market environments.

The Company introduced a new dividend policy in 2022 and will pay out 4% of the net asset value as dividends set at the start of each financial year. This new dividend policy does not change the investment managers' investment approach, which is focused on continuing to generate total returns in excess of the MSCI Europe ex UK index.

#### Environment, Social and Governance ('ESG') Considerations

ESG considerations are fully integrated into the stock selection process. JPMAM research teams compile proprietary ESG analyses on each company as well as using external vendor research to rank them. Following in-depth strategic and financial analysis, these ESG rankings and factors are also taken into consideration as part of the investment case.



**“** Our disciplined approach enables us to identify the most attractive investment opportunities across a broad opportunity set, irrespective of size.”

Alexander Fitzalan Howard, Investment Manager,  
JPMorgan European Growth & Income plc



**“** Our combination of quantitative and in-house analytical research enables us to look through market noise and focus on company fundamentals.”

Zenah Shuhaiber, Investment Manager,  
JPMorgan European Growth & Income plc



**“** JPMorgan Asset Management's research and technology budget provides us with world-class tools and resources which is invaluable when building an investment portfolio.”

Tim Lewis , Investment Manager,  
JPMorgan European Growth & Income plc

**4%**

4% of NAV per annum as distribution

A disciplined, robust and consistent investment process buying quality stocks with attractive valuations and improving prospects

**175%**

175% return to shareholders over ten years

# Contents

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## Strategic Report

Financial Highlights	6
Chairman's Statement	8
Investment Managers' Report	12
Environmental, Social and Governance ('ESG') Report	15
Performance Record	19
Portfolio Information	20
Business Review	24
Principal and Emerging Risks	28
Long Term Viability	31
Duty to Promote the Success of the Company	32

## Directors' Report

Board of Directors	36
Directors' Report	37
Corporate Governance Statement	38
Audit Committee Report	43

## Directors' Remuneration Report

46

## Statement of Directors' Responsibilities

50

## Independent Auditors' Report

52

## Financial Statements

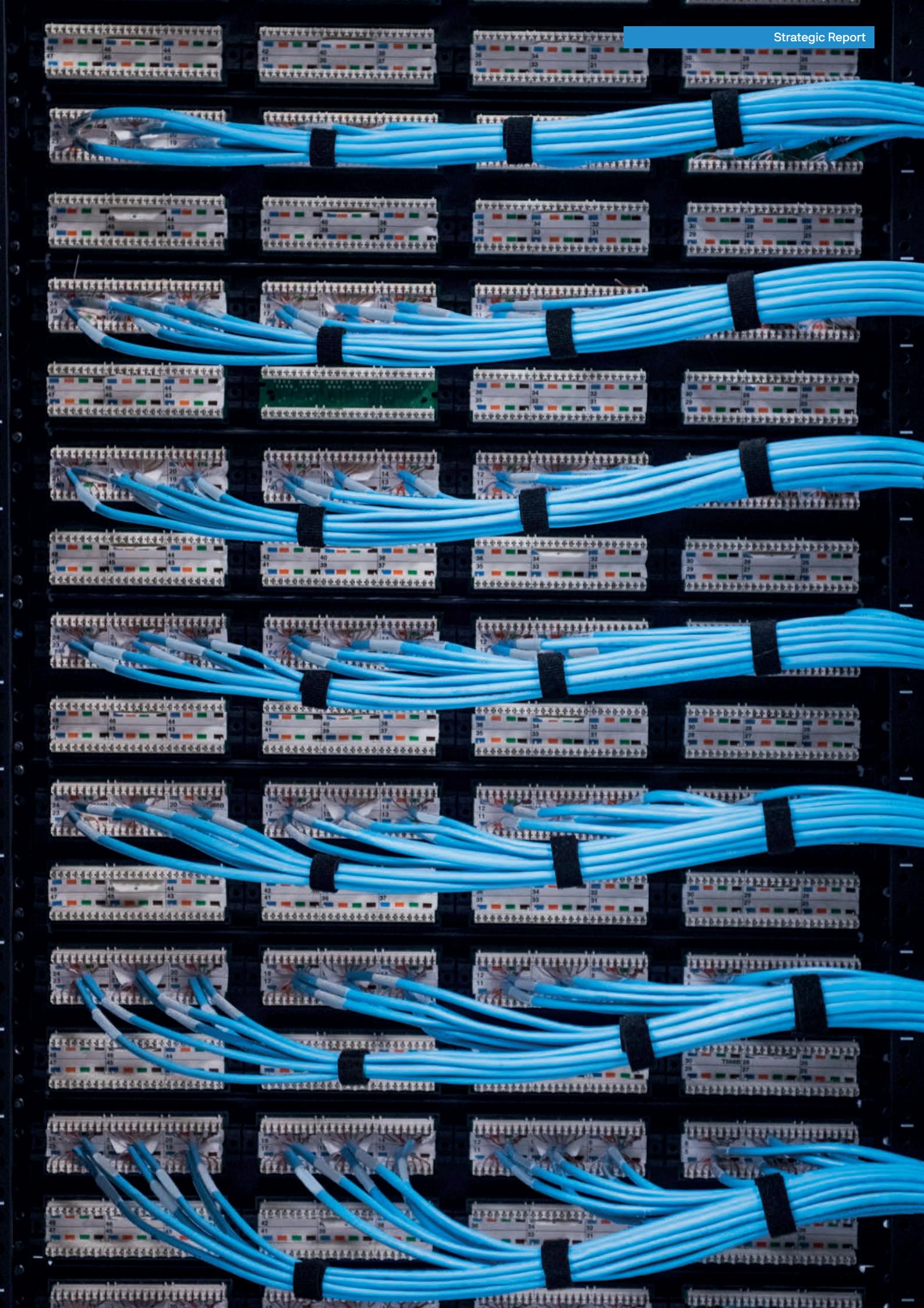
Statement of Comprehensive Income	59
Statement of Changes in Equity	60
Statement of Financial Position	61
Statement of Cash Flows	62
Notes to the Financial Statements	63

## Regulatory Disclosures

Alternative Investment Fund Managers Directive ('AIFMD') Disclosure (Unaudited)	85
Securities Financing Transactions Regulation Disclosure (Unaudited)	85

## Shareholder Information

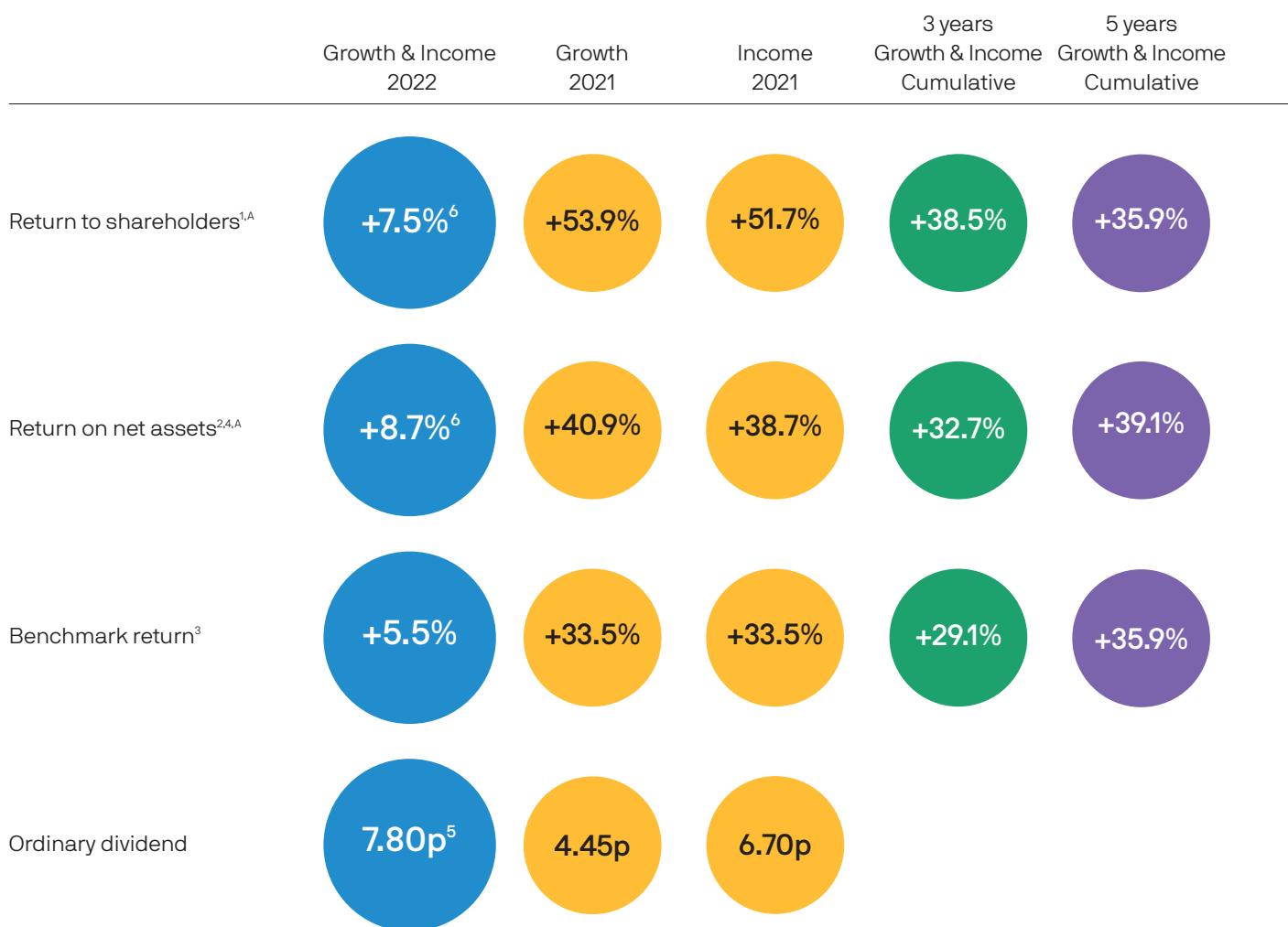
Notice of Annual General Meeting	89
Glossary of Terms and Alternative	93
Performance Measures ('APMs') (Unaudited)	
Where to buy JPMorgan European Growth & Income plc	98
Information about the Company	99



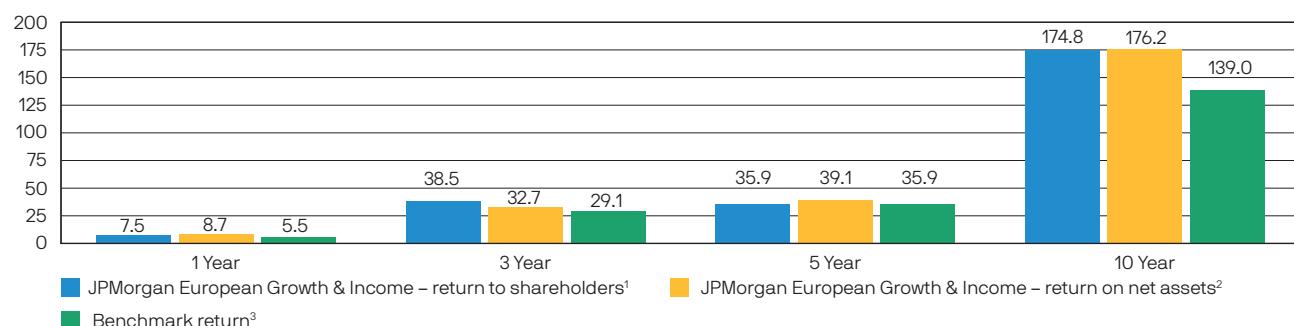
## Financial Highlights

Total investments as at 31st March 2022: £451.2 million

Total returns (including dividends reinvested) to 31st March



### Long Term Performance (total returns) for periods ended 31st March 2022



<sup>1</sup> Source: Morningstar.

<sup>2</sup> Source: Morningstar/J.P. Morgan, using cum income net asset value per share, with debt at par value.

<sup>3</sup> Source: MSCI. The portfolio's benchmark is the MSCI Europe ex UK Index (total return) in sterling terms.

<sup>4</sup> The net asset value above is calculated on the basis that the Company's private placement debt is valued at par. The net assets value identified in the Company's monthly fact sheet is calculated on the basis that the Company's private placement debt is valued at fair value.

<sup>5</sup> A transitional basis has been adopted for the presentation of the Company's total dividend and consists of Growth share dividend of 2.50p; Income share dividend of 4.20p; and Growth & Income share dividend of 1.10p.

<sup>6</sup> As the restructuring of the Company was implemented during the Company's financial year, a transitional approach has been adopted for the reporting of the Company's performance for year ended 31st March 2022. The Company's performance for the year under review has been calculated on a rebased Growth portfolio as at 31st January 2022 and the merged Growth & Income portfolio as at the year end. Further details are provided on page 8.

<sup>A</sup> Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on page 93.

## Financial Highlights

## Summary of results

	Growth & Income 2022	Growth 2021	Income 2021	Total 2021	% change
<b>Total returns for the year ended 31st March</b>					
Return to shareholders <sup>1,A</sup>	+7.5% <sup>6</sup>	+53.9%	+51.7%	n/a	
Return on net assets <sup>2,A</sup>	+8.7% <sup>6</sup>	+40.9%	+38.7%	n/a	
Benchmark return <sup>3</sup>	+5.5%	+33.5%	+33.5%	n/a	
<b>Net asset value, share price and discount at 31st March</b>					
Total net assets (£'000)	439,334	275,858	143,745	419,603	+4.7
Net asset value per share with debt at par value	100.5p	379.2p	167.1p	n/a	
Net asset value per share with debt at fair value <sup>A</sup>	98.7p	368.7p	161.3p	n/a	
Share price	85.0p	326.0p	143.5p	n/a	
Share price discount to net asset value per share with debt at par value <sup>A</sup>	15.4%	14.0%	14.1%	n/a	
Share price discount to net asset value per share with debt at fair value <sup>A</sup>	13.9%	11.6%	11.0%	n/a	
Shares in issue	437,286,529 <sup>6</sup>	72,741,224	86,020,045	n/a	
<b>Revenue for the year ended 31st March</b>					
Gross revenue (£'000)	15,644	6,468	5,039	11,507	+36.0
Net revenue attributable to shareholders (£'000)	11,784	5,672	4,401	10,073	+17.0
Return per share <sup>4</sup>	2.69p <sup>7</sup>	7.66p	4.95p	n/a	
Dividend per share	7.80p <sup>5</sup>	4.45p	6.70p	n/a	
<b>Gearing at 31st March<sup>A</sup></b>	<b>2.7%</b>	<b>0.0%</b>	<b>6.5%</b>	<b>2.2%</b>	
<b>Ongoing Charges<sup>A</sup></b>	<b>0.89%</b>	<b>0.92%</b>	<b>0.98%</b>	<b>n/a</b>	

<sup>1</sup> Source: Morningstar.<sup>2</sup> Source: Morningstar/J.P. Morgan, using cum income net asset value per share, with debt at par value.<sup>3</sup> Source: MSCI. The portfolio's benchmark is the MSCI Europe ex UK Index (total return) in sterling terms.<sup>4</sup> Return per share is calculated on the basis of weighted average number of shares in issue. See Note 9 on page 68.<sup>5</sup> A transitional basis has been adopted for the presentation of the Company's total dividend and consists of Growth share dividend of 2.50p; Income share dividend of 4.20p; and Growth & Income share dividend of 1.10p.<sup>6</sup> As the restructuring of the Company was implemented during the Company's financial year, a transitional approach has been adopted for the reporting of the Company's performance for year ended 31st March 2022. The Company's performance for the year under review has been calculated on a rebased Growth portfolio as at 31st January 2022 and the merged Growth & Income portfolio as at the year end. Further details are provided on page 8.<sup>7</sup> A transitional basis has been adopted for the calculation of the Return per share for the year ended 31st March 2022.<sup>A</sup> Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on page 93.

# Chairman's Statement



**Josephine Dixon**  
Chairman

## Introduction

This has been a significant year for your Company as the shareholder resolutions for the restructuring of the Company's share classes were passed earlier in 2022 and the Company now consists of one portfolio and one share class. This greatly simplifies the structure and generates numerous benefits for shareholders as detailed below.

The restructuring of the Company was implemented during the Company's financial year and therefore a transitional approach has been adopted for the reporting of the Company's performance for year ended 31st March 2022. The Company's performance for the year under review has been calculated on a rebased Growth portfolio as at 31st January 2022 and the merged Growth and Income portfolio as at the year end, both having the same investment objective. A transitional basis has also been adopted for the presentation of the Company's total dividend in respect of the year ended 31st March 2022 and consists of the dividends for the Growth (JETG), Income (JETI) and the new Growth and Income (JEGI) shares.

During the reporting year the markets that the Company invests in have experienced a volatile year with Covid-19 compounded by severe global commodity market turbulence caused by Russia's invasion of Ukraine in February 2022. The Company's Benchmark continued to be the MSCI Europe ex UK Index (in sterling terms) was up 5.5% for the year under review.

Throughout the year, with the ongoing disruption caused by Covid-19, I am pleased to report that the operations and control environment of the Company continued to work well.

## Restructuring

As detailed in the Circular sent to shareholders in December 2021, the Directors proposals to restructure the Company were presented to shareholders at meetings on 24th January 2022 and as announced at the time, were approved by shareholders and implemented on 4th February 2022.

The Board believes that the restructuring was in the best interests of the Company and its Shareholders as a whole and is expected to yield the following principal benefits:

Creation of a single share class with net assets of approximately £500 million, which aims to deliver the critical mass needed to attract additional investors. This should improve liquidity and would reasonably be expected to have an additional positive impact on the discount to NAV at which the Ordinary Shares may trade from time to time;

Predictable dividend income at a level that is consistent and frequent, based on 4% of preceding year NAV payable in July, October, January and March;

Simplification of the Company's capital structure, which was unnecessarily complex, potentially presented a barrier to those looking to invest and is no longer relevant for the tax premise it was first established to address;

Leveraging JPMAM's strength and depth of European investment expertise, while presenting a clearer marketing message designed to encourage renewed interest from investors and thereby creating additional buyers;

A reduction in management fees, providing one of the lowest ongoing charges ratios in the AIC's Europe sector, and a reduction in the Investment Manager's notice period; and

Introduction of a conditional tender offer after five years that will allow Shareholders a potential exit if the Company underperforms against the Benchmark, the presence of which might also improve the discount to NAV at which the Ordinary Shares may trade from time to time given it would operate to provide an exit at NAV less costs.

The restructuring of the Company into a single share class also negates the requirement for the Company to provide a share conversion option.

## Chairman's Statement

### Performance

#### Return to shareholders and return on net assets

The total return to shareholders for the Company's Ordinary shares was 7.5% which your Board think was quite an achievement given the very volatile markets during that period. This performance compares well against our peer group and benchmark during the same period.

The total return on net assets for the Company's Ordinary shares was 9.8%, (debt at fair value) 8.7% (debt at par).

The Company's benchmark recorded a return of 5.5%. The main reason for higher performance than the benchmark is stock selection, helped by the improved market sentiment towards the Company's investment style.

### Dividends

In the period prior to the restructuring, the dividend paid per Growth share was 2.50 pence (2021: 4.45 pence) and on the Income share was 4.20 pence (2021: 6.70 pence). The reduction of the Growth and Income share dividends in the year under review arises because the Growth and Income shares were merged during the restructuring on 4th February 2022, as referred to above.

Following the restructuring in the year under review, the dividend paid on the Company's new per Ordinary share Income share was 1.10 pence.

In their Report on pages 12 to 14, the Investment Managers comment in more detail on some of the factors underlying the performance of the Company including performance against the benchmark over the Company's financial year, as well as commenting on the economic and market background.

### Gearing

There has been no change in the Investment Manager's permitted gearing range, as previously set by the Board, of between 10% net cash to 20% geared. At 31st March 2022 the portfolio was 2.7% geared (2021: 2.2%).

### Discounts, Share Issuance and Repurchase

At the forthcoming Annual General Meeting (AGM) on 7th July 2022 as referred to below, the Company will seek to renew its permission to allot new equity in order to manage the balance between the supply of and demand for its shares, subject to the requirements and conditions as detailed in the notice to the AGM on page 89. Such allotments benefit all shareholders not least by increasing the liquidity of the Company's shares. The Board has a proactive approach to the use of its share issuance and repurchase powers in normal markets.

The Board remains of the view that it is important to seek to address imbalances in the supply of and demand for the Company's shares and to thereby minimise the volatility and absolute level of the discount to net asset value at which the Company's shares currently trade. The Board does not wish to see the discount widen beyond 10% under normal market conditions (using the cum-income NAV) on an ongoing basis. The precise level and timing of repurchases pursuant to this policy depend upon prevailing market conditions. As markets were so disrupted during this reporting year, active buy back of shares were not used as a tool to control the discount for a number of months as it was felt that this would be ineffective. In the year under review 930,586 Growth shares, 594,928 Income shares and 134,384 Ordinary shares were bought back. From 1st March 2022 to 6th June 2022 434,384 Ordinary shares were bought back.

The Company's Ordinary share discount as at 31st March 2022 was 13.9%. On 6th June 2022, the Company's Ordinary share discount was 14.0%.

## Chairman's Statement

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### Environmental, Social and Governance Considerations

As detailed in the Investment Managers' report, Environmental, Social and Governance ('ESG') considerations are integrated into the Investment Managers' investment process. The Board shares the Investment Managers' view of the importance of ESG factors when making investments for the long term and of the necessity of continued engagement with investee companies throughout the duration of the investment. Further information on the Manager's ESG process and engagement is set out in the ESG Report on pages 15 to 18.

### Board of Directors

In line with the Board's succession plan, during the reporting period Alex Lennard was appointed as director on 8th July 2021 and Karen McKellar was appointed on 24th November 2021. Both appointments were made using the services of an independent search agency and after undergoing a thorough selection and interview process. Stephen Goldman retired at the end of 2021 and we thank him for his valuable contribution to the Company and wish him all the best for the future.

The next step of the Board's Succession Plan will be my retirement in September 2022, having reached the nine year tenure of my appointment. The Board have selected Rita Dhut to succeed me as Chairman of the Board immediately following my retirement.

During the year, the Board evaluation process reviewed Directors, the Chairman, the Committees and the working of the Board as a whole. It was concluded that all aspects of the Board and its procedures were operating effectively. In accordance with corporate governance best practice, all of the Directors retire by rotation at this year's AGM and will offer themselves for re-election.

The Company's Directors fees and that of the Chairman of the Board and the Chairman of the Audit Committee were last increased with effect from 1st April 2018. In order to maintain the fees in line with the increasing demands of time required and relative to its peers, the Board agreed that the current fees should be increased with effect from 1st April 2022. See page 46 for further details.

### Investment Managers

The new single share structure has resulted in a reduction in the number of investment managers involved in the management of the Company's portfolio. Alexander Fitzalan Howard, Zenah Shuhaiber and Timothy Lewis have been retained to manage the portfolio with Matt Jones, Michael Barakos and Thomas Buckingham stepping down, effective from 4th February 2022.

The performance of the Investment Managers is formally evaluated by the Board annually. The evaluation of the Manager was undertaken in January 2022 and based on the data available at that time; the Board concluded that the performance of the Manager had been satisfactory and that their services in the new restructured format should be retained.

### Annual General Meeting

After two years of Covid-19 restrictions, I am pleased to announce that the Company's ninety third Annual General Meeting (AGM) will be held at 60 Victoria Embankment, London EC4Y 0JP London at 2.30 p.m. on Thursday, 7th July 2022 as an in-person meeting.

We do, of course, strongly advise all shareholders to consider their own personal circumstances before attending the AGM in person. For shareholders wishing to follow the AGM proceedings but choosing not to attend, we will be able to welcome you through conferencing software. Details on how to register, together with access details, will be available on the Company's website: [www.jpmeuropeangrowthandincome.com](http://www.jpmeuropeangrowthandincome.com) or by contacting the Company Secretary at [invtrusts.cosec@jpmorgan.com](mailto:invtrusts.cosec@jpmorgan.com)

As is normal practice, all voting on the resolutions will be conducted on a poll. Due to technological reasons, shareholders viewing the meeting via conferencing software will not be able to vote on the poll and we, therefore, encourage all shareholders, and particularly those who cannot attend physically, to exercise their votes in advance of the meeting by completing and submitting their proxy.

## Chairman's Statement

Shareholders are encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at the email address above. We will endeavor to answer relevant questions at the meeting or via the website. Your Board encourages all shareholders to support the resolutions proposed.

If there are any changes to the above AGM arrangements, the Company will update shareholders through the Company's website and an announcement on the London Stock Exchange.

### Outlook

The general market is being influenced by significant issues. Inflationary expectations have increased dramatically in recent months and the European Central Bank, along with counterparts elsewhere in the world, face the very difficult task of trying to manage relatively high levels of inflation without tipping economies into recession. Previously buoyant consumer spending, supported by significant amounts of pent-up savings accumulated during the last two years of the Covid-19 pandemic, is expected to decline in response to the dramatic increase in household energy costs. As a consequence, corporate earnings forecasts, which have been strong in this post-covid recovery period, may be threatened by downward revisions.

The impact and duration of the devastating conflict in Ukraine is likely to dominate financial markets in the coming months. Whilst it is impossible to determine when the conflict may end, even an imminent ceasefire would not resolve the fragile geopolitical situation. Similarly the repercussions for European and global growth expectations created by sanctions and elevated energy and commodity prices are unlikely to dissipate in the immediate term. China's zero Covid-19 policy, which has imposed extended lockdowns on major cities such as Shanghai, has exacerbated these concerns over global growth and supply side constraints.

Nevertheless, your Board has confidence that the structure and objective of the Company is now clear and provides a good basis for shareholders to maintain a core long term holding in European Equities whilst providing an enhanced income. Your board also continue to believe in the ability of the JPMorgan team to navigate these difficult markets and together that provides some assurance to shareholders in these uncertain times.

For and on behalf of the Board

**Josephine Dixon**  
Chairman

7th June 2022

# Investment Managers' Report



**Alexander Fitzalan Howard**  
Investment manager



**Zenah Shuhaiber**  
Investment manager



**Tim Lewis**  
Investment manager

## Market Background

Continental European equity markets finished the year to 31st March 2022 up slightly with the MSCI Europe ex UK index advancing 5.5%. However this masks considerable volatility during the year. The Company's financial year started with markets continuing to rally as economies recovered from the Covid-19 slowdown in the previous year. Corporate earnings accelerated sharply and analysts were forced to raise their forecasts repeatedly, particularly on the cyclical side of the market, as the pace of recovery was faster than anticipated.

However by the autumn the market was starting to grapple with the prospect of rising inflation. Energy prices rose sharply with Brent crude hitting a multi-year high and the lack of storage reserves as well as supply constraints pushing gas prices up too. Other commodities, such as copper and aluminium, started to rise as China shut down capacity in the face of power rationing. Coupled with this global supply chains became dislocated with severe disruption becoming apparent, for example, in the delivery of semiconductors. Initially Central Banks portrayed the rise in inflation as transitory although as the year progressed this stance became increasingly untenable.

In tandem with growing inflationary pressures, concerns that the rapid economic recovery would start to slow increased. The emergence of new Covid-19 variants, first Delta and later Omicron, raised the spectre of further lockdowns. China started to become increasingly vocal about perceived issues regarding the technology, education and luxury goods sectors which cast doubt over its contribution to the global recovery. Not surprisingly business confidence started to subside and although economies continued to grow, the rate at which this happened has tailed off.

The combination of rising inflation and slowing economic growth has left Central Banks with a conundrum. If they tighten monetary conditions too quickly this may tip economies into recession but if they are too hesitant markets may become unnerved that they have lost control of the situation. The risk of a policy mistake remains high. Perhaps not surprisingly both equity and bond markets became increasingly volatile as the year progressed which led to rapid sector rotation as sentiment swung around.

Towards the end of the year under review the Russian invasion of Ukraine has overshadowed everything. Aside from the appalling humanitarian disaster unfolding before us the conflict has exacerbated the twin concerns of inflation and economic slowdown mentioned above. Perhaps not surprisingly much of the equity market's gains unwound in the final quarter of the Company's financial year leaving our benchmark index up only modestly for the full year.

## Portfolio Positioning

The portfolio began the year with a cyclical positioning, led by the strength in earnings recovery that we were seeing in stocks which had been impacted the most by the pandemic. As supply chain constraints continued, we witnessed many of these stocks demonstrate pricing power and thereby improving margins. This was very much the case in Capital Goods, for instance stocks like Schneider Electric (a structural winner in energy efficiency) and Saint Gobain (a buildings materials manufacturer and beneficiary of renovations). It had also been evident in Autos, such as Volkswagen and Stellantis.

However, as it became more apparent that inflationary pressures were not transient and that growth rates would slow, our investment process led us to reduce positions in more cyclical sectors where volumes were lighter and margins were peaking and to increase exposure to commodity exposed stocks within Energy and Materials. In oil, the stocks were trading on exceptionally low multiples benefiting from a strong recovery in demand and profitability on the back of weak capex investment in recent years. While we remain focused on carbon emissions for this sector, we invested in stocks which have a sound strategy towards renewables and had the balance sheet strength to support that strategy. TotalEnergies has a low cost curve for producing oil and is also one of the furthest along relative to its peers in terms of pivoting their business toward renewables. Equinor is also credible in the renewable space with Norway having unveiled funding for its offshore wind grid project which is being led by the company. In Materials, we added to Boliden, a high quality Swedish copper and zinc producer benefitting from high demand driven by electrification and tight supply conditions. Boliden's metal production has a low carbon intensity in comparison to global peers and has a good reputation in the industry for their strong safety record.

## Investment Managers' Report

We also took note of the relative derating that had occurred within defensive sectors, in particular large cap pharmaceuticals. As an example, we added to our position in Novartis, a Swiss pharmaceutical, making it an overweight position now. The stock was trading at valuations we considered too cheap in light of a decent pipeline which should materialise in a couple years. Meanwhile, the announcement of the Sandoz business's (generics) strategic review and the sale of the Roche stake has paved the way for the management team to focus on growth, likely through acquisitions, but also possibly via buybacks given the strong balance sheet position. Towards the end of the year we also added exposure to Utilities and Telecom stocks where the valuations were modest and the earnings outlook increasingly attractive relative to the rest of the market.

Overall, we view the portfolio as being more balanced in comparison to the start of the year. We remain overweight insurers given strong capital positions at the likes of ASR Nederland and NN Group. We have maintained our overweight to Energy stocks despite the strong rally as valuations remain attractive given the move in the underlying commodity price. Purchases during the year mean that the fund no longer has significant underweight positions in defensive sectors such as pharmaceuticals, telecom and utilities. Our main underweight sectors are now Healthcare Equipment & Services and Real Estate as the stocks in these sectors are relatively expensive, and retailing where the earnings outlook has deteriorated significantly. The portfolio remains cheaper than the benchmark while exhibiting better quality and momentum characteristics.

### Portfolio performance

Year ended 31st March 2022

	%	%
<b>Contributions to total returns</b>		
<b>Benchmark return</b>		<b>5.5</b>
Asset allocation	0.7	
Stock selection	3.8	
Currency	0.1	
Gearing/cash	-1.1	
Investment manager contribution		3.5
<b>Portfolio return</b>		<b>9.0</b>
Management fee/other expenses	-0.9	
Share buyback	0.6	
Other effects		-0.3
<b>Return on net assets with debt at par value<sup>A</sup></b>		<b>8.7</b>
<b>Impact of debt at fair value<sup>1</sup></b>		<b>1.2</b>
<b>Return on net assets with debt at fair value<sup>A</sup></b>		<b>9.8</b>
<b>Effect of movement in discount</b>		<b>-2.3</b>
<b>Return to shareholders<sup>A</sup></b>		<b>7.5</b>

Source: B-One/JPMAM/AIC/Morningstar.

All figures are on a total return basis. Performance attribution analyses how the portfolio achieved its recorded performance relative to its benchmark.

<sup>1</sup> See note 14 on page 71 for reference to fair value of debt.

<sup>A</sup> Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on page 93.

# Investment Managers' Report

## Portfolio Performance and Attribution

The portfolio outperformed its benchmark index with the NAV rising 8.7%, with most of the excess coming from positive stock selection. Given the strong rise in energy and commodity prices during the year the fund's holding in Equinor, the Norwegian oil and gas company formerly known as Statoil, doubled during the year. Boliden, a Swedish mining company with exposure to copper, appreciated almost 50%. Both companies were trading on low valuations and started to see analysts raising their forecasts as commodity prices soared which is a potent combination.

As the market became increasingly concerned about the sustainability of the economic recovery the fund benefitted from its exposure to the more defensive side of the market. Novo Nordisk, a Danish pharmaceutical company focusing on diabetes therapies and obesity treatments, continued to beat expectations despite some initial problems with the roll out of a new anti-obesity product, Wegovy, in the US. Ahold Delhaize, which is a Dutch food retailer with extensive outlets in both Europe and the US, proved similarly defensive.

Despite the marked underperformance of highly rated growth companies, particularly in the technology sector, as real interest rates started to rise, it was gratifying that some of our positions continued to perform well. ASM International is the global leader in atomic layer deposition, a semiconductor technology that has been a key enabler of Moore's law in the last decade. Capgemini, the largest European IT Services company and SESA, an Italian distributor of IT solutions, contributed again this year, particularly in the first half. In relative terms we also benefitted from not owning some of the large technology stocks such as Prosus which fell 50% during the year.

## Market Outlook

Looking forward it is easy to paint a bleak picture. There is little visibility on how, or when, the conflict in Ukraine will end although it is clear that upside pressure on inflation and downward pressure on growth may intensify. Europe's, and particularly Germany's reliance on Russian gas remains a big issue. Likewise the Russian blockade on Ukrainian wheat exports will have global ramifications. Global growth may be threatened by further lockdowns in China if it persists with its zero Covid policy. Central Banks have a delicate path to navigate between reducing inflation and choking off growth completely. The list of concerns could go on.

However, although it is too soon to call the bottom, equities have started to discount at least some of this, particularly on the cyclical side of the market. As the threats start to recede European growth will reaccelerate. Employment remains at record levels. Corporate balance sheets are generally in good shape. Inventories need replenishing. Governments will spend more on infrastructure, and given the Ukrainian situation, the energy conversion to renewables and defence. The Consumer remains nervous in the face of rising household energy and food bills but savings built up during the pandemic and the possibility of further government intervention may cushion the impact. While consumer spending on goods seems to have stalled the pent up demand for services remains strong. At the same time base effects and Central Bank action suggest that the rate of inflation may peak later this year even if it doesn't fall to its previous low levels.

Given this corporate earnings growth may pick up again later in the year and with valuation spreads remaining wide there should be opportunities for stock selection to continue to add value.

**Alexander Fitzalan Howard**

**Zenah Shuaib**

**Tim Lewis**

Investment Managers

7th June 2022

# Environmental, Social and Governance ('ESG') Report

## Environmental, Social and Governance Report

We seek to identify investee companies that run their businesses in a sustainable and efficient way, with high quality board decision-making, and aim to influence their behaviour and encourage best practice through dialogue. We engage on multiple topics that affect valuation and propriety.

## Introduction

ESG is an acronym which stands for Environmental, Social and Governance. It describes the broad field of sustainability in the corporate sector and is widely used when assessing the environmental impact of businesses, when considering how companies acquitted themselves in respect of their broad social responsibilities and when reviewing the practices and standards followed by companies in their own management.

Awareness of these issues has increased significantly in recent years within the asset management industry, including the investment managers responsible for the Company's portfolio, among the Board members of your Company, among shareholders and potential shareholders in the Company and, indeed in society at large.

## The basics: what is ESG?

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

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

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

## Why do we integrate ESG into our investment processes?

Considerations of sustainability have long been intrinsic to our approach to managing the Company's portfolio. When we invest the Company's capital, we have to make judgements about future risks and rewards of any investment which have always included ESG factors, because all of them have the potential to affect the future value of a company and its shares. A business that produces huge amounts of carbon emissions or plastic waste, for example, is likely to find itself the subject of scrutiny from regulators and consumers and failure to anticipate this and to change will likely lead to a loss of value for shareholders in the long run. The same is true of businesses that neglect their social responsibilities or fail in matters of governance.

Of course, a more explicit integration of ESG factors brings with it other benefits. The market in which we invest is increasingly paying attention to these factors when assessing sectors and companies, discriminating starkly between companies which are offering compelling narratives of transition to a low-carbon approach, and those which have yet to do so. So ESG has had to become a bigger and more important part of any investment judgement.

Finally, as investment managers we have responsibilities and obligations, not only to the Board and shareholders of the Company, but as a social actor in a broader sense. We have a duty not just to produce good investment outcomes for our clients, but to be responsible corporate citizens.

## ESG Integration within the Company's Portfolio

For us, ESG integration does not simply involve paying external vendors for ESG information; it rests heavily on our own proprietary research, on both a fundamental and a quantitative basis. In addition, a quantitative-led ESG score uses third-party ESG data, to the extent it is available, weighted according to our own views on materiality.

While we do not explicitly exclude individual stocks on ESG criteria, ESG factors influence our level of conviction and thus impact a stock's position size within the portfolio. We also work with a central stewardship team which sets priorities for corporate engagement both in terms of issues and in terms of significant individual investments held in portfolios.

# Environmental, Social and Governance ('ESG') Report

## Engagement

Active engagement with companies has long been an integral part of our approach to investment and to ESG. We use it not only to understand how companies consider issues related to ESG but also to try to influence their behaviour and encourage best practice. We believe that companies which maintain high standards of ESG and which respond to shareholder engagement are likely over time to provide good returns to their shareholders.

Our scale and long history of active management and experience in good stewardship practices allow us to have direct access to the management teams of portfolio companies and so encourage best practice on ESG matters. Alongside this direct engagement, we endeavour to vote at all of the meetings called by companies in which your portfolio invests.

A few examples of our engagement activity over the last year are provided below:

Our Investment Stewardship Team and Research Team met with **Novo Nordisk** for discussion centered on governance and company diversity. The Chairman briefly touched on strategy by acknowledging supply chain issues and good prospects for the company's long-term obesity drug pipeline. The rest of our discussion focused on board diversity, inclusivity in the workplace, and the company's posture as an industry leader with respect to internal employee development. As the company expands globally, particularly in Asia, they informed us they were adding someone to the board with experience of the Asian market. This appointment will also increase diversity on the board. With regards to executive compensation, the company cited that they align with their peer group in terms of setting targets for management. Moving on to social considerations, the company has confirmed that it has set targets for diversity metrics for the next several years. The company plans to achieve a balanced gender representation across all managerial levels and also achieve a minimum of 45% women and a minimum of 45% men in senior leadership positions by the end of 2025.

In terms of broad-based social/inclusion implementation, Novo Nordisk has built a strong pipeline of diverse talent via succession management and talent programmes, has invested resources in understanding how employees and future employees define inclusion in the workplace and has made enhancements into flexible working policies, ensuring minimum global standards for paid maternity leave and paid parental leave for non-birthing parents. We were assured that Novo Nordisk is committed to being an industry leader when it comes to managing workplace biases, developing safe spaces and investing in hiring diverse candidates.

We will continue to monitor the company's AGM voting recommendations and supply chain problems and follow up on whether management intends to provide disclosure on components of employee engagement and turnover scores. Overall, the conversation remained on a positive trajectory and we will have a follow up discussion on broader ESG topics later in the year.

We met with senior management at **RWE** twice during Q1 2022. Our first meeting was a collaborative engagement as part of the Climate Action 100+ initiative. This investor-led initiative aims to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. Later in the quarter we again met with RWE's CEO to discuss the energy transition. RWE is one of the largest renewable power providers in Europe, but their coal business also makes RWE one of the top carbon emitters. The company describes coal as a non-core, declining part of their business. There is a strong commitment by the German government to exit coal by 2030, however, RWE stressed that there is a difference between political desire and what gets legalised. Phasing out coal is contingent on security of energy supply, requiring an acceleration of renewables build out, reductions in the time it takes for approvals, and the build out of the grid. In our second meeting with the company, we discussed the implications of the conflict between Russia and Ukraine. RWE is positively exposed to the acceleration toward renewable energy. However, concerns about energy security led the German government to ask RWE to bring back recently closed coal plans and/or extend the life of those due to close soon. RWE's position is that it will do whatever it is asked to, but the company wants it to be fully value neutral (compensated for the costs, but not to make any profit), and that it remains committed to its coal phase-out programme (exit coal by 2030). RWE is on our FOCUS list for engagement under Priority V – Climate Risk.

We sent a letter to the Chairman of the Board at **TotalEnergies** outlining our recommended actions for the company to take around climate change risk and is part of a series of letters we are sending to international oil majors on this topic. In our letter to the company we outlined, among other topics, our expectations for the company's greenhouse gas (GHG) emissions reporting, their targets for methane emissions reductions and how their business model may change as we move towards a net zero emissions economy. We invited a follow up discussion to this letter which took place in February 2022 to discuss these issues and other concerns not outlined in our letter.

## Environmental, Social and Governance ('ESG') Report

In terms of GHG emissions, the company currently discloses Scope 1 & 2 emissions on an equity basis, which only covers operated assets at present. For non-operated assets, the company reportedly tries to share best practice with operators and encourages them to share emissions data. The company has made the most progress in methane where they have sent letters to all operators asking for their data and plans to reduce emissions. They also plan to publish methane emissions data this year. The company explained that methane is a strong focus for them and suggested that they will have refreshed, more ambitious targets announced in the March update though could not share further details at this point.

In general, the company is well aware of where they need to improve disclosure/reporting and are making tangible steps to improve this. We will be monitoring the company's upcoming reporting and target announcements and holding them to account on the issues we raised and their stated progress on them. In particular we will continue to engage the company around their implementation of their Lake Albert project in Uganda and their efforts to mitigate risks around community conflict and harm to biodiversity.

Whilst we believe we have a robust and appropriate engagement model in place it is reviewed regularly to ensure that we improve and refine the process to meet the ever-evolving ESG demands arising from all stakeholders across the wider industry.

### Proxy Voting

J.P. Morgan Asset Management exercises the voting rights of shares held in client portfolios, where entrusted with this responsibility. We seek 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. We aim to vote at all meetings called by the companies in which we are invested, unless there are any market restrictions or conflicts of interests.

We believe that corporate governance is integral to our investment process. 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. For full details, please see the J.P. Morgan Asset Management Corporate Governance Policy & Voting Guidelines, copies of which are available on request, or to download from our website.

### JPMorgan European Growth & Income plc: Voting at shareholder meetings over the year to 31st March 2022

	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against/ Abstain
Routine Business	1008	23	98	121	1129	10.7
Director Related	1299	105	93	198	1497	13.2
Capitalisation	419	49	27	76	495	15.4
Reorganisation and Mergers	25	2	2	4	29	13.8
Non-salary Compensation	499	148	26	174	673	25.9
Antitakeover Related	2	2	0	2	4	50.0
Miscellaneous	37	2	0	2	39	5.1
Director Election	13	0	0	0	13	0.0
Shareholder Routine/Business	4	1	2	3	7	42.9
Shareholder Directors Related	38	27	0	27	65	41.5
Shareholder Compensation	0	1	0	1	1	100.0
Shareholder Health/Environment	1	0	9	9	10	90.0
<b>Total</b>	<b>3345</b>	<b>360</b>	<b>257</b>	<b>617</b>	<b>3962</b>	<b>15.6</b>

## Environmental, Social and Governance ('ESG') Report

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A few examples of our proxy voting activity over the last year is provided below.

**Pernod Ricard** is a French global wine and spirits group. The company has a comprehensive portfolio with 240 premium brands available in over 160 countries and has the vision to grow rapidly. At this year's annual shareholder meeting the company proposed to increase the base salary of the Chairman/CEO by 14 percent. Ultimately the large increases could lead to a maximum payout in the bonus and long-term incentive opportunity. The compensation committee noted that the Chairman/CEO salary was to be aligned to the median against its Cac40 peer group. Such changes in the remuneration policy raises concerns as it would also lead to the increase of the bonus and LTI opportunities and the maximum potential payouts. As a result, we voted against approving the remuneration policy for the Chairman and CEO.

The French oil company **Total SE** has been under increasing stakeholder pressure to establish a strategy on climate change. Total announced a series of commitments on how it will, in the future, align its business with the Paris Alignment and the company expressed its vision regarding its plan for carbon neutrality by 2050. They have been one of the few major oil & gas companies announcing these steps but they have continued to face pressure from not-for-profit organisations with regards to the scientific credibility of its plans. We have had extensive engagements with Total on this topic over the past years. The company faced a shareholder proposed resolution on climate in 2020 but in 2021 voluntarily put forward a management proposed resolution regarding its climate change strategy and disclosures for a vote at the annual general meeting. This so-called 'say-on-climate' has been a new trend in voting this year and Total has been one of the most prominent adoptees of this concept. We voted in support of the resolution in the second quarter of 2021, in support of the company's commitment to transparency and accountability on climate change.

J.P. Morgan Asset Management voted against approving the CEO's remuneration at financials company Axa SA. The CEO's pay was up for review and the company was seeking shareholder approval to adjust targets due to the impacts from the Covid-19 pandemic. The CEO was granted an increased number of shares during FY20 compared to FY19 and the plan was implemented in March 2020 when the share price was near its lowest amidst the outbreak of the pandemic, (the share price fell by 35.4% between June 2019 and March 2020) which could ultimately lead to a significant gain if the share price recovers. The company did not disclose how this potential risk of windfall effect had been considered when shares were granted. As a result, we voted against approving the CEO's remuneration, as we deemed this as misalignment against best practice.

### The Future

In investing your Company's assets we have always looked for companies with the ability to create value in a sustainable way. That scrutiny remains firmly embedded in our process and we know that the Directors of the Company, shareholders and potential investors, view attention to ESG factors as important in their assessment of us as Investment Managers. We expect ESG to remain a major theme in the Company's portfolio and the course being taken by regulators suggests that its importance will only increase in years to come. The research we do and the approach we take in investing the Company's assets will continue to reflect that and to evolve as necessary.

### J.P. Morgan Asset Management

## Performance Record

At 31st March	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total assets less current liabilities – Growth & Income (£m)	187.7	206.3	241.2	230.3	228.5	274.6	272.4	259.3	231.8	303.0	481.4
Net asset value per share (p) – Growth & Income <sup>1,A</sup>	n/a	100.5									
Net asset value per share (p) – Growth <sup>1,A</sup>	186.3	215.3	257.3	270.2	253.3	315.4	331.2	313.5	274.3	379.2	n/a
Net asset value per share (p)  – Income <sup>1,A</sup>	96.9	110.4	134.6	143.6	134.4	166.5	173.0	167.4	126.5	167.1	n/a
Share price (p) – Growth & Income	n/a	85.0									
Share price (p) – Growth	164.0	194.0	233.0	259.0	230.5	285.0	297.0	265.0	215.0	326.0	n/a
Share price (p) – Income	86.5	99.8	123.0	136.5	127.0	150.5	157.5	144.0	99.8	143.5	n/a
Discount (&) – Growth & Income <sup>2,A</sup>	n/a	15.4									
Discount (&) – Growth <sup>2,A</sup>	12.0	9.9	9.4	4.1	9.0	9.6	10.3	15.5	21.6	14.0	n/a
Discount (&) – Income <sup>2,A</sup>	10.7	9.6	8.6	4.9	5.5	9.6	9.0	14.0	21.0	14.1	n/a
Gearing/(net cash) (%) – Growth & Income <sup>A</sup>	4.0	7.6	7.4	7.6	10.5	6.8	5.8	5.5	0.2	2.2	2.7

## Year ended 31st March

Gross revenue – Growth & Income (£'000)	9,634	7,452	8,018	8,597	6,476	7,678	8,068	9,208	7,932	6,468	15,644
Revenue per share (p) – Growth & Income <sup>7</sup>	n/a	2.69									
Revenue per share (p) – Growth	7.28	6.00	6.64	7.90	5.37	6.75	8.56	10.68	8.77	7.66	n/a
Revenue per share (p) – Income	4.56	4.29	4.82	4.60	4.67	5.94	6.65	6.79	6.25	4.95	n/a
Dividend per share (p) – Growth & Income	n/a	7.80 <sup>3</sup>									
Dividend per share (p) – Growth	6.75	5.95	6.70	6.70	5.85	6.85	6.85	8.85	8.85	4.45	n/a
Dividend per share (p) – Income	4.20	4.25	4.75	4.75	4.75	5.00	5.80	6.25	6.70	6.70	n/a
Ongoing charges (%) – Growth & Income <sup>4,A</sup>	n/a	0.89									
Ongoing charges (%) – Growth <sup>4,A</sup>	0.74	0.87	0.86	1.04	1.06	1.04	0.96	1.01	1.00	0.92	n/a
Ongoing charges (%) – Income <sup>4,A</sup>	1.12	1.06	1.06	1.08	1.08	1.07	1.00	1.06	1.02	0.98	n/a

## Rebased to 100 at 31st March 2012

Return to shareholders <sup>5,8,A</sup>	100.0	122.7	152.2	174.4	159.1	202.3	215.5	198.4	166.1	255.7	274.8
Return on net assets <sup>4,5,8,A</sup>	100.0	120.0	147.7	159.3	153.0	194.7	208.7	201.6	172.1	248.0	272.4
Benchmark total return <sup>6</sup>	100.0	116.6	136.4	145.9	138.3	175.9	181.1	185.0	169.7	226.6	239.0

<sup>1</sup> Source: Morningstar/J.P. Morgan, using cum income net asset value per share, with debt at fair value.<sup>2</sup> Share price discount to net asset value per share with debt at fair value.<sup>3</sup> A transitional basis has been adopted for the presentation of the Company's total dividend and consists of Growth share dividend of 2.50p; Income share dividend of 4.20p; and Growth & Income share dividend of 1.10p<sup>4</sup> Management fee and all other operating expenses, excluding finance costs expressed as a percentage of the average of the daily net assets during the year (2011 to 2012. Total Expense Ratio ('TER'): the average of the month end net assets).<sup>5</sup> Source: J.P. Morgan/Morningstar. Total return basis, using cum income net asset value per share, with debt at fair value.<sup>6</sup> Source: MSCI. The portfolio's benchmark is the MSCI Europe ex UK Index (total return) in sterling terms.<sup>7</sup> A transitional basis has been adopted for the calculation of the Return per share for the year ended 31st March 2022.<sup>8</sup> As the restructuring of the Company was implemented during the Company's financial year, a transitional approach has been adopted for the reporting of the Company's performance for year ended 31st March 2022. The Company's performance for the year under review has been calculated on a rebased Growth portfolio as at 31st January 2022 and the merged Growth & Income portfolio as at the year end. Further details are provided on page 8.<sup>A</sup> Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on page 93.

## Portfolio Information

### Ten largest investments

As at 31st March

Company	Country	Sector	2022		2021	
			Valuation £'000	% <sup>1</sup>	Valuation £'000	% <sup>1</sup>
Nestle	Switzerland	Consumer Staples	26,470	5.9	15,871	3.7
Roche	Switzerland	Health Care	20,467	4.5	11,910	2.8
ASML	Netherlands	Information Technology	19,809	4.4	13,879	3.2
Novo Nordisk	Denmark	Health Care	17,100	3.8	6,928	1.6
LVMH Moet Hennessy						
Louis Vuitton	France	Consumer Discretionary	15,763	3.5	10,031	2.3
Novartis	Switzerland	Health Care	13,381	2.9	8,927	2.1
JPMorgan European						
Discovery Trust	United Kingdom	Financials	11,277	2.5	11,516	2.7
TotalEnergies	France	Energy	10,791	2.4	6,654	1.6
Siemens	Germany	Industrials	9,035	2.0	8,652	2.0
L'Oréal <sup>2</sup>	France	Consumer Staples	8,606	1.9	4,573	1.1
<b>Total<sup>3</sup></b>			<b>152,699</b>	<b>33.8</b>		

<sup>1</sup> Based on total investments of £451.2m (2021: 429.0m) see page 23.

<sup>2</sup> Not included in ten largest equity investments at 31st March 2021.

<sup>3</sup> At 31st March 2021, the value of the ten largest investments amounted to £109.7m representing 25.6% for of total investments of £429.0m.

### Portfolio analysis

#### Geographical

	31st March 2022		31st March 2021	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Switzerland	22.0	21.2	17.1	18.9
France	20.9	23.2	18.2	23.0
Germany	16.9	16.8	16.6	19.6
Netherlands	12.9	8.9	9.6	8.7
Denmark	6.7	5.5	4.0	4.9
Italy	6.4	4.9	8.4	5.2
Sweden	3.9	7.3	8.0	7.4
Austria	2.6	0.4	3.0	0.4
Norway	2.4	1.6	3.5	1.3
Spain	1.7	4.7	4.8	4.9
Belgium	1.8	1.9	2.1	1.9
Finland	1.3	2.0	3.5	2.0
Portugal	0.3	0.4	0.3	0.3
Ireland	0.2	1.2	0.6	1.5
United Kingdom	—	—	0.3	—
<b>Total Portfolio<sup>2</sup></b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £451.2m (2021: 429.0m) see page 23.

<sup>2</sup> Includes investments in Collective Investment Schemes which are reclassified in accordance with the domicile of the underlying assets in the fund.

## Portfolio Information

### Portfolio analysis

#### Sector

	31st March 2022		31st March 2021	
	Portfolio % <sup>1</sup>	Benchmark %	Portfolio % <sup>1</sup>	Benchmark %
Financials	17.8	15.8	25.0	15.5
Industrials	17.1	15.8	19.4	16.0
Health Care	15.1	16.4	8.7	14.5
Consumer Staples	11.9	11.0	6.6	10.4
Information Technology	10.3	9.8	8.5	10.0
Consumer Discretionary	9.5	11.7	12.1	13.3
Materials	6.2	6.9	8.5	7.3
Energy	4.7	3.5	4.1	3.0
Utilities	4.0	4.3	4.1	5.0
Communication Services	3.3	3.6	2.7	3.7
Real Estate	0.1	1.2	0.3	1.3
<b>Total Portfolio<sup>2</sup></b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £451.2m (2021: 429.0m) see page 23.

<sup>2</sup> Includes investments on Collective Investment Schemes which are reclassified in accordance with the industry of the underlying asset in the fund.

# Portfolio Information

## List of investments

As at 31st March

Company	Valuation £'000	Company	Valuation £'000
<b>Switzerland</b>		<b>Germany</b>	
Nestle	26,470	Siemens	9,035
Roche	20,467	Deutsche Telekom	8,432
Novartis	13,381	Allianz	6,538
UBS	8,342	Merck	5,609
Zurich Insurance	6,964	Mercedes-Benz	4,959
Cie Financiere Richemont	5,708	RWE	4,871
ABB	4,790	Muenchener Rueckversicherungs-Gesellschaft	4,658
Sika	2,790	Deutsche Post	4,078
Julius Baer	2,699	Linde	3,823
Swiss Life	2,070	SAP	3,469
Straumann	1,886	Brenntag	3,188
Partners	1,729	Bayerische Motoren Werke	3,111
	<b>97,296</b>	Aurubis	2,758
<b>France</b>		Befesa	2,350
LVMH Moet Hennessy Louis Vuitton	15,763	Bayer	2,273
TotalEnergies	10,791	Sartorius Preference	1,832
L'Oreal	8,606	Volkswagen Preference	1,800
Schneider Electric	8,211	Infineon Technologies	1,178
Capgemini	7,033	Eckert & Ziegler Strahlen- und Medizintechnik	767
BNP Paribas	6,647	Evotec	676
Cie de Saint-Gobain	5,802	Jungheinrich	30
Vinci	5,627		<b>75,435</b>
Pernod Ricard	4,638	<b>Netherlands</b>	
Kering	4,473	ASML	19,809
Engie	2,798	Koninklijke Ahold Delhaize	8,568
Publicis Groupe	2,476	Wolters Kluwer	5,283
Orange	2,213	ASM International	5,098
Sanofi	1,370	ING	4,544
Sopra Steria	1,316	NN	3,853
Air Liquide	1,310	Adyen	3,727
Metropole Television	963	ASR Nederland	3,109
AXA	849	Signify	2,063
Euronext	843	Randstad	919
Rexel	363		<b>56,973</b>
	<b>92,092</b>		

## Portfolio Information

Company	Valuation £'000	Company	Valuation £'000
<b>Denmark</b>		<b>Spain</b>	
Novo Nordisk	17,100	Iberdrola	3,296
AP Moller – Maersk	3,910	Corp. ACCIONA Energias Renovables	2,903
Carlsberg	3,244	Acerinox	1,027
DSV	2,702	Acciona	461
Demandt	1,391		<b>7,687</b>
Solar	1,106	<b>Belgium</b>	
Royal Unibrew	368	KBC	3,046
	<b>29,821</b>	D'ieteren	2,320
<b>Italy</b>		Bekaert	1,908
Intesa Sanpaolo	4,316		<b>7,274</b>
CNH Industrial	4,056	<b>Finland</b>	
Prysmian	3,754	Stora Enso	3,614
Enel	3,371	Nokia	1,360
Unipol Gruppo	3,282	UPM-Kymmene	1,008
Stellantis	3,151		<b>5,982</b>
Azimut	3,121	<b>Portugal</b>	
Sesa	1,778	Jeronimo Martins	1,401
	<b>26,829</b>		<b>1,401</b>
<b>Sweden</b>		<b>Ireland</b>	
Boliden	5,807	Unipharm	783
Nordea Bank	4,267		<b>783</b>
Volvo	3,267	<b>Collective Investment Schemes</b>	
Skanska	1,543	JPMorgan European Discovery Trust plc	11,277
New Wave	964	<b>Total Collective Investment Schemes</b>	<b>11,277</b>
	<b>15,848</b>	<b>Total Investments</b>	<b>451,154</b>
<b>Austria</b>			
Wienerberger	3,841		
OMV	3,272		
Erste Group Bank	2,450		
BAWAG	2,063		
	<b>11,626</b>		
<b>Norway</b>			
Equinor	7,332		
SpareBank 1 SMN	2,231		
DNB Bank	887		
SpareBank 1 Nord Norge	380		
	<b>10,830</b>		

## Business Review

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. The following Business Review aims to assist shareholders with this assessment.

### Structure and Objective of the Company

JPMorgan European Growth & Income plc is an investment trust company that has a premium listing on the London Stock Exchange. Following the restructuring of the Company's share classes on 4th February 2022, the Company now has one share class. In seeking to achieve its objectives, which are set out below, the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') which in turn delegates portfolio management to JPMorgan Asset Management (UK) Limited ('JPMAM') to actively manage the Company's assets. The Board has determined investment policies and related guidelines and limits, as described below.

The Company is subject to UK legislation and regulations including UK company law, UK Financial Reporting Standards, the FCA Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules, Market Abuse Regulations, taxation law and the Company's own Articles of Association. Since 31st December 2021, new autonomous UK regulations became effective replacing those of the EU. Those EU regulations that were relevant to the Company have been incorporated into UK law and therefore there has been no change in practice. Although it is too soon to determine the long term impact of the UK's withdrawal from the EU, the effect on the Company is expected to be minimal.

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). The Directors have no reason to believe that approval will not continue to be retained. The Company is not a close company for taxation purposes.

### The Company's Purpose, Values, Strategy and Culture

Following the restructuring of the Company on 4th February 2022, referred to above, the Company's purpose continued to be to provide a cost effective, sustainable investment vehicle for investors who seek capital growth and income and a rising share price over the longer term from continental European investments taking account of wider issues including environmental, social and governance. To achieve this, the Board of Directors is responsible for employing and overseeing an investment management company that has appropriate investment expertise, resources and controls in place to meet the Company's investment objective. To ensure that it is aligned with the Company's purpose, values and strategy, the Board comprises Directors from a diverse background who have a breadth of relevant experience and

contribute in an open boardroom culture that both supports and challenges the investment management company and its other third party suppliers.

### Investment Objective

The investment objective of the Company is to provide capital growth and a rising share price over the longer term from Continental European investments by out-performance of the benchmark and taking carefully controlled risks through an investment method that is clearly communicated to shareholders.

### Investment Policies

- To invest in a diversified portfolio of investments in the stockmarkets of Continental Europe.
- To manage liquidity and borrowings to increase returns to shareholders.

### Investment Restrictions and Guidelines

- The portfolio will not invest more than 15% of the assets in any one individual stock at the time of acquisition.
- The portfolio will be no more than 20% geared in normal market conditions.
- The portfolio does not normally invest in unquoted investments and to do so requires prior Board approval.
- Except for the transactions referred to in the following paragraph, the portfolio does not normally enter into derivative transactions, and to do so requires prior Board approval. However, the Investment Manager has authority to carry out currency hedging transactions in order to mitigate currency risk relative to the benchmark index.
- Index Futures to ensure market exposure is maintained where there are significant cash in/out flows and Covered Call Options are permitted, subject to restrictions included in the Company's Investment Restrictions and Guidelines. All other derivative transactions are subject to approval by the Board.
- In accordance with the Listing Rules of the UK Listing Authority, the portfolio 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 Board has set no minimum or maximum limits on the number of investments in the Company's portfolio. To gain the appropriate exposure, the Investment Managers are permitted to invest in pooled funds.

Compliance with the Company's Investment Restrictions and Guidelines is monitored continuously by the Manager and is reported to the Board on a monthly basis.

## Investment Processes

The Company's portfolio is actively managed.

The Company focuses on identifying companies with a combination of attractive valuations (Value), strong balance sheets and capital discipline (Quality), and good business momentum (Momentum). The investment process includes initially screening of a large number of stocks for various Value, Quality and Momentum characteristics before undertaking fundamental research. In constructing the portfolio the Managers seek to maximise exposure to these characteristics while minimising country and sector risk.

## Performance

In the year to 31st March 2022, the portfolio produced a total return to shareholders of +7.5% and a total return on net assets with debt at par of +8.7%. This compares with the total return on the benchmark index of +5.5%. As at 31st March 2022, the value of the Company's portfolio was £451.2 million.

## Total Return, Revenue and Dividends

Gross total return for the year amounted to £40.8 million (2021: £126.4 million) and net total return after deducting finance costs, management expenses, other administrative expenses and taxation amounted to £34.1 million (2021: £122.1 million). Distributable income for the year amounted to £11.8 million (2021: £10.1 million). Prior to the restructuring, dividends totalling 2.50 pence per Growth share (2021: 4.45 pence) and 4.20 pence per Income share (2021: 6.70 pence) were declared in respect of the year under review. The above dividends cost £1.8 million (2021: £3.3 million) and £3.6 million (2021: £6.0 million) respectively. Following the merger of the Growth and Income portfolios on 4th February 2022, a dividend totalling 1.10 pence per Growth & Income share was declared in respect of the year under review. This dividend cost £4.8 million and the revenue reserve after allowing for this dividend amounts to £9.0 million (2021: £7.1 million).

## Key Performance Indicators ('KPIs')

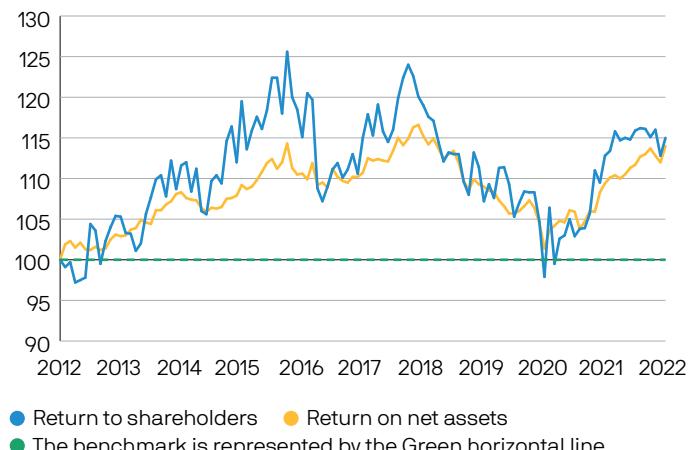
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The Board is provided with performance indicators monthly and in addition, during quarterly Board Meetings, more detailed reviews are undertaken. The principal KPIs are:

- **Performance against the benchmark index:**

- This is the most important KPI by which performance is judged. The following graphs illustrate performance against benchmark indicators and these are further discussed in the Chairman's Statement on page 8 and can be read together with the financial records for ten years on page 19.

## Performance Relative to Benchmark Index

Figures have been rebased to 100 at 31st March 2012



Source: Morningstar.

## Ten Year Performance

Figures have been rebased to 100 as at 31st March 2012



Source: Morningstar.

- **Performance against the Company's peers**

- The investment objective of the Company is to provide capital growth and a rising share price over the longer term from Continental European investments by out-performance of the benchmark and taking carefully controlled risks through an investment method that is clearly communicated to shareholders. However, the Board also monitors the performance the portfolio relative to a broad range of competitor funds. The Company's performance is measured regularly against 10 of its peers and its performance is comparable.

## Business Review

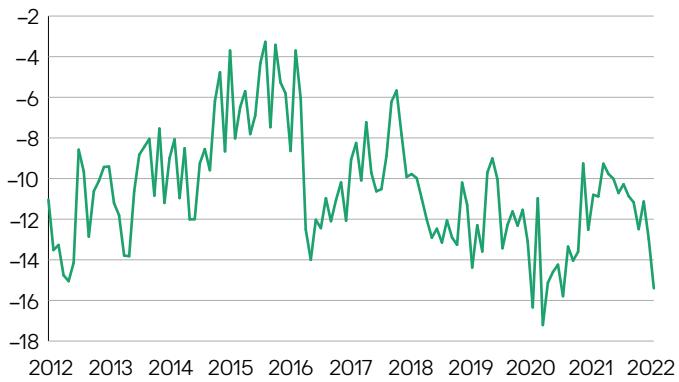
### ● Performance attribution

- The purpose of performance attribution analysis is to assess how the portfolio achieved its performance relative to its benchmark index, i.e. to understand the impact on the portfolio's relative performance of the various components such as asset allocation and stock selection. Details of the attribution analyses for the year ended 31st March 2022 are given in the Investment Managers' Report on pages 12 to 14.

### ● Discount to net asset value ('NAV')

- The Board has for several years operated a share repurchase programme that seeks to address imbalances in supply and demand for the Company's shares within the market and thereby seek to manage the volatility and absolute level of the discount to NAV at which the Company's shares trade. In the year to 31st March 2022, the discount on the shares (using cum-income NAV, with debt valued at fair value) ranged between 9.3% and 15.4% (based on month-end data). For details of the Board's approach to managing the discount for shares, please refer to the Chairman's Statement on page 8.

### Discount on cum-income NAV to Fair Value



- Discount (based on month-end data)

Source: Datastream.

### ● 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 of the daily net assets during the year. The portfolio's Ongoing charges for the year ended 31st March 2022 were 0.89% (2021: Growth share class: 0.92%; Income share class 0.98%).

### Share Capital

The Company has authority both to repurchase shares in the market (for cancellation or to be held in Treasury) and to issue new shares for cash at a premium to net asset value.

During the year 930,586 Growth shares and 594,928 Income shares were repurchased for cancellation (2021: Growth 1,942,730, Income 2,180,618) and 134,384 Ordinary shares were repurchased.

Since the year end, the Board implemented its buyback policy and purchased a total of 434,384 Ordinary shares.

No new shares of either share class were issued during the year, or since the year end (2021: nil).

Resolutions to renew the authorities to allot new shares and to repurchase shares for cancellation will be put to shareholders at the forthcoming AGM. The full text of the resolutions is set out in the Notice of Meeting on pages 89 and 90.

### Conversions

Following the merger of the Growth and Income portfolios on 4th February 2022, the facility for converting shares was no longer required.

### Borrowing

In 2015 the Company issued a €50 million Private Placement Note with MetLife repayable on 26th August 2035 with a fixed coupon rate of 2.69%.

### Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board and diversity in gender, race and social class as well as other forms of diversity will be sought when possible. As regards the gender diversity of the Board as at 31st March 2022, there were two male Directors and four female Directors on the Board.

### Employees, Social, Community, Environmental, Human Rights Issues and Greenhouse Gas Emissions

An increasingly broad spectrum of investors now rightly focus on 'ESG' issues for their portfolios. They want to know that their managers are aware of these issues, that they take them into account in building their portfolios and that they raise issues directly with investee companies. The Company is aware of the focus on these issues with the Managers and how they integrate them into their investment process.

## Business Review

Companies that address ESG issues and adopt sustainable business practices are better placed to maximise their performance and create enduring value for shareholders. Corporate governance issues have the most direct bearing on the risk/reward profile of the Company's portfolio; as such it is the area most integrated into the Manager's investment process. However, environmental concerns and social issues are relevant and again the focus is on the economic impact of the involvement. The Manager engages in meaningful interactions with investee companies through dedicated meetings and exercises the Company's proxy votes in a prudent and diligent manner in the interests of our shareholders. Also see the Company's Corporate Governance and Voting Policy in the Directors Report on page 37 for further details on Proxy Voting and Stewardship/Engagement.

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 Company itself has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. As a low energy user the Company is exempt from reporting under the Streamlined

Energy & Carbon Reporting requirements. J.P. Morgan Asset Management is a signatory to the Carbon Disclosure Project and JPMorgan Chase Bank N.A. is a signatory to the Equator Principles on managing social and environmental risk in project finance. See [www.jpmorganinvestmenttrusts.co.uk/governance](http://www.jpmorganinvestmenttrusts.co.uk/governance) for further details.

### **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/about/ourbusiness/human-rights>

### **Corporate Criminal Offence**

Shares in the Company are purchased through intermediaries or brokers, therefore no funds flow directly into the Company. The Company maintains a zero tolerance for tax evasion.

## Principal and Emerging Risks

The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including climate change and 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 and emerging risks to the Company. Emerging risks include climate change. The key risks fall broadly under the following categories:

Principal risk	Description	Mitigating activities
Investment	<p>The Board recognises that performance of the trust's investment portfolio is fundamental to the success of the Company.</p> <p>Investment includes market risk and this arises from uncertainty about the future prices of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements.</p>	<p>In order to achieve the objectives given the risks inherent in investment such as market, gearing, currency and interest rates, investment guidelines, policies and processes are in place which aim to mitigate these risks. They are designed to ensure that the portfolios are managed in a way which is aimed at identifying the best stocks and diversifying risk. Regular reports are received by the Board from the Manager on stock selection, asset allocation, gearing, hedging and costs of running the Company and these are reviewed at each Board meeting in detail. Compliance with investment guidelines and policies are reviewed by the Manager and the Board, and discussed at each board meeting in detail together with an analysis of market parameters affecting the business.</p> <p>The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set Investment Restrictions and Guidelines which are monitored and reported on by JPMF. The Board monitors the implementation and results of the investment process with the Manager.</p> <p>Further details regarding financial instruments are disclosed in note 22 on pages 76 to 82.</p>
Operational	<p>In common with most investment trusts the Board delegates the operation of the business to third parties, the principal delegate being the Manager JPMF. Disruption to, failure of, or fraud in JPMF's accounting, dealing or payments systems or the Depositary or Custodian's records could prevent timely implementation of investment decisions, and potentially shortfalls in the accuracy of reporting and monitoring of the Company's financial position and loss. Cyber crime is a threat to businesses continuity and security.</p>	<p>Details of how the Board monitors the services provided by JPMF and its associates and the Depositary and Custodian and the key elements designed to provide effective internal control are included within the Internal Control section of the Corporate Governance report on page 38. The Board has received the cyber security policies of its key third party service providers and JPMF has provided assurance to the Directors that the Company benefits directly or indirectly from all elements of JPMorgan's cyber security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and trading applications are tested and reported on every six months against the AAF standard.</p>

## Principal and Emerging Risks

Principal risk	Description	Mitigating activities
Regulatory	<p>The Company operates in an environment with significant regulation including the FCA Listing Rules, The UK Companies Act, the Corporation Taxes Act, Market Abuse Regulation, Disclosure Guidance and Transparency Regulations and the Alternative Investment Fund Managers Directive (AIFMD).</p> <p>There has been no significant change to this risk during the year though the environment as a whole is considered to be one of increasing costs for compliance. The Company also operates under the requirements of the Bribery Act 2010 as referred to in the Directors Report on page 37.</p>	The Board relies on the services of its Company Secretary, the Manager and its professional advisers to ensure compliance with the Companies Act 2006, the FCA Prospectus Rules, Listing Rules, DTRs and the Alternative Investment Fund Managers Directive.
Discount premium to NAV	Share price discount or premium to net asset value per share could lead to high levels of uncertainty and reduced shareholder confidence.	The Board monitors the Company's discount level and seeks, where deemed prudent, to address imbalances in the supply and demand of the Company's shares through share buybacks. For details of the Company's Continuation Vote and Tender Offer and Discount Control arrangements, including recent updates, see Key Features at the front of this document.
Strategy	An inappropriate investment strategy, for example asset allocation may lead to underperformance against the Company's benchmark index and peer companies.	The Board reviews the overall strategy and structure of the Company in comparison to performance against benchmark, peer group and share activity. The Board holds a separate meeting devoted to strategy each year which includes consideration of whether the Company's objectives and structures are appropriate for the long term interests of shareholders.
Pandemic Risk	The outbreak and spread of Covid-19 has demonstrated the risk of global pandemics, in whatever form a pandemic takes. Should a new variant of the virus spread more aggressively or become more virulent, it may present risks to the operations of the Company, its Manager and other major service providers. The recent 'Zero Covid' policy in China illustrates the continuing potential for Covid-19 to cause disruption.	The Board monitors effectiveness and efficiency of service providers' processes through ongoing compliance and operational reporting and there were no disruptions to the services provided to the Company in the year under review due to the pandemic. The Company's service providers implemented business continuity plans which include working almost entirely remotely. The Board continues to receive regular reporting on operations from the Company's major service providers and does not anticipate a fall in the level of service.

## Principal and Emerging Risks

Emerging Risks	Description	Mitigating activities
Climate Change	Climate change, which barely registered with investors a decade ago, has today become one of the most critical issues confronting asset managers and their investors. Investors can no longer ignore the impact that the world's changing climate will have on their portfolios, with the impact of climate change on returns now inevitable.	<p>The Company's investment process integrates considerations of environmental, social and governance factors into decisions on which stocks to buy, hold or sell.</p> <p>This includes the approach investee companies take to recognising and mitigating climate change risks. The Board is also considering the threat posed by the direct impact on climate change on the operations of the Manager and other major service providers. As extreme weather events become more common, the resiliency, business continuity planning and the location strategies of our services providers will come under greater scrutiny.</p>
Geopolitical Tensions	The recent trade tensions between western economies and China and Russia's invasion of Ukraine in February 2022 may cause long term changes to the pre-eminence of the US and western economies in global trade and technology. This may challenge future growth potential and increased frictions in accessing global markets.	<p>The Company addresses these global developments in regular questioning of the Manager and with external expertise as required will continue to monitor these issues, should they develop. The Manager regularly monitors the Company's portfolio holdings to ensure compliance with any applicable sanctions.</p>

## Long Term Viability

The Company was established in 1929 and has now been in existence for 93 years. This year it will be hosting its 93rd AGM. The Company is an investment trust and has the objective of achieving long term capital growth and income investing in Continental European investments. The Company has been investing over many economic cycles and some difficult market conditions.

Although past performance and a long historic track record is no guide to the future, the Directors believe that the Company has an attractive future for investors as a long term investment proposition. Unfortunately, it is impossible to predict too far into the future, so the Directors have adopted a somewhat shorter time horizon to assess the Company's viability, which is five years.

The Board continue to consider five years to be a suitable time horizon as it is regarded by many as a reasonable time for investing in equities. The Directors have considered the Company's prospects over the next five years, its principal and emerging risks and the outlook for the European economy, its equity market and the market for investment trusts, including the Covid-19 pandemic and the potential impact and the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience, and the global tensions created by

Russia's invasion of Ukraine. Equity markets have remained volatile primarily due to concerns around the scale of the impact of the pandemic and Russia's invasion of Ukraine on the global economy. Although the total cost of Covid-19 and the events in Ukraine are currently hard to predict with any certainty, we do not believe that it calls into question the long term viability of the Company, particularly as the Company has no loan covenants or liabilities that cannot be readily met. The Board have reviewed income and expense projections, and the liquidity of the investment portfolio in making their assessment. It has also taken into account the fact that the Company will offer a Performance-Related Tender Offer for up to 25% of the issued share capital in 2027 (see Key Features on page 2, for further details of the tender offer) with the expectation that the Company will outperform the benchmark over the period.

Moreover, the existence of a 20 year private placement illustrates the confidence that the Directors have placed in the long term viability of the Company and its ability to maintain its loan covenants. The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years until 31st March 2027.

## Duty to Promote the Success of the Company

Section 172 of the Companies Act 2006 requires that a Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members (i.e. shareholders) as a whole and in doing so, have regard (amongst other matters) to the likely consequences of any decision in the long term; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

The Board is responsible for all decisions relating to the Company's investment objective and policies, gearing, discount management, corporate governance and strategy, and for monitoring the performance of the Company's third party service providers, including the Manager. The Board's philosophy is that the Company should foster a culture where

all parties are treated fairly and with respect and the Board recognises the importance of keeping the interests of the Company's stakeholders, and of acting fairly between them, front of mind in its key decision making. As an externally managed investment company with no employees, the Board considers that the Company's key stakeholders are its shareholders, its Manager, its investee companies, and its other professional third party service providers (corporate broker, registrar, auditor, custodian and depositary) and wider society. The Board believes the best interests of the Company are aligned with those of these key stakeholders as all parties wish to see and ultimately benefit from the Company achieving its investment objectives whilst carrying on business in compliance with the highest possible regulatory, legal, ethical and commercial standards.

The table below sets out details of the Company's engagement with these stakeholders:

### Stakeholder Engagement

#### Shareholders

Continued shareholder engagement is critical to the continued existence of the Company and the successful delivery of its long term strategy. The Board is focused on fostering and maintaining good working relationships with shareholders and understanding the views of shareholders in order to incorporate them into the Board's strategic thinking and objectives. Full details on how the Board ensures it is fully appraised of shareholder views and how it engages with all shareholder groups can be found on page 41.

#### Manager

The principal supplier is the Manager, in particular the investment management team who are responsible for managing the Company's assets in order to achieve its stated investment objective. The Board maintains a good working relationship with the Manager, who also provides administrative support and promotes the Company through its investment trust sales and marketing teams. The Manager's investment management function is fundamental to the long term success of the Company through the pursuit of the investment objective. The Board monitors the Company's investment performance at each Board Meeting in relation to its objective and also to its investment policy and strategy. The Board also maintains strong lines of communication with the Manager via its dedicated company secretary and client director whose interactions extend well beyond the formal business addressed at each Board and Committee meeting. This enables the Board to remain regularly informed of the views of the Manager and the Company's shareholders (and vice versa).

#### Investee companies

The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Manager. In order to achieve this, the Manager has discretionary powers to exercise voting rights on behalf of the Company on all resolutions proposed by the investee companies. In respect of the year under review, the Manager voted at all of the annual general meetings and extraordinary meetings held during the year by the Company's portfolio companies. The Board monitors investments made and divested and questions the Manager's rationale for exposures taken and voting decisions made.

#### Other key service providers

The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers, with appropriate capability, performance records, resources and controls in place to deliver the services that the Company requires for support in meeting relevant obligations and safeguarding the Company's assets. For this reason, the Board consider the Company's Custodian, Depositary, Registrar, Auditor and Broker to be stakeholders.

## Duty to Promote the Success of the Company

Met-Life is also regarded as a key external service provider, as lender of a €50 million long term private placement to the Company. The Board maintains regular contact with its key external service providers, either directly, or via its dedicated company secretary or client director, and receives regular reporting from these providers at Board and Committee meetings. The Management Engagement Committee meets annually to review and appraise its key service providers.

### Wider society and the Environment

Whilst strong long term investment performance is essential for an investment trust, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Manager must have regard to ethical and environmental issues that impact society. Hence environmental, social and governance ('ESG') considerations are integrated into the Manager's investment process and will continue to evolve. Further details of the Manager's integrated approach to ESG can be found on pages 15 to 18.

The Directors confirm that they have considered their duty under Section 172 when making decisions during the financial year under review. Some of the key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors include:

### Key Decisions and Actions

#### Restructuring of the Company

During the year the Board proposed a restructuring of the Company which was approved by shareholders on 24th January 2022. The restructuring was proposed after taking into account the views of the major shareholders of the Company. The benefits of the restructuring are expected to be:

- predictable dividend income at a level and frequency based on 4% of preceding year NAV payable in July, October, January and March;
- simplification of the Company's capital structure, which was unnecessarily complex, potentially presents a barrier to those looking to invest and is no longer relevant for the tax premise it was first established to address;
- creation of a single share class with net assets of approximately £500 million, which should ensure the critical mass needed to attract additional investors. This should improve liquidity and would reasonably be expected to have an additional positive impact on the discount to NAV at which the Ordinary Shares might trade from time to time;
- leveraging JPMAM's strength and depth of European investment expertise, while presenting a clearer marketing message designed to encourage renewed interest from investors therefore creating additional buyers;
- a reduction in management fees, providing one of the lowest ongoing charges ratios in the AIC's Europe sector, and a reduction in the Investment Manager's notice period; and
- introduction of a conditional tender offer after 5 years that will allow Shareholders a partial exit if the Company underperforms against the Benchmark, the presence of which might also improve the discount to NAV at which the Ordinary Shares might trade from time to time given it would operate to provide an exit at NAV less costs.

### Succession Planning

The Board progressed its succession plans during the year resulting in the decision to appoint Alex Lennard and Karen McKellar as independent non-executive directors on 8th July and 24th November 2021 respectively. Further announcements regarding Board succession are included in the Chairman's statement. Shareholder interests are best served by ensuring a smooth and orderly succession for the Board which serves to provide both continuity and refreshment whilst ensuring diversity of both background and experience.

### Managing the Company's Discount

To ensure that the Board continue to have the power to manage the Company's discount and issue shares in the Company, they recommend that shareholders vote in favour of the resolutions to renew the allotment and buy back authorities at the Company's Annual General Meeting.

## Duty to Promote the Success of the Company

### Gearing

The Board reviewed the Company's level of gearing and determined that the Company's long term private placement debt remained sufficient bearing in mind the Company's objectives and market conditions.

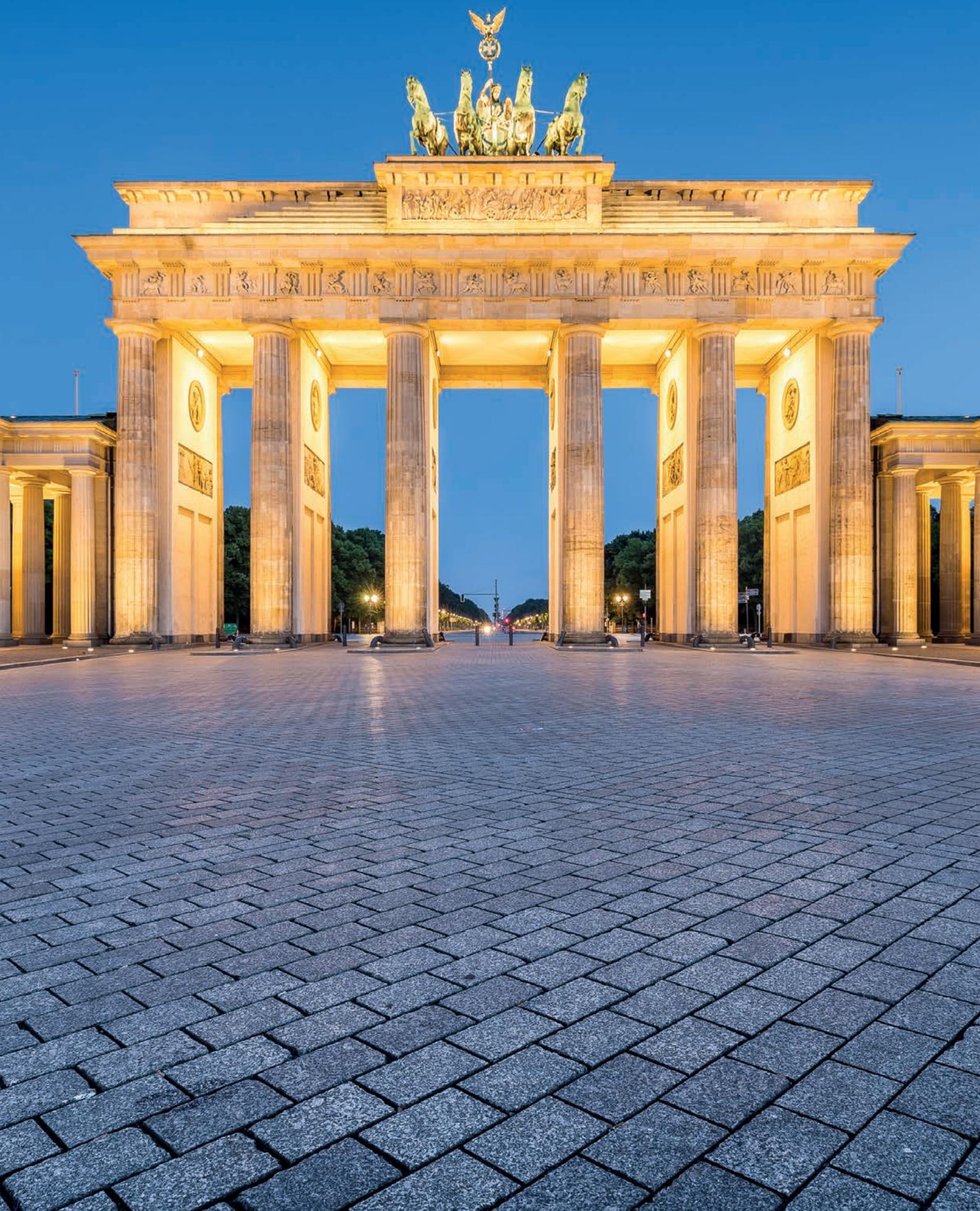
### Other Actions that Continue to Promote the Success of the Company

In addition, the Directors have continued to hold the Manager to account on investment performance; undertaken a robust review of the principal and emerging risks faced by the Company; and continued to encourage the Manager to enhance its sales and marketing efforts.

Furthermore, throughout the course of the Covid-19 pandemic the Board has been in regular contact with the Manager, receiving regular updates on the operation effectiveness of the Manager and key service providers and on areas such as portfolio activity, portfolio liquidity, gearing and the discount to NAV at which the Company's shares trade.

By order of the Board  
Paul Winship, for and on behalf of JPMorgan Funds Limited  
Secretary

7th June 2022



# Directors' Report

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:



**Josephine Dixon** (Chair of the Board of Directors)

A Director since 1st October 2013.

**Last reappointed to the Board:** 2021.

Josephine Dixon is a Non-Executive Director of BB Healthcare Trust plc, Strategic Capital Trust plc, BMO Global Smaller Companies plc, Ventus VCT plc and Alliance Trust plc. Previously held a number of senior positions within the NatWest Group and was Finance Director of Newcastle United plc. She was Commercial Director, UK, Europe and the Middle East at Serco Group and sat on various advisory boards in the education and charity sector. She is a Chartered accountant.

**Shared directorships with other Directors:** None.

**Shareholding in Company:** 28,276 Shares.



**Guy Walker**

A Director since February 2021

**Last appointed to the Board:** 2021.

Guy Walker is currently Senior Adviser at the Investor Forum and has 30 years' investment experience in UK and continental European equities with roles including Managing Director of European Equities at UBS Asset Management and Global Head of ESG Investment at Schroders.

**Shared directorships with other Directors:** None.

**Shareholding in Company:** 26,256 Shares.



**Rita Dhut** (Chair of the Nomination Committee, Management Engagement Committee and Senior Independent Director)

A Director since 4th June 2019

**Last appointed to the Board:** 2021.

Rita Dhut is currently a Non-Executive Director of Integrafen Plc, Ashoka India Equity Investment Trust Plc and a Venture Investor for Newable Ventures. She has over 28 years of varied and award winning investment experience including in UK and continental European equities with previous roles including Director of European Equities at M&G and Head of Pan European Equity Value Investing at Aviva Investors.

**Shared directorships with other Directors:** None.

**Shareholding in Company:** 11,422 Shares.



**Jutta af Rosenborg** (Chair of the Audit Committee)

A Director since 1st February 2015.

**Last reappointed to the Board:** 2021.

Jutta af Rosenborg is a Director of Nilfisk Holdings A/S, RIT Capital Partners Plc and BBGI SICAV S.A. She has held a number of senior auditing and consulting roles with firms including Deloitte in addition to directorships of listed Danish Companies. She has considerable business experience gained as a Financial Director of several large industrial enterprises and their subsidiaries operating in Continental Europe. She is a qualified accountant.

**Shared directorships with other Directors:** None.

**Shareholding in Company:** nil.



**Karen McKellar**

A Director since November 2021.

**Last reappointed to the Board:** N/A.

Karen McKellar has 28 years of investment management experience in UK equities across a range of different portfolio mandates and is currently a Non-executive Director of Merchants Trust plc.

**Shared directorships with other Directors:** None.

**Shareholding in Company:** 30,000 Shares.



**Alexander Lennard**

A Director since July 2021.

**Last reappointed to the Board:** N/A.

Alexander Lennard has a well established career at Ruffer LLP and is currently the Head of Institutional Investment team. He has deep experience across global assets, including equities, fixed income and alternatives.

**Shared directorships with other Directors:** None.

**Shareholding in Company:** nil.

All Directors are members of the Audit Committee, Nomination Committee and Management Engagement Committee.

## Directors' Report

The Directors present their report and the audited financial statements for the year ended 31st March 2022.

Reference to Financial Instruments and Future Developments are included in the Strategic Report on pages 26 to 31.

### Management of the Company

The Manager and Secretary is JPMorgan Funds Limited (JPMF). Portfolio management is delegated to JPMorgan Asset Management (UK) Limited (JPMAM). Up until 3rd February 2022, JPMF was employed under a contract terminable on one year's notice, without penalty. However, following the merger of the Company's two share portfolios on 4th February 2022, the notice period was reduced to six months. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

JPMF and JPMAM are wholly owned subsidiaries of JPMorgan Chase Bank N.A. which, through other subsidiaries, also provides banking, dealing, marketing and custodian services to the Company.

The Management Engagement Committee conducts a formal evaluation of the performance of, and contractual relationship with, the Manager on an annual basis. Part of this evaluation includes a consideration of the management fees and whether the service received is value for money for shareholders.

The Management Engagement Committee has thoroughly reviewed the performance of the Manager in the course of the year. The review covered the performance of the Manager, its management processes, investment style, resources and risk controls and the quality of support that the Company receives from the Manager including the marketing support provided. The Board approved the Management Engagement Committee's recommendation that the continuing appointment of the Manager is in the best interests of shareholders as a whole. Such a review is carried out on an annual basis.

### Management Fee

The annual management fee was charged at 0.75% per annum on total assets less current liabilities of the Company up to £500 million; and 0.65% of the total assets less current liabilities of the Company exceeding £500 million. The merger of the Company's two share classes on 4th February 2022 resulted in a reduction of the management fee, effective from that date, to 0.55% of the NAV of the Company up to and including £400 million; and 0.40% of the NAV of the Company exceeding £400 million, in each case with the NAV adjusted by taking the principal amounts of debt with an original maturity in excess of one year at fair value, calculated and being payable on a monthly basis. The management fee is calculated and paid monthly in arrears. If the Company invests in funds managed or advised by JPMAM or any of its associated companies, those investments are excluded from the calculation and therefore attract no fee.

### Directors

In accordance with corporate governance best practice, all Directors will retire by rotation at the forthcoming Annual General Meeting and, being eligible, all 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) of which the Company's auditors are unaware, and
- (b) each of the Directors has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information (as defined) 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.

### Section 992 Companies Act 2006

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

### Capital Structure

The Company's capital structure is summarised in Key Features on page 2 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 AGM on page 89.

# Corporate Governance Statement

## Notifiable Interests in the Company's Voting Rights

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

Shareholders	% voting rights
City of London Investment Management Company Ltd	16.1
Allspring Global Investments Holdings LLC	14.5
1607 Capital Partners LLC	9.5

There were no changes after the year end to report.

## Miscellaneous Information

The rules concerning the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back 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 affects its control following a takeover bid; and no agreements between the Company and its Directors concerning compensation for loss of office.

## Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as Auditors to the Company and a resolution proposing their reappointment and to authorise the Directors to determine their remuneration for the ensuing year, will be proposed at the Annual General Meeting. See the Audit Committee Report on page 43 for details of Audit Partner rotation.

## Annual General Meeting

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

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

**(i) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 11 Ordinary and 12 special)**

The Directors will seek renewal of the authority at the AGM to issue up to 43,698,653 new Ordinary shares for cash up to an aggregate nominal amount of £218,493, such amount being equivalent to 10% of the present issued share capital as at the last practicable date before the publication of this document,

and to disapply pre-emption rights in relation to such issues. The full text of the resolutions is set out in the Notice of Meeting on page 89. This authority will expire at the conclusion of the AGM of the Company in 2023 unless renewed at a prior general meeting.

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

**(ii) Authority to repurchase the Company's Shares (resolution 13 special)**

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2021 AGM, will expire on 8th January 2023 unless renewed at the forthcoming AGM. The Directors consider that the renewal of the authority is in the interests of shareholders as a whole as the repurchase of shares at a discount to NAV enhances the NAV of the remaining shares. The Board will therefore seek shareholder approval at the AGM to renew this authority, which will last until 8th January 2024 or until the whole of the 14.99% has been acquired, whichever is the earlier. The full text of the resolution is set out in the Notice of Meeting on pages 89 and 90. Repurchases will be made at the discretion of the Board, and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares, as and when market conditions are appropriate.

## Recommendation

The Board considers that resolutions 11 to 13 to be proposed at the forthcoming AGM, are in the best interests of 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 approximately 0.2% of the voting rights of the Company.

## Corporate Governance Statement

### Compliance

The Board is committed to high standards of corporate governance. It has considered the principles and provisions of the AIC Code of Corporate Governance published in 2019 (the 'AIC Code'), which addresses the principles and provisions set out in the UK Corporate Governance Code (the 'UK Code') published in 2018, as they apply to investment trust companies. It considers that reporting against the AIC Code, therefore, provides more appropriate information to the Company's shareholders. The Board confirms that the Company has complied with the principles and provisions of the AIC Code, in so far as they apply to the Company's

## Corporate Governance Statement

business, throughout the year under review. As all of the Company's day-to-day management and administrative functions are outsourced to third parties, it has no executive directors, employees or internal operations and therefore has not reported in respect of the following:

- the role of the executive directors and senior management;
- executive directors' and senior management remuneration; and
- the workforce.
  - Internal audit function as the Company relies on the internal audit department of the Manager; and
  - Establishment of a separate Remuneration Committee, as this role is undertaken by the Nomination Committee chaired by the Senior Independent Director.

### Role of the Board

A management agreement between the Company and JPMF sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, 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.

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

Following the introduction of the Bribery Act 2010 the Board has adopted appropriate procedures designed to prevent bribery. It confirms that the procedures have operated effectively during the year under review.

The Board meets on at least five occasions during the year and additional meetings are arranged as necessary. Full and timely information is provided in Board Papers and correspondence to the Board by JPMF 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

At the date of signing this Report the Board, chaired by Josephine Dixon, consists of six 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. Brief biographical details of each Director are set out on page 36.

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.

### Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on page 36. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long term success of the Company, are summarised on page 39. All of the Directors held office throughout the year under review will stand for reappointment at the forthcoming AGM. See page 89 for further details regarding the AGM.

Resolution 4 is for the reappointment of Josephine Dixon. She joined the Board in October 2013 and has served for eight years firstly as a Director and then Chairman.

Resolution 5 is for the reappointment of Rita Dhut. She joined the Board in June 2019 and has served for three years as a Director.

Resolution 6 is for the reappointment of Alexander Lennard. He joined the Board in July 2021 and has served for less than one year as a Director.

Resolution 7 is for the reappointment of Karen McKellar. She joined the Board in November 2021 and has served as a Director for less than one year.

Resolution 8 is for the reappointment of Jutta af Rosenborg. She joined the Board in February 2015 and has served for seven years as a Director.

Resolution 9 is for the reappointment of Guy Walker. He joined the Board in February 2021 and has served for two years as a Director.

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

### Tenure

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

# Corporate Governance Statement

shareholders. Thereafter, Directors are subject to annual reappointment by shareholders, in line with corporate governance best practice. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees. The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the AGM.

## 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. Details of membership of committees are shown with the Directors' profiles on page 36.

The table below details the number of Board and Committee meetings attended by each Director. In addition to ad-hoc telephone Board meetings, during the year there were five full Board meetings, including a private meeting of the Directors to evaluate the Manager and a separate meeting devoted to strategy. There were also two Audit Committee meetings and one meeting of the Nomination Committee and Management Engagement Committee during the year.

Director	Management			
	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended	Engagement Committee Meetings Attended
Josephine Dixon	5	2	1	1
Rita Dhut	5	2	1	1
Stephen Goldman	1	1	—	—
Jutta af Rosenborg	5	2	1	1
Guy Walker	5	2	1	1
Alexander Lennard	2	1	1	1
Karen McKellar	1	1	1	1

## Board Committees

### Nomination Committee

The Nomination Committee, chaired by Rita Dhut 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. A variety of sources, including the use of external search consultants, may be used to ensure that a wide range of candidates is considered.

The Committee conducts an annual performance evaluation of the Board, its committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. Questionnaires, drawn up by the Board, with the assistance of JPMF, are completed by each Director. The responses are collated and then discussed by the Committee. The evaluation of individual Directors is led by the Chairman. The Senior Independent Director (SID) leads the evaluation of the Chairman's performance. Rita Dhut replaced Stephen Russell as the Company's SID in February 2021. Consideration was given to the appointment of an external consultant to evaluate the performance of the Chairman and the Board, but it was not regarded as necessary as the existing evaluation process was sufficient.

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

### The Management Engagement Committee

The membership of the Management Engagement Committee consists of all the independent Directors and is chaired by Rita Dhut. The Committee meets at least once a year to review the terms of the management agreement between the Company and the Manager, to review the performance of the Manager and fees, to review the notice period that the Board has with the Manager and to make recommendations to the Board on the continued appointment of the Manager following these reviews. During the year the investment management fee was reviewed and the Board's proposal to reduce the management fee and shorten the notice period was implemented, effective from 4th February 2022 (see details of management fee reduction on page 37 and on notice period reduction on page 37. The key service providers of the Company are also reviewed. Further information is set out on page 32.

## Corporate Governance Statement

### Audit Committee

The Audit Committee Report is set out on page 43.

The Nomination Committee, Audit Committee and the Management Engagement Committee have written terms of reference which define clearly their respective responsibilities, copies of which are available for inspection at the Company's website, 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 each year by way of the annual report and Financial Statements, and half year financial report. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares.

Normally, all shareholders are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Managers are available in person to meet with shareholders and answer their questions. In addition, a presentation is given by the Investment Managers who review the Company's performance. During the year the Company's brokers, the Investment Managers and JPMF 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 99. Questions can also be raised through the link on the Company's website [jpmeuropeangrowthandincome.com](http://jpmeuropeangrowthandincome.com).

The Company's Annual Report and Financial Statements is published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 10. 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; 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 mis-statement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by JPMF and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by JPMF and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Manager's internal audit department conducts regular and rigorous reviews of the various functions within its asset management business. Any significant findings that are relevant to the Company and/or the Manager's investment trust business are reported to the Board. The key elements designed to provide effective risk management and internal control are as follows:

- **Financial Reporting**

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

- **Management Agreement**

Appointment of a manager and depositary 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 JPMF'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 Managers and its associates as follows:

- the Board, through the Audit Committee, reviews the terms of the management agreement and receives regular reports from JPMF's Compliance department;
- the Board reviews reports on the risk management and internal controls and the operations of its Depositary, The Bank of New York Mellon (International) Limited and

# Corporate Governance Statement

Custodian, JPMorgan Chase Bank N.A., which are themselves independently reviewed; and

- every six months the Directors review an independent report on the risk management and internal controls and the operations of JPMF.

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 31st March 2022 and that systems have been in place during the year under review and up to the date of approval of this Annual Report and Financial Statements. Moreover, the controls accord with the Financial Reporting Council, Guidance on Risk Management, internal control and related Financial and Business Reporting, September 2014.

## Corporate Governance and Voting Policy

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

### 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 believes effective investment stewardship can materially contribute to helping build stronger portfolios over the long term for our clients. At the heart of JPMAM's approach lies a close collaboration between our portfolio managers, research analysts and investment stewardship specialists to engage with the companies in which JPMAM invests. Regular engagement with JPMAM's investee companies through investment-led stewardship has been a vital component of JPMAM's active management heritage. JPMAM continues to exercise active ownership through regular and ad hoc meetings, and through its voting responsibilities. JPMAM's formal stewardship structure is

designed to identify risks and understand its portfolio companies' activities, in order to enhance value and mitigate risks associated with them. JPMAM has identified five main investment stewardship priorities it believes have universal applicability and will stand the test of time: governance; strategy alignment with the long term; human capital management; stakeholder engagement; and climate risk. Within each priority area, JPMAM identifies related themes it is seeking to address over a shorter time frame. These themes will evolve as JPMAM engages with companies to understand issues and promote best practice. This combination of long-term priorities and evolving, shorter-term themes provides JPMAM with a structured and targeted framework to guide its investors and investment stewardship teams globally as JPMAM engages with investee companies around the world. JPMAM is also committed to reporting more widely on our activities, including working to meet the practices laid out by the Financial Reporting Council (FRC) in the UK Stewardship Code and on embodying the spirit of those principles across the firm. While JPMAM is not yet a signatory to the recently revised 2020 UK Stewardship Code, its current focus is on ensuring its reporting to the FRC reflects the most robust standards.

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website:

<https://am.jpmorgan.com/uk/institutional/corporate-governance>

which also sets out its approach to the seven principles of the FRC Stewardship Code, its policy relating to conflicts of interest and its detailed voting record.

By order of the Board

Paul Winship, for and on behalf of JPMorgan Funds Limited  
Secretary

7th June 2022

## Audit Committee Report

### Composition and Role

The Audit Committee presents its report for the year ended 31st March 2022.

The Audit Committee, chaired by Jutta af Rosenborg, meets at least twice each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. The Chairman of the Board is deemed to be independent and therefore is permitted to be a member of the Audit Committee under corporate governance rules.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual report and financial statements and the Company's compliance with the UK Corporate Governance Code.

The Audit Committee also examines the effectiveness of the Company's internal control systems. It monitors the Company's Principal and Emerging risks and the controls relating to Key risks it receives information from the Manager's Compliance department, see page 41 Risk Management and Internal Controls, and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. In the Directors' opinion the Auditors are independent.

### Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 31st March 2022, the Audit Committee considered the following significant issues, in particular those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation existence and ownership of investments and derivatives	The valuation of investments and derivatives are undertaken in accordance with the accounting policies, disclosed in note 1(b) and (g) to the financial statements on pages 63 and 64. 100% of the portfolio can be verified against daily published prices. Controls are in place to ensure valuations are appropriate and existence is verified through custodian and depositary reconciliations. The Board monitors controls and significant movements in the underlying portfolio by reviewing reports regularly in Board Meetings.

Significant issue	How the issue was addressed
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the financial statements on page 63. The Board regularly reviews subjective elements of income such as special dividends and agrees their accounting treatment. Reference is made to a Revenue Estimate during the reviews.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager on behalf of the Board.

Through its service providers 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 objectives (see page 2), future cash flow projections, risk management policies (see page 28), liquidity risk (see note 22(b) on page 80), principal and emerging risks (see page 28) capital management policies and procedures (see page 83), nature of the portfolios and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence to 30th June 2023, being at least 12 months from approving this annual report and financial statements. We considered as part of our risk assessment the nature of the Company, its business model and related risks including where relevant the impact of the Covid-19 pandemic and Russia's invasion of Ukraine, the requirements of the applicable financial reporting framework the covenants in respect of the Company's private placement debt and the system of internal control. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the report.

## Audit Committee Report

### Assessment of the Effectiveness of the External Audit Process

The Audit Committee has a primary responsibility for making recommendations to the Board on the reappointment and removal of external Auditors. Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report and Financial Statements were considered and also engage with Directors as and when required. Having considered the external Auditors' performance, including their technical competence, strategic knowledge, the quality of work, communications and reporting, the Committee was satisfied with the effectiveness of the external audit process.

### Audit Appointment and Tenure

The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of external Auditors. Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report and Financial Statements including the Auditors' Results Report were considered and also engage with Directors as and when required. The Audit Committee received confirmations from the Auditors in regard of their independence and objectivity during the review of their services.

This is the first year that PricewaterhouseCoopers LLP have audited the Company's financial statements. In accordance with present professional guidelines the Audit Partner will be rotated after no more than five years and the current year is the first year for which the present Audit Partner, Shuaat Khan, has served. Details of the fees paid for audit services are included in note 6 on page 66.

### Fair Balanced and Understandable

Having discussed the content of the annual report and financial statements with the Alternative Investment Fund Manager (JPMF), Investment Managers, Company Secretary and other third party service providers, the Audit Committee has concluded that the Annual Report for the year ended 31st March 2022, taken as a whole, is fair, balanced and understandable and provides the information both positive and negative necessary for shareholders to assess the Company's 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 50.

By order of the Board

Paul Winship, for and on behalf of  
JPMorgan Funds Limited, Secretary.

7th June 2022



# Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 31st March 2022, 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 52 to 57.

As all of the Directors are non-executive, the Board has not established a Remuneration Committee. Instead, the Nomination Committee chaired by the Senior Independent Director reviews Directors' fees on a regular basis and makes recommendations to the Board as and when appropriate.

## Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote, however, a decision has been taken to seek approval annually and therefore an ordinary resolution to approve this policy 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.

At the AGM on 8th July 2021 99.8% votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the Remuneration Policy and 0.2% voted against. Abstentions were received from less than 0.0% of votes cast.

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 and retained. 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.

Reviews are based on information provided by the Manager, JPMF, 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 no consultation of employees is required 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; Chairman of the Audit Committee £31,500; and other Directors £27,500.

In the year under review the Board reviewed fees paid to the Directors. It was noted that the previous increase was effective on 1st April 2018. The Board decided to increase the fees paid and with effect from 1st April 2022 in order to maintain the fees in line with the increasing demands of time required and relative to its peers. Directors fees will be paid at the following rates: Directors fees will be increased by £1,500 per annum from £27,500 to 29,000 per annum, the Audit Committee Chairman's fee will be increased by £2,000 from £31,500 to £33,500, and the Chairman's fee will be increased by £2,500 from £40,000 to £42,500, all to be effective 1st April 2022.

The maximum aggregate Directors' fees payable are £225,000 per annum, as specified in the Company's Articles of Association. Any increase in the maximum aggregate annual limit on Directors' fees, requires both Board and shareholder approval.

The Company's Articles of Association provide for additional remuneration to be paid to the Company's Directors for duties or services performed outside their ordinary duties, not limited by the maximum aggregate, referred to above.

The Company has not sought shareholder views on its remuneration policy. The Nomination Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and 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 39.

## 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 31st March 2021.

At the Annual General Meeting held on 8th July 2021, of votes cast, 99.8% of votes cast 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% of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report from the 2022 Annual General Meeting will be given in the annual report for the year ending 31st March 2023.

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

## Directors' Remuneration Report

**Single total figure of remuneration**

The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

**Single total figure table<sup>1</sup>**

Directors' Name	2022			2021		
	Fees £	Taxable expenses <sup>2</sup> £	Total £	Fees £	Taxable expenses <sup>2</sup> £	Total £
Josephine Dixon	40,000	—	40,000	40,000	—	40,000
Rita Dhut	27,500	—	27,500	27,500	—	27,500
Stephen Goldman <sup>6</sup>	20,625	—	20,625	27,500	—	27,500
Alex Lennard <sup>4</sup>	20,027	—	20,027	—	—	—
Karen McKellar <sup>5</sup>	9,715	322	10,037	—	—	—
Jutta af Rosenborg	31,500	—	31,500	31,500	—	31,500
Stephen Russell <sup>3</sup>	—	—	—	24,139	—	24,139
Guy Walker <sup>7</sup>	27,500	—	27,500	3,438	—	3,438
<b>Total</b>	<b>176,867</b>	<b>322</b>	<b>177,189</b>	<b>154,077</b>	<b>—</b>	<b>154,077</b>

<sup>1</sup> Audited information.

<sup>2</sup> Taxable travel and subsistence expenses incurred in attending Board and Committee meetings.

<sup>3</sup> Retired from the Board on 15th February 2021.

<sup>4</sup> Appointed to the Board on 8th July 2021.

<sup>5</sup> Appointed to the Board on 24th November 2021.

<sup>6</sup> Retired from the Board on 31st December 2021.

<sup>7</sup> Appointed to the Board on 15th February 2021.

Effective from 1st April 2022:

	2023 £	2022 £
Josephine Dixon	42,500	40,000
Jutta af Rosenborg	33,500	31,500
Rita Dhut	29,000	27,500
Stephen Goldman	—	20,625
Alexander Lennard	29,000	20,041
Guy Walker	29,000	27,500
Karen McKellar	29,000	9,493
<b>Total</b>	<b>192,000</b>	<b>154,000</b>

**Annual Percentage Change in Directors' Remuneration**

The following table sets out the annual percentage change in Directors' fees:

Directors' Name	% change for the year to 31st March 2022
Josephine Dixon	0.0%
Rita Dhut	0.0%
Stephen Goldman <sup>1</sup>	(25.0)%
Alex Lennard <sup>2</sup>	n/a
Karen McKellar <sup>3</sup>	n/a
Jutta af Rosenborg	0.0%
Stephen Russell <sup>4</sup>	n/a
Guy Walker <sup>5</sup>	n/a

<sup>1</sup> Retired from the Board on 31st December.

<sup>2</sup> Appointed to the Board on 8th July 2021.

<sup>3</sup> Appointed to the Board on 24th November 2021.

<sup>4</sup> Retired from the Board on 15th February 2021.

<sup>5</sup> Appointed to the Board on 15th February 2021.

# Directors' Remuneration Report

A table showing the total remuneration for the role of Chairman over the five years ended 31st March 2022 is below:

## Remuneration for the role of Chairman over the five years ended 31st March 2022

Year ended 31st March	Fees
2022	£40,000
2021	£40,000
2020	£40,000
2019	£40,000
2018	£38,000

## Directors' Shareholdings

There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The Directors beneficial shareholdings in the Company's shares, are detailed below:

Directors	31st March <sup>1</sup>	2021 or date of appointment	1st April <sup>1</sup>
			2022
Josephine Dixon	28,276	7,000	
Rita Dhut	11,422	6,625	
Stephen Goldman	—	10,000	
Jutta af Rosenborg	—	—	
Alexander Lennard	—	—	
Guy Walker	26,256	6,500	
Karen McKellar	30,000	—	

<sup>1</sup> Audited information.

There have been no changes to the above details since the year end and the date of signing these report and financial statements.

A graph showing the portfolio's share price total return compared with the relevant benchmark is shown below.

## Ten Year Share Price and Benchmark Total Return to 31st March 2022



Source: Morningstar/FTSE.

## Expenditure by the Company on remuneration and distribution to shareholders

	Year ended 31st March	
	2022	2021
Remuneration paid to all Directors	£177,189	£154,076
Distribution to shareholders		
— by way of dividend	£9,652,000	£9,923,000
— by way of share repurchases	£4,314,000	£9,127,000

For and on behalf of the Board

Josephine Dixon

Chair

7th June 2022



## Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including 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 these financial statements, the Directors are required to:

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

and the Directors confirm that they have done so.

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

The annual report and financial statements are published on the [jpmeuropeangrowthandincome.com](http://jpmeuropeangrowthandincome.com) website, which is maintained by the Company's Manager, JPMorgan Funds Limited. 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 financial statements since they were initially presented on the website. The annual report and financial statements are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

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

Each of the Directors, whose names and functions are listed on page 36 confirm that, to the best of their knowledge the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and return or loss of the Company.

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

For and on behalf of the Board  
Josephine Dixon  
Chairman

7th June 2022



## Independent auditors' report to the members of JPMorgan European Growth & Income plc

### Report on the audit of the financial statements

#### Opinion

In our opinion, JPMorgan European Growth & Income plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st March 2022 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Financial Statements (the 'Annual Report'), which comprise: the Statement of financial position as at 31st March 2022; the Statement of comprehensive income; the Statement of changes in equity; and the Statement of cash flows 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.

We have provided no non-audit services to the Company in the period under audit.

### Our audit approach

#### Context

JPMorgan European Growth & Income plc is an Investment Trust Company listed on the London Stock Exchange and invests primarily in equities quoted on the Continental European investments markets. The operations of the Company are located in the UK. We focus our audit work primarily on the valuation and existence of investments and income from investments.

#### Overview

##### Audit scope

- 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 Chase Bank N.A., (the 'Administrator') to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Manager and the Administrator and adopted a fully substantive testing approach using reports obtained from the Administrator.

##### Key audit matters

- Valuation and existence of investments.
- Accuracy, occurrence and completeness of investment income.

# Independent Auditors' Report

## Materiality

- Overall materiality: £4,393,300 based on 1% of net assets.
- Performance materiality: £3,294,000.

## 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.

## 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
<b>Valuation and existence of investments</b> Refer to the Accounting Policies (pages 63 to 65) and the Notes to the financial statements (page 63).  The investment portfolio at the year-end comprised listed equity investments valued at £451 million.  We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.	We assessed the accounting policy for the valuation of investments for compliance with accounting standards and performed testing to check that investments are accounted for in accordance with this stated accounting policy.  We tested the valuation of all the listed equity investments by agreeing the prices used in the valuation to independent third party sources.  We tested the existence of all the investments by agreeing investment holdings to an independent confirmation.  No material issues were identified.
<b>Accuracy, occurrence and completeness of investment income</b> Refer to page 63 (Accounting Policies) and page 63 (Notes to the Financial Statements).  For the Company we consider that 'income' refers to both revenue and capital (including gains and losses on investments).  We focused on the accuracy, occurrence and completeness of investment income as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover.  We also focused on the accounting policy for income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP') as incorrect application could indicate a misstatement in income recognition.	We 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.  The gains/losses on investments held at fair value through profit or loss comprise realised and unrealised gains/losses. For unrealised gains and losses, we sample tested the valuation of the portfolio at the year-end, together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses.  We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent third-party data.  To test for occurrence, we confirmed that all dividends recorded had occurred in the market to independent third-party data, and traced a sample of cash payments to bank statements.  To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent third-party data of dividends declared for all listed investments during the year.

# Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter
	<p>We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by confirming reasons behind dividends.</p> <p>No material issues were identified.</p>

## 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.

## 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 Company materiality	£4,393,300.
How we determined it	1% of net assets
Rationale for benchmark applied	We have applied this benchmark, which is a generally accepted auditing practice for investment trust audits.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £3,294,000 for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £219,600 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed the relevant threats to the Company;
- evaluating the Directors' assessment of potential operational impacts to the Company of relevant risks, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of potential significant reductions in NAV as a result of market movements on the ongoing ability of the Company to operate.

# Independent Auditors' Report

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this 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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### 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 31st March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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.

### 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.

### Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

# Independent Auditors' Report

- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' 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 its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

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

## 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

# Independent Auditors' Report

- discussions with the Manager and Audit Committee, including consideration of known or suspected instances of noncompliance with laws and regulation and fraud;
- reviewing relevant committee meeting minutes, including those of the Board and Audit Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- review of financial statement disclosures to underlying supporting documentation;
- Identifying and testing manual journal entries posted by the Administrator during the preparation of the financial statements; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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](http://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 obtained 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.

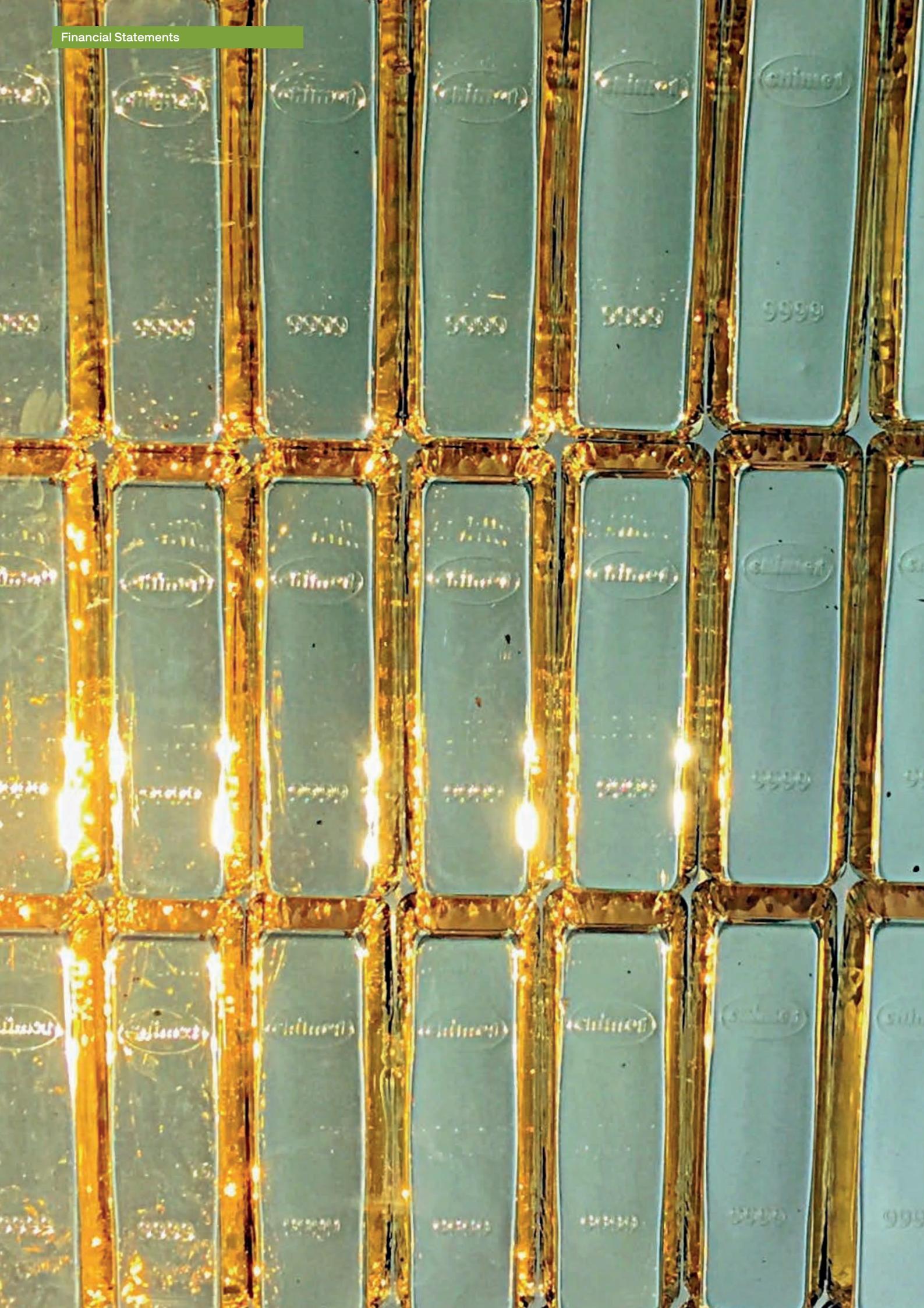
We have no exceptions to report arising from this responsibility.

## Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 8th July 2021 to audit the financial statements for the year ended 31st March 2022 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Shujaat Khan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh

7th June 2022



## Statement of Comprehensive Income

For the year ended 31st March 2022

	Notes	2022			2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments and derivatives held at fair value through profit or loss	3	—	25,076	25,076	—	115,256	115,256
Foreign exchange losses on liquidity fund		—	(206)	(206)	—	(876)	(876)
Net foreign currency gains		—	332	332	—	502	502
Income from investments	4	15,568	—	15,568	11,248	—	11,248
Interest receivable and similar income	4	76	—	76	259	—	259
<b>Gross return</b>		<b>15,644</b>	<b>25,202</b>	<b>40,846</b>	<b>11,507</b>	<b>114,882</b>	<b>126,389</b>
Management fee	5	(1,170)	(2,173)	(3,343)	(1,007)	(1,991)	(2,998)
Other administrative expenses	6	(649)	—	(649)	(575)	—	(575)
<b>Net return before finance costs and taxation</b>		<b>13,825</b>	<b>23,029</b>	<b>36,854</b>	<b>9,925</b>	<b>112,891</b>	<b>122,816</b>
Finance costs	7	(405)	(751)	(1,156)	(429)	(848)	(1,277)
<b>Net return before taxation</b>		<b>13,420</b>	<b>22,278</b>	<b>35,698</b>	<b>9,496</b>	<b>112,043</b>	<b>121,539</b>
Taxation	8	(1,636)	—	(1,636)	577	—	577
<b>Net return after taxation</b>		<b>11,784</b>	<b>22,278</b>	<b>34,062</b>	<b>10,073</b>	<b>112,043</b>	<b>122,116</b>
<b>Return per share: Growth &amp; Income share</b>	9	<b>2.69p</b>	<b>5.08p</b>	<b>7.77p</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Return per share: Growth share</b>	9	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>7.66p</b>	<b>101.01p</b>	<b>108.67p</b>
<b>Return per share: Income share</b>	9	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>4.95p</b>	<b>41.88p</b>	<b>46.83p</b>

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/(loss) after taxation represents the profit/(loss) for the year and also Total Comprehensive Income.

The notes on pages 63 to 83 form an integral part of these financial statements.

## Statement of Changes in Equity

	Called up share capital £'000	Capital Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>At 31st March 2020</b>	<b>4,804</b>	<b>127,827</b>	<b>15,613</b>	<b>156,738</b>	<b>11,555</b>	<b>316,537</b>
Repurchase and cancellation of the Company's own shares (note 15)	(131)	—	131	(9,127)	—	(9,127)
Share conversions during the year (note 15)	(6)	3,701	47	(3,742)	—	—
Net return	—	—	—	112,043	10,073	122,116
Dividends paid in the year (note 10)	—	—	—	—	(9,923)	(9,923)
<b>At 31st March 2021</b>	<b>4,667</b>	<b>131,528</b>	<b>15,791</b>	<b>255,912</b>	<b>11,705</b>	<b>419,603</b>
Repurchase and cancellation of the Company's own shares (note 15)	(62)	—	62	(4,314)	—	(4,314)
Project costs in relation to restructure	—	(365)	—	—	—	(365)
Net return	—	—	—	22,278	11,784	34,062
Dividends paid in the year (note 10)	—	—	—	—	(9,652)	(9,652)
<b>At 31st March 2022</b>	<b>4,605</b>	<b>131,163</b>	<b>15,853</b>	<b>273,876</b>	<b>13,837</b>	<b>439,334</b>

The notes on pages 63 to 83 form an integral part of these financial statements.

## Statement of Financial Position

At 31st March 2022

	Notes	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	11	451,154	428,958
<b>Current assets</b>	12		
Derivative financial assets		137	109
Debtors		3,926	4,261
Cash and cash equivalents		29,685	31,032
		33,748	35,402
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	13a	(3,334)	(1,973)
Derivative financial liabilities	13b	(142)	(366)
<b>Net current assets</b>		30,272	33,063
<b>Total assets less current liabilities</b>		481,426	462,021
Creditors: amounts falling due after more than one year	14	(42,092)	(42,418)
<b>Net assets</b>		439,334	419,603
<b>Capital and reserves</b>			
Called up share capital	15	4,605	4,667
Share premium	16	131,163	131,528
Capital redemption reserve	16	15,853	15,791
Capital reserves	16	273,876	255,912
Revenue reserve	16	13,837	11,705
<b>Total shareholders' funds</b>		439,334	419,603
<b>Net asset value per share: Growth &amp; Income share</b>	17	100.5p	n/a
<b>Net asset value per share: Growth share</b>	17	n/a	379.2p
<b>Net asset value per share: Income share</b>	17	n/a	167.1p

The financial statements on pages 59 to 62 were approved and authorised for issue by the Directors on 7th June 2022 and were signed on their behalf by:

**Jutta af Rosenborg**  
Director

The notes on pages 63 to 83 form an integral part of these financial statements.

JPMorgan European Growth & Income plc  
Company registration number: 237958

## Statement of Cash Flows

For the year ended 31st March 2022

	Notes	2022 £'000	2021 £'000
Net cash outflow from operations before dividends and interest	18	(4,347)	(3,090)
Dividends received		11,921	9,105
Interest received		2	2
Overseas tax recovered		2,073	883
<b>Net cash inflow from operating activities</b>		<b>9,649</b>	<b>6,900</b>
Purchases of investments		(229,228)	(184,765)
Sales of investments		234,721	192,149
Settlement of future contracts		(874)	(2,390)
Settlement of foreign currency contracts		(338)	(1,109)
<b>Net cash inflow from investing activities</b>		<b>4,281</b>	<b>3,885</b>
Dividends paid		(9,652)	(9,923)
Repayment of bank loans		—	(13,439)
Interest paid		(1,156)	(1,275)
Repurchase and cancellation of the Company's own shares		(4,632)	(8,809)
Project costs in relation to restructure		(365)	—
<b>Net cash outflow from financing activities</b>		<b>(15,805)</b>	<b>(33,446)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(1,875)</b>	<b>(22,661)</b>
Cash and cash equivalents at the start of the year		31,032	54,632
Exchange movements		528	(939)
Cash and cash equivalents at the end of the year		29,685	31,032
<b>Decrease in cash and cash equivalents</b>		<b>(1,875)</b>	<b>(22,661)</b>
<b>Cash and cash equivalents consist of:</b>			
Cash and short term deposits		5,402	10,520
JPMorgan Euro Liquidity Fund		24,283	20,512
<b>Total</b>		<b>29,685</b>	<b>31,032</b>

The notes on pages 63 to 83 form an integral part of these financial statements.

### Reconciliation of net debt

	As at 31st March 2021 £'000		Exchange movements £'000	Other non-cash changes £'000	As at 31st March 2022 £'000	
	Cash flows £'000	£'000				
<b>Cash and cash equivalents</b>						
Cash	10,520	(5,145)	27	—	5,402	
Cash equivalents	20,512	3,270	501	—	24,283	
	31,032	(1,875)	528	—	29,685	
<b>Borrowings</b>						
Debt due after one year	(42,418)	—	333	(7)	(42,092)	
<b>Total</b>	<b>(11,386)</b>	<b>(1,875)</b>	<b>861</b>	<b>(7)</b>	<b>(12,407)</b>	

# Notes to the Financial Statements

For the year ended 31st March 2022

## 1. Accounting policies

### (a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments and derivatives at fair value, and in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') 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 April 2022.

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

The financial statements have been prepared on a going concern basis. In forming this opinion, the directors have considered as part of its risk assessment: the nature of the Company, its business model and related risks including the requirements of the applicable financial reporting framework, the covenants in respect of the Company's private placement debt and the system of internal control.

The Directors believe that, having considered the Company's investment objectives, future cash flow projections, risk management policies, liquidity risk, principal and emerging risks, capital management policies and procedures, nature of the portfolios and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence to 30th June 2023, being at least 12 months from approving this annual report and financial statements.

For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the report.

### (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 classified 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 at close of business 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 fee and finance costs allocated to capital and any other capital charges, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Gains and losses on sales of investments'.

Increases and decreases in the valuation of investments held at the year end including the related foreign exchange gains and losses, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Investment holding gains and losses'. Unrealised gains and losses on foreign currency contracts (including futures and forwards) or foreign currency loans and private placements are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Unrealised reserve'.

### (d) Income

Dividends receivable from equity shares are included in revenue on an ex-dividend basis. 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.

# Notes to the Financial Statements

## 1. Accounting policies (continued)

### (d) Income (continued)

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.

Deposit interest receivable is taken to revenue on an accruals basis. Securities lending income 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 is allocated 30% to revenue and 70% to capital in line with the Board's expected split of revenue and capital return from the investment portfolio. Prior to the merger of the Growth and Income portfolios on 4th February 2022, the management fee of the Growth pool of assets was allocated 30% to revenue and 70% to capital; the management fee of the Income pool of assets was allocated 40% to revenue and 60% to capital.
- expenses incidental to the purchase of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise mainly brokerage commission.

### (f) Finance costs

Finance costs, including any premium payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method.

- Finance costs on the assets are allocated 30% to revenue and 70% to capital in line with the Board's expected split of revenue and capital return from the investment portfolio. Prior to the merger of the Growth and Income portfolios on 4th February 2022, the finance costs on the Growth pool of assets was allocated 30% to revenue and 70% to capital; the finance costs on the Income pool of assets was allocated 40% to revenue and 60% to capital.

### (g) Financial instruments

Financial instruments are recognised only when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or are settled. Financial liabilities are derecognised when the obligation specified in the contract is discharged, is cancelled or expires.

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. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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

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

The private placement in issue is classified as financial liabilities at amortised cost. It was initially measured at the proceeds net of direct issue costs and subsequently measured at amortised cost. The amortisation of direct issue costs are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method.

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

## Notes to the Financial Statements

### (h) Taxation

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

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is more likely than not that taxable profits will be available against which those timing differences can be utilised. Tax relief is allocated to expenses charged to capital on the 'marginal basis'. On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to the capital column. Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

### (i) Value Added Tax ('VAT')

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

### (j) Foreign currency

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates. The Board, having regard to the currency of the Company's share capital and the predominant currency of the Company's long term financing and expense payments, 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.

### (k) Dividends payable

Dividends are included in the financial statements in the year in which they are paid.

### (l) Share capital transactions

The cost of repurchasing Growth and Income shares for cancellation, including the related stamp duty and transaction costs, is charged to capital reserves and dealt with in the Statement of Changes in Equity. Share transactions are accounted for on a trade date basis. The nominal value of share capital repurchased and cancelled is transferred out of 'Called up share capital' and into 'Capital redemption reserve'. Share conversions in the year ended 31st March 2021 are accounted for on the conversion date. The conversion value of the converted shares is transferred out of 'Capital reserves' with the nominal value into 'Capital redemption reserve' and any share premium into the 'Share premium'. Following the reconstruction of the Company on 4th February 2022, share conversions are no longer available.

### (m) Segmental Reporting

The Company has a single operating segment, being that of carrying out investment activity.

## 2. Significant accounting judgements, estimates and assumptions

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

## Notes to the Financial Statements

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

	2022 £'000	2021 £'000
Realised gains on sales of investments	34,266	2,131
Net change in unrealised gains and losses on investments	(8,467)	114,415
Realised losses on close out of future contracts	(874)	(2,391)
Unrealised gains on futures contracts	185	1,173
Other capital charges	(34)	(72)
<b>Total capital gains on investments and derivatives held at fair value through profit or loss</b>	<b>25,076</b>	<b>115,256</b>

### 4. Income

	2022 £'000	2021 £'000
<b>Income from investments</b>		
Overseas dividends	15,400	11,080
UK dividends	168	168
	<b>15,568</b>	<b>11,248</b>
<b>Other interest receivable and similar income</b>		
Securities lending	74	257
Deposit interest	2	2
	76	259
<b>Total income</b>	<b>15,644</b>	<b>11,507</b>

### 5. Management fee

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	1,170	2,173	3,343	1,007	1,991	2,998

Details of the management fee are given in the Directors' Report on page 37.

### 6. Other administrative expenses

	2022 £'000	2021 £'000
Administration expenses	372	313
Directors' fees <sup>1</sup>	177	154
Depositary fee <sup>2</sup>	58	53
Auditors' remuneration for audit services <sup>3</sup>	42	50
Auditors' remuneration for all other services <sup>4</sup>	—	5
	<b>649</b>	<b>575</b>

<sup>1</sup> Full disclosure is given in the Directors' Remuneration Report on pages 46 to 48.

<sup>2</sup> Includes £nil (2021: £6,000) irrecoverable VAT.

<sup>3</sup> Includes £nil (2021: £6,000) irrecoverable VAT.

<sup>4</sup> Review annual conversion calculations, includes £nil (2021: £2,000) irrecoverable VAT.

## Notes to the Financial Statements

### 7. Finance Costs

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans and overdrafts	7	12	19	23	46	69
Interest on private placement	398	739	1,137	406	802	1,208
	<b>405</b>	<b>751</b>	<b>1,156</b>	<b>429</b>	<b>848</b>	<b>1,277</b>

### 8. Taxation

#### (a) Analysis of tax charge/(credit) for the year

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	1,636	—	1,636	(577)	—	(577)
<b>Total tax charge/(credit) for the year</b>	<b>1,636</b>	<b>—</b>	<b>1,636</b>	<b>(577)</b>	<b>—</b>	<b>(577)</b>

#### (b) Factors affecting total tax charge/(credit) for the year

The tax charge/(credit) for the year is lower (2021: lower) than the Company's applicable rate of corporation tax for the year of 19% (2021: 19%). The factors affecting the total tax charge for the year are as follows:

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	13,420	22,278	35,698	9,496	112,043	121,539
Net return before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2021: 19%)	2,550	4,233	6,783	1,804	21,288	23,092
Effects of:						
Non taxable capital gains	—	(4,788)	(4,788)	—	(21,827)	(21,827)
Non taxable UK dividend income	(32)	—	(32)	(32)	—	(32)
Non taxable overseas dividends	(2,912)	—	(2,912)	(2,090)	—	(2,090)
Excess expenses over taxable income	953	—	953	861	—	861
Overseas withholding tax	1,636	—	1,636	(577)	—	(577)
Tax attributable to expenses and finance costs charged to capital	(555)	555	—	(539)	539	—
Double taxation relief expensed	(4)	—	(4)	(4)	—	(4)
<b>Total tax charge/(credit) for the year</b>	<b>1,636</b>	<b>—</b>	<b>1,636</b>	<b>(577)</b>	<b>—</b>	<b>(577)</b>

#### (c) Deferred taxation

The Company has an unrecognised deferred tax asset of £25,550,000 (2021: £11,244,000) based on a prospective corporation tax rate of 25% (2021 19%). The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1st April 2023. This increase in the standard rate of corporation tax was substantively enacted on 24th May 2021 and became effective from 2nd June 2021. The deferred tax asset has arisen due to £102,198,000 (2021: £59,179,000) 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.

## Notes to the Financial Statements

### 9. Return per share<sup>1</sup>

		2022	Growth Share 2021	Income Share 2021
Return per share is based on the following:				
Revenue return (£'000)		11,784	5,672	4,401
Capital return (£'000)		22,278	74,816	37,227
<b>Total return (£'000)</b>		<b>34,062</b>	<b>80,488</b>	<b>41,628</b>
Weighted average number of shares in issue		438,868,316	74,068,960	88,892,127
Revenue return per share		2.69p	7.66p	4.95p
Capital loss per share		5.08p	101.01p	41.88p
<b>Total return per share</b>		<b>7.77p</b>	<b>108.67p</b>	<b>46.83p</b>

<sup>1</sup> A transitional basis has been adopted for the calculation of the Return per share for the year ended 31st March 2022.

### 10. Dividends

#### (a) Dividends paid and declared

	2022 £'000	2021 £'000
<b>Dividends paid</b>		
Unclaimed Growth dividends refunded to the Company	(303)	—
Growth second interim dividend of nil (2021: 3.20p) per share	—	2,348
Growth first interim dividend of 2.50p (2021: 1.25p) per share	1,801	928
Income fourth quarterly dividend of nil (2020: 2.50p) per share	—	2,211
Income first quarterly dividend of 1.40p (2021: 1.40p) per share	1,195	1,249
Income second quarterly dividend of 1.40p (2021: 1.40p) per share	1,201	1,249
Income third quarterly dividend of 1.40p (2021: 1.40p) per share	1,199	1,249
<b>Total dividends paid in the year</b>	<b>5,093</b>	<b>9,234</b>
<b>Dividends declared</b>		
Growth second interim dividend of nil (2021: 3.20p) per share	—	2,348
Income fourth interim dividend of nil (2021: 2.50p) per share	—	2,211
Growth & Income first interim dividend of 1.10p per share	4,811	—
<b>Total dividends declared<sup>1</sup></b>	<b>4,811</b>	<b>4,559</b>

<sup>1</sup> In accordance with the accounting policy of the Company, these dividends will be reflected in the financial statements of the following year.

All dividends paid and declared in the year have been funded from the Revenue Reserve.

## Notes to the Financial Statements

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

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year, as follows:

The revenue available for distribution by way of dividend for the year is £11,784,000 (2021: £10,073,000).

	2022 £'000	2021 £'000
Growth first interim dividend of 2.50p (2021: 1.25p) per share	1,801	928
Growth second interim dividend of nil (2021: 3.20p) per share	—	2,348
Income first quarterly dividend of 1.40p (2021: 1.40p) per share	1,195	1,249
Income second quarterly dividend of 1.40p (2021: 1.40p) per share	1,201	1,249
Income third quarterly dividend of 1.40p (2021: 1.40p) per share	1,199	1,249
Income fourth interim dividend of nil (2021: 2.50p) per share	—	2,211
Growth & Income first interim dividend of 1.10p per share	4,811	—
<b>Total</b>	<b>10,207</b>	<b>9,234</b>

The revenue reserve after payment of the final dividend amount to £9,027,000 (2021: £7,146,000).

### 11. Investments

	2022 £'000			2021 £'000		
Investments listed on a recognised investment exchange	451,154			428,958		
	Listed in UK £'000	Listed overseas £'000	Total £'000	Listed in UK £'000	Listed overseas £'000	Total £'000
Opening book cost	502	324,777	325,279	502	327,433	327,935
Opening investment holding gains/(losses)	11,014	92,665	103,679	5,809	(16,545)	(10,736)
Opening valuation	11,516	417,442	428,958	6,311	310,888	317,199
Movements in the year:						
Purchases at cost	—	230,862	230,862	—	186,167	186,167
Sales proceeds	—	(234,465)	(234,465)	—	(190,954)	(190,954)
(Losses)/gains on investments	(239)	26,038	25,799	5,205	111,341	116,546
Closing valuation	11,277	439,877	451,154	11,516	417,442	428,958
Closing book cost	502	355,439	355,941	502	324,777	325,279
Closing investment holding gains	10,775	84,438	95,213	11,014	92,665	103,679
<b>Total investments held at fair value through profit or loss</b>	<b>11,277</b>	<b>439,877</b>	<b>451,154</b>	<b>11,516</b>	<b>417,442</b>	<b>428,958</b>

The company received £234,465,000 (2021: £190,954,000) from investments sold in the year. The bookcost of these investments when they were purchased was £200,200,000 (2021: £188,823,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs on purchases during the year amounted to £406,000 (2021: £314,000) and on sales during the year amounted to £175,000 (2020: £129,000). These costs comprise mainly brokerage commission.

## Notes to the Financial Statements

### 12. Current assets

	2022 £'000	2021 £'000
Derivative financial assets		
Forward foreign currency contracts and spot contracts <sup>1</sup>	137	109
	<b>137</b>	<b>109</b>

<sup>1</sup> As at 31st March 2022, there are 6 forward currency contracts and 2 spot contracts in a net asset position. These have a settlement date of 1st April 2022 or 29th April 2022. The gross currency exposure figures are EUR 7,950,612, DKK 4,758,860, CHF 1,129,348, GBP (5,006,150), NOK (35,181,367).

As at 31st March 2021, there are 20 forward currency contracts and 5 spot contracts in a net asset position. These have a settlement date of 1st April 2021 or 29th April 2021. The gross currency exposure figures are CHF 13,417,385, GBP 4,045,880, USD 2,170,166, NOK 271,984, EUR (9,550,578), DKK (17,536,965), SEK (68,808,584).

	2022 £'000	2021 £'000
<b>Debtors</b>		
Securities sold awaiting settlement	82	383
Dividends and interest receivable	714	574
Overseas tax recoverable	3,027	3,229
Other debtors	103	75
	<b>3,926</b>	<b>4,261</b>

### Cash and cash equivalents

Cash and cash equivalents comprise bank balances, short term deposits and liquidity funds.

### 13a. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Securities purchased awaiting settlement	3,036	1,402
Repurchases of the Company's own shares awaiting settlement	—	318
Loan interest payable	96	103
Other creditors and accruals	202	150
	<b>3,334</b>	<b>1,973</b>

The Company had a Euro 15 million 0.45% 364 day committed revolving credit facility with National Australia Bank, which expired on 24th August 2020. The amount of Euro 15 million drawn on the National Australia Bank credit facility referred to above was repaid on 21st May 2020.

As is typical across the industry with such loans, the Company is required to comply with certain restrictions required by the lender regarding the amount of debt as a ratio of net assets and minimum requirements regarding the net asset value of the Company.

The Company comfortably complies with all these requirements.

## Notes to the Financial Statements

## 13b. Derivative financial liabilities

	2022 £'000	2021 £'000
<b>Derivative financial liabilities</b>		
Futures contracts <sup>1</sup>	—	185
Forward foreign currency contracts and spot contracts <sup>2</sup>	142	181
	<b>142</b>	<b>366</b>

<sup>1</sup> As at 31st March 2021: EURO STOXX 50 06/18/2021 futures at a contract cost of £8,751,000 and a market value of £8,566,000 giving an unrealised liability of £185,000.

<sup>2</sup> As at 31st March 2022, there are 12 forward currency contracts in a net liability position. These had a settlement date of 29th April 2022. The gross currency exposure figures were SEK 159,928,003, GBP 5,549,115, NOK 1,159,810, USD 1,159,202, EUR (6,965,290), CHF (7,652,145), DKK (65,971,688).

As at 31st March 2021, there are 32 forward currency contracts in a net liability position. These had a settlement date of 29th April 2021. The gross currency exposure figures were DKK 40,226,984, SEK 16,366,035, EUR 14,985,833, CHF (4,754,630), GBP (5,447,910), NOK (115,553,258).

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

	2022 £'000	2021 £'000
Metlife Private Placement	42,092	42,418

On 26th August 2015 the Company issued a Euro 50 million Private Placement Note with Metlife which has a capital repayment date of 26th August 2035, and an annualised fixed coupon rate of 2.69%. As is typical across the industry with such loans, the Company is required to comply with certain restrictions required by the lender regarding the amount of debt as a ratio of net assets and minimum requirements regarding the net asset value of the Company. The Company complies with all these requirements. For details regarding the fair valuation of the private placement long term debt, see glossary of terms and APMs on page 93. The negative attributions arising from the fair valuation calculation of the private placement is detailed on pages 12 and 13 in the Investment Management Report. The Directors consider that the impact of the fair valuation calculation of the private placement on attribution is outweighed by the potential benefits offered by the long term debt.

## 15. Called up share capital

## Issued and fully paid share capital:

	2022		2021	
	Shares in issue	£'000	Shares in issue	£'000
<b>Growth shares – ordinary shares of 5p each<sup>1</sup></b>				
Opening balance of shares	72,741,224	2,888	74,259,820	2,948
Repurchase of shares for cancellation	(930,586)	(46)	(1,942,730)	(76)
Net conversion increase of shares	—	—	424,134	16
Restructure out/close	(71,810,638)	(2,842)	—	—
<b>Closing balance</b>	—	—	<b>72,741,224</b>	<b>2,888</b>
<b>Income shares – ordinary shares of 2.5p each<sup>2</sup></b>				
Opening balance of shares	86,020,045	1,779	89,181,557	1,856
Repurchase of shares for cancellation	(594,928)	(15)	(2,180,618)	(55)
Net conversion decrease of shares	—	—	(980,894)	(22)
Restructure out/close	(85,425,117)	(1,764)	—	—
<b>Closing balance</b>	—	—	<b>86,020,045</b>	<b>1,779</b>

Further details of transactions in the Company's shares are given on page 60.

<sup>1</sup> Fully paid ordinary shares, which have a per value of 5p each, carry one vote per share and carry a right to receive dividends.

<sup>2</sup> Fully paid ordinary shares, which have a per value of 2.5p each, carry one vote per share and carry a right to receive dividends.

## Notes to the Financial Statements

### 15. Called up share capital (continued)

#### Called up share capital (Growth & Income)

##### Issued and fully paid share capital:

	2022		2021	
	Shares in issue	£'000	Shares in issue	£'000
<b>Ordinary shares of 0.5p each<sup>1</sup></b>				
Opening balance of shares	—	—	—	—
Shares issued for restructure	437,420,913	4,606	—	—
Repurchase of shares for cancellation	(134,384)	(1)	—	—
<b>Closing balance</b>	<b>437,286,529</b>	<b>4,605</b>	—	—

Further details of transactions in the Company's shares are given on page 60.

No conversion occurred in 2022.

<sup>1</sup> Fully paid Ordinary shares, which have a per value of 0.5p each, carry one vote per share and carry a right to receive dividends.

#### Deferred Shares

The Company's Articles allow for Deferred shares to be allotted as part of the share conversion to ensure that the conversion does not result in a reduction of the aggregate par value of the Company's issued share capital (in contravention of the Companies Act). The Deferred shares do not confer any rights to the shareholder to receive capital or dividends and will be repurchased by the Company from time to time for a nominal sum. The issue and repurchase of these Deferred shares has no effect on the net asset value attributable to the holders of Growth or Income shares. The shares have no voting rights and no rights on a winding up of the Company or entitlement to dividends. Following the reconstruction of the Company on 4th February 2022, the share conversions process and related allotment of deferred shares are no longer undertaken.

	2022 £'000	2021 £'000
<b>Deferred Growth shares</b>		
2021 Opening balance of 1,701,086 shares of 0.33842498p each (2020: 12,664,930 shares of 0.05170309p)	6	7
2021 Repurchase of 1,701,086 shares of 0.33842498p each for cancellation (2020: Repurchase of 12,664,930 shares of 0.05170309p each for cancellation)	(6)	(7)
2022 no shares were issued (2021: Issue of 1,701,086 shares of 0.33842498p each)	—	6
<b>2022 Closing balance of nil shares</b>	<b>—</b>	<b>6</b>
<b>Deferred Income shares</b>		
2021 Opening balance of 85,836,171 shares of 0.31987038p each (2020: 87,261,634 shares of 0.02096422p)	275	18
2021 Repurchase of 85,836,171 shares of 0.31987038p each for cancellation (2020: Repurchase of 87,261,634 shares of 0.02096422p each for cancellation)	(275)	(18)
2022 no shares were issued (2021: Issue of 85,836,171 shares of 0.31987038p each)	—	275
<b>2022 Closing balance of nil shares</b>	<b>—</b>	<b>275</b>

## Notes to the Financial Statements

## 16. Capital and reserves

2022	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves <sup>1</sup>				Revenue reserve <sup>1</sup> £'000	Total £'000
				Gains and losses on sales of investments £'000	Holding gains and losses on investments £'000	Unrealised reserve £'000			
Opening balance	4,667	131,528	15,791	157,834	103,680	(5,602)	11,705	419,603	
Net foreign currency losses on other balances	—	—	—	(202)				(202)	
Unrealised foreign currency gains on loan and private placement	—	—	—	—	—	333	—	333	
Realised gains on sale of investments	—	—	—	34,266	—	—	—	34,266	
Net change in unrealised gains and losses on investments	—	—	—	—	(8,467)	—	—	(8,467)	
Unrealised loss on foreign currency contracts	—	—	—	—	—	(5)	—	(5)	
Unrealised gains on forward foreign currency contracts from prior year now realised	—	—	—	(70)	—	70	—	—	
Realised losses on close out of futures contracts	—	—	—	(689)	—	—	—	(689)	
Unrealised losses on futures from prior year now realised	—	—	—	(185)	—	185	—	—	
Repurchase and cancellation of the Company's own shares	(62)	—	62	(4,314)	—	—	—	(4,314)	
Project costs in relation to restructure	—	(365)	—	—	—	—	—	(365)	
Management fee and finance costs charged to capital	—	—	—	(2,924)	—	—	—	(2,924)	
Other capital charges	—	—	—	(34)	—	—	—	(34)	
Dividends paid in the year	—	—	—	—	—	—	(9,652)	(9,652)	
Retained revenue for the year	—	—	—	—	—	—	11,784	11,784	
<b>Closing balance</b>	<b>4,605</b>	<b>131,163</b>	<b>15,853</b>	<b>183,682</b>	<b>95,213</b>	<b>(5,019)</b>	<b>13,837</b>	<b>439,334</b>	

<sup>1</sup> These reserves are distributable. The amount that is distributable is not necessarily the full amount of the reserves as disclosed in these financial statements of £287,713,000 as at 31st March 2022. These reserves may be used to fund distributions to investors.

## Notes to the Financial Statements

### 16. Capital and reserves (continued)

2021	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves <sup>1</sup>				Revenue reserve <sup>1</sup> £'000	Total £'000
				Gains and losses on sales of investments £'000	Holding gains and losses on investments £'000	Unrealised reserve £'000			
Opening balance	4,804	127,827	15,613	175,569	(10,735)	(8,096)	11,555	316,537	
Net foreign currency losses on other balances	—	—	—	(1,785)	—	—	—	(1,785)	
Unrealised foreign currency gains on loan and private placement	—	—	—	—	—	1,646	—	1,646	
Realised gains on sale of investments	—	—	—	2,131	—	—	—	2,131	
Net change in unrealised gains and losses on investments	—	—	—	—	114,415	—	—	114,415	
Unrealised gains on foreign currency contracts	—	—	—	—	—	(70)	—	(70)	
Unrealised gains on forward foreign currency contracts from prior period now realised	—	—	—	(6)	—	6	—	—	
Realised losses on close out of futures contracts	—	—	—	(1,033)	—	—	—	(1,033)	
Unrealised losses on futures contracts	—	—	—	—	—	(185)	—	(185)	
Unrealised losses on futures from prior period now realised	—	—	—	(1,358)	—	1,358	—	—	
Realised losses on repayment of loans	—	—	—	(165)	—	—	—	(165)	
Transfer re loans repaid in period	—	—	—	261	—	(261)	—	—	
Repurchase and cancellation of the Company's own shares	(131)	—	131	(9,127)	—	—	—	(9,127)	
Share conversions during the year	(6)	3,701	47	(3,742)	—	—	—	—	
Management fee and finance costs charged to capital	—	—	—	(2,839)	—	—	—	(2,839)	
Other capital charges	—	—	—	(72)	—	—	—	(72)	
Dividends paid in the year	—	—	—	—	—	—	(9,923)	(9,923)	
Retained revenue for the year	—	—	—	—	—	—	10,073	10,073	
<b>Closing balance</b>	<b>4,667</b>	<b>131,528</b>	<b>15,791</b>	<b>157,834</b>	<b>103,680</b>	<b>(5,602)</b>	<b>11,705</b>	<b>419,603</b>	

<sup>1</sup> These reserves form the distributable reserve of the Company and may be used to fund distributions to investors.

### 17. Net asset value per share

	2022	Growth Share	Income Share
		2021	2021
Ordinary shareholders' funds (£'000)	439,334	275,858	143,745
Number of shares in issue	437,286,529	72,741,224	86,020,045
Net asset value per share	100.5p	379.2p	167.1p

## Notes to the Financial Statements

### 18. Reconciliation of net loss before finance costs and taxation to net cash outflow from operations before dividends and interest

	2022 £'000	2021 £'000
Net profit before finance costs and taxation	36,854	122,816
Less capital return before finance costs and taxation	(23,029)	(112,891)
Increase in accrued income and other debtors	(168)	(321)
Increase/(decrease) in accrued expenses	63	(2)
Management fee charged to capital	(2,173)	(1,991)
Overseas withholding tax	(3,507)	(1,852)
Dividends received	(11,921)	(9,105)
Interest received on cash and cash equivalents	(2)	(2)
Realised gain on foreign currency transactions	243	215
Realised (loss)/gain on liquidity fund	(707)	43
<b>Net cash outflow from operations before dividends and interest</b>	<b>(4,347)</b>	<b>(3,090)</b>

### 19. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2021: none).

### 20. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 37. The management fee payable to the Manager for the year was £3,343,000 (2021: £2,998,000), of which £nil (2021: £nil) was outstanding at the year end.

During the year £nil (2021: £nil) was payable to the Manager for the administration of savings scheme products, of which £nil (2021: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 66 are safe custody fees amounting to £52,000 (2021: £44,000) payable to JPMorgan Chase Bank N.A. of which £9,000 (2021: £16,000) 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. Commission amounting to £15,000 (2021: £1,000) was payable to JPMorgan Securities Limited for the year of which £nil (2021: £nil) was outstanding at the year end.

The Company holds investments in funds managed by JPMAM. At 31st March 2022 these were valued at £11.3 million (2021: £15.5 million) and represented 2.5% (2021: 5.6%) of the Company's investment portfolio. During the year the Company made £nil purchases of such investments (2021: £nil) and sales with a total value of £3,389,000 (2021: £2,526,000).

Income amounting to £170,000 (2021: £204,000) was receivable from these investments during the year of which £nil (2021: £nil) was outstanding at the year end.

The Company also holds cash in the JPMorgan Euro Liquidity Fund, managed by JPMF. At the year end this was valued at £24.3 million (2021: £20.5 million). Interest amounting to £nil (2021: £nil) was payable during the year of which £nil (2021: £nil) was outstanding at the year end.

Stock lending income amounting to £74,000 (2021: £257,000) was receivable by the Company during the year. JPMAM commissions in respect of such transactions amounted to £8,000 (2021: £28,000).

Handling charges on dealing transactions amounting to £34,000 (2021: £71,000) were payable to JPMorgan Chase Bank N.A. during the year of which £6,000 (2021: £17,000) was outstanding at the year end.

At the year end, total cash of £5.4 million (2021: £9.8 million) was held with JPMorgan Chase Bank N.A. A net amount of interest of £2,000 (2021: £2,000) was receivable by the Company during the year from JPMorgan Chase Bank N.A. of which £nil (2021: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 46 and in note 6 on page 66.

## Notes to the Financial Statements

### 21. Disclosures regarding financial instruments measured at fair value

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

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

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

- (1) The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date
- (2) Inputs other than quoted prices included within Level 1 that are observable (i.e.: developed using market data) for the asset or liability, either directly or indirectly
- (3) Inputs are unobservable (i.e.: for which market data is unavailable) for the asset or liability

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

Details of the valuation policies of investments and derivatives are given in note 1(b) and note 1(g) on pages 63 and 64. Derivative financial instruments, including short term forward currency contracts are valued at fair value, which is the net unrealised gain or loss.

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

	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 <sup>1</sup>	451,154	—	425,010	(185)
Level 2 <sup>2</sup>	137	(142)	4,057	(181)
<b>Total</b>	<b>451,291</b>	<b>(142)</b>	<b>429,067</b>	<b>(366)</b>

<sup>1</sup> Includes future currency contracts.

<sup>2</sup> Includes investments in Open Ended Investment Schemes (OEIC's) and Forward foreign currency contracts and spot contracts.

There were no transfers between Level 1, 2 or 3 during the year (2021: nil).

### 22. 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 for each share class. 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 Continental European equity shares, collective investment funds and which are held in accordance with the Company's investment objective;
- cash held within a liquidity fund;
- short term debtors, creditors and cash arising directly from its operations;
- futures contracts, the purpose of which is to effect changes in the level of the Company's gearing;
- short term forward currency contracts for the purpose of settling short term liabilities and manage working capital requirements; and
- a Euro denominated bank loan and private placement, the purpose of which are to finance the Company's operations.

## Notes to the Financial Statements

### (a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) and (ii) 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 the currency in which it reports. 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 the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Foreign currency borrowing may be used to limit the Company's exposure to anticipated changes in exchange rates which might otherwise adversely affect the sterling value of the portfolio of investments. This borrowing is limited to currencies and amounts commensurate with the asset exposure to those currencies. Income denominated in foreign currencies is converted to sterling on receipt. The Company may use short term forward currency contracts for the purpose of settling short term liabilities and to manage working capital requirements.

#### Foreign currency exposure

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

	2022						Total £'m
	EUR £'m	CHF £'m	SEK £'m	DKK £'m	NOK £'m	USD £'m	
Current assets less current liabilities excluding the foreign currency bank loan & private placement	26.1	(5.6)	13.1	(6.8)	(2.8)	0.9	24.9
Foreign currency bank loan and private placement	(42.1)	—	—	—	—	—	(42.1)
Foreign currency exposure on net monetary items	(16.0)	(5.6)	13.1	(6.8)	(2.8)	0.9	(17.2)
Investments held at fair value through profit or loss	286.1	97.3	15.8	29.8	10.8	—	439.8
<b>Total net foreign currency exposure</b>	<b>270.1</b>	<b>91.7</b>	<b>28.9</b>	<b>23.0</b>	<b>8.0</b>	<b>0.9</b>	<b>422.6</b>

## Notes to the Financial Statements

### 22. Financial instruments' exposure to risk and risk management policies (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

###### Foreign currency exposure (continued)

	EUR £'m	CHF £'m	SEK £'m	DKK £'m	NOK £'m	USD £'m	TOTAL £'m
Current assets less current liabilities excluding the foreign currency							
bank loan & private placement	31.5	7.0	(4.1)	3.1	(9.6)	1.6	29.5
Foreign currency bank loan and private placement	(42.4)	—	—	—	—	—	(42.4)
Futures	(0.2)	—	—	—	—	—	(0.2)
Foreign currency exposure on net monetary items	(11.1)	7.0	(4.1)	3.1	(9.6)	1.6	(13.1)
Investments held at fair value through profit or loss	283.9	71.7	31.2	16.5	14.1	—	417.4
<b>Total net foreign currency exposure</b>	<b>272.8</b>	<b>78.7</b>	<b>27.1</b>	<b>19.6</b>	<b>4.5</b>	<b>1.6</b>	<b>404.3</b>

In the opinion of the Directors, the above year end amounts are broadly representative of the exposure to foreign currency risk during the year. This analysis is presented on an un-hedged basis.

###### Foreign currency sensitivity

The following table illustrate 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% (2021: 10%) appreciation or depreciation in sterling against the Euro, and the other currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2022		2021	
	If sterling strengthens by 10%	If sterling weakens by 10%	If sterling strengthens by 10%	If sterling weakens by 10%
	£'000	£'000	£'000	£'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(1,540)	1,540	(1,108)	1,108
Capital return	1,714	(1,714)	1,315	(1,315)
Total return after taxation for the year	174	(174)	207	(207)
<b>Net assets</b>	<b>174</b>	<b>(174)</b>	<b>207</b>	<b>(207)</b>

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

##### (ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits, the liquidity fund and the interest payable on variable rate borrowings when interest rates are reset.

## Notes to the Financial Statements

### Management of interest rate risk

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

### Interest rate exposure

The Company has a private placement carrying a fixed rate of interest. 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.

	2022 £'000	2021 £'000
Exposure to floating interest rates:		
Cash and short term deposits	5,402	10,520
JPMorgan Euro Liquidity Fund	24,283	20,512
<b>Total exposure</b>	<b>29,685</b>	<b>31,032</b>

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2021: same).

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

Details of the bank loan and private placement are given in note 13 and 14 on pages 70 and 71.

### Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1% (2021: 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.

	2022		2021	
	1%	1%	1%	1%
	Increase in rate £'000	Decrease in rate £'000	Increase in rate £'000	Decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	297	(297)	310	(310)
Total return after taxation for the year	297	(297)	310	(310)
<b>Net assets</b>	<b>297</b>	<b>(297)</b>	<b>310</b>	<b>(310)</b>

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

### (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.

## Notes to the Financial Statements

### 22. Financial instruments' exposure to risk and risk management policies (continued)

#### (a) Market risk (continued)

##### (iii) Other price risk (continued)

###### Management of other price risk (continued)

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

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	451,154	428,958
Futures	—	(185)
	<b>451,154</b>	<b>428,773</b>

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

###### Concentration of exposure to market price risk

An analysis of the Company's investments is given on pages 22 and 23. This shows that the majority of the investment portfolio's value is in European equities but there is no concentration of exposure to any one European country. 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% (2021: 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.

	2022		2021	
	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	(102)	102	(96)	96
Capital return	44,879	(44,879)	38,603	(38,603)
Total return after taxation	44,777	(44,777)	38,507	(38,507)
<b>Net assets</b>	<b>44,777</b>	<b>(44,777)</b>	<b>38,507</b>	<b>(38,507)</b>

#### (b) Liquidity risk

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

###### Management of the risk

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

The Board's policy is for the Company to remain fully invested in normal market conditions and that short term borrowings be used to manage short term liabilities and working capital requirements and to gear the Company as appropriate.

## Notes to the Financial Statements

### Liquidity risk exposure

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

	2022			
	More than		One year or more £'000	Total £'000
	Three months or less £'000	three months but not more than one year £'000		
<b>Creditors: amounts falling due within one year</b>				
Securities purchased awaiting settlement	3,036	—	—	3,036
Other creditors and accruals	202	—	—	202
Derivative financial instruments	142	—	—	142
<b>Creditors: amounts falling due after more than one year</b>				
Metlife Private Placement, including interest	375	853	56,148	57,376
	<b>3,755</b>	<b>853</b>	<b>56,148</b>	<b>60,756</b>
 <b>2021</b>				
	More than			
	Three months or less £'000	three months but not more than one year £'000	One year or more £'000	Total £'000
	£'000	£'000		
<b>Creditors: amounts falling due within one year</b>				
Securities purchased awaiting settlement	1,402	—	—	1,402
Repurchase of the Company's own shares awaiting settlement	318	—	—	318
Other creditors and accruals	150	—	—	150
Derivative financial instruments	366	—	—	366
<b>Creditors: amounts falling due after more than one year</b>				
Metlife Private Placement, including interest	385	864	57,961	59,210
	<b>2,621</b>	<b>864</b>	<b>57,961</b>	<b>61,446</b>

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

### (c) Credit risk

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

#### Management of credit risk

##### Portfolio dealing

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

## Notes to the Financial Statements

### 22. Financial instruments' exposure to risk and risk management policies (continued)

#### (c) Credit risk (continued)

##### Management of credit risk (continued)

##### 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. At the year end the cash balance of £5.4 million (2021: £10.5 million) was placed across a range of suitably approved counterparties in line with the Board's concentration guidelines. The JPMorgan Euro Liquidity Fund has a AAA rating.

##### Exposure to JPMorgan Chase Bank N.A.

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

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

##### Credit risk exposure

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

The aggregate value of securities on loan at 31st March 2022 amounted to £25.3 million (2021: £11.0 million) and the maximum value of stock on loan during the year amounted to £35.2 million (2021: £87.9 million). Collateral is obtained by JPMorgan Asset Management and is called in on a daily basis to a value of 102% (2021: 102%) of the value of the securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% (2021: 105%) if it is denominated in a different currency. Full details of the collateral is disclosed on pages 86 to 87.

#### (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 except for the Metlife Private Placement which the Company has in issue. The fair value of the Private Placement has been calculated using discounted cash flow techniques, using the yield from a similarly dated German government bond plus a margin based on the five year average for the AA Barclays Euro Corporate Bond spread.

	Carrying value		Fair value	
	2022 £m	2021 £m	2022 £m	2021 £m
Euro 50 million 2.69% Metlife Private Placement 26th August 2035	42.1	42.4	49.7	55.1

## Notes to the Financial Statements

### 23. Capital management policies and procedures

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

	2022 £'000	2021 £'000
<b>Debt</b>		
Private Placement	42,092	42,418
<b>Total debt</b>	<b>42,092</b>	<b>42,418</b>
<b>Equity</b>		
Called up share capital	4,605	4,667
Reserves	434,729	414,936
<b>Total equity</b>	<b>439,334</b>	<b>419,603</b>
<b>Total debt and equity</b>	<b>481,426</b>	<b>462,021</b>

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

The Board's policy is to limit gearing within the range of 10% net cash to 20% geared.

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	451,154	428,958
Net assets	439,334	419,603
<b>Gearing</b>	<b>2.7%</b>	<b>2.2%</b>

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

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

### 24. Subsequent events

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



## Regulatory Disclosures

### Alternative Investment Fund Managers Directive ('AIFMD') Disclosures (unaudited)

#### Leverage

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

The Company's maximum and actual leverage levels at 31st March 2022 are shown below:

	Gross Method	Commitment Method
Maximum limit	200%	200%
Actual	128%	113%

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

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

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

#### JPMF 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 JPMF Board reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. The Board last reviewed and adopted the Remuneration Policy that applied for the 2021 Performance Year in May 2021 with no material changes and was satisfied with its implementation.

#### Quantitative Disclosures

The table below provides an overview of the aggregate total remuneration paid to staff of the Management Company in respect of the 2021 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JP Morgan Asset Management (UK) Ltd (the relevant employing entity) and the number of beneficiaries, both apportioned to the Management Company on an Assets Under Management ('AUM') weighted basis.

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 32 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 42 sub-funds) as at 31st December 2021, with a combined AUM as at that date of £23.4 billion and £24.8 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (USD\$'000s)	23,244	16,065	39,309	153

The aggregate 2021 total remuneration paid to AIFMD Identified Staff was USD \$84,714,000, of which USD \$6,570,000 relates to Senior Management and USD \$78,144,000 relates to other Identified Staff.<sup>1</sup>

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

#### Securities Financing Transactions Regulation ('SFTR') Disclosure (Unaudited)

The Fund engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or

# Regulatory Disclosures

commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to SFTR for the accounting period ended 31st March 2022 are detailed below.

## Global Data

### Amount of securities on loan

The total value of securities on loan as a proportion of the Company's total lendable assets, as at the balance sheet date, is 5.6%. Total lendable assets represents the aggregate value of assets types forming part of the Company's securities lending programme.

### Amount of assets engaged in securities lending

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

	Value £'000	% of AUM
Securities lending	25,336	5.8%

## Concentration and Aggregate Transaction Data

### Counterparties

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

Counterparty	Country of Incorporation	Value £'000
Goldman Sachs	United States of America	6,630
Citigroup	United States of America	4,641
Morgan Stanley	United States of America	3,629
Societe Generale	France	3,504
UBS	Switzerland	3,370
JP Morgan	United States of America	1,801
Merrill Lynch	United States of America	1,622
BNP	France	139
<b>Total</b>		<b>25,336</b>

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

### Maturity tenure of Security lending transactions

The Company's securities lending transactions have open maturity.

### Collateral issuers

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

Issuer	Value £'000
United States of America Treasury	13,656
United Kingdom Treasury	5,325
French Republic Government	4,078
Federal Republic of Germany Government	1,144
Kingdom of Belgium Government	765
Republic of Austria Government	739
Republic of Finland Government	234
Kingdom of Netherlands Government	189
<b>Total</b>	<b>26,131</b>

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

### Type, quality and currency of collateral

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

Type	Quality	Currency	Value £'000
Sovereign Debt	Investment Grade	EUR	7,150
Treasury Notes	Investment Grade	USD	6,832
Treasury Bonds	Investment Grade	USD	6,596
Sovereign Debt	Investment Grade	GBP	5,325
Treasury Bills	Investment Grade	USD	228
<b>Total</b>			<b>26,131</b>

### Maturity tenure of collateral

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

Maturity	Value £'000
1 day to 1 week	—
1 week to 1 month	303
1 to 3 months	242
3 to 12 months	1,594
more than 1 year	23,992
<b>Total</b>	<b>26,131</b>

### Settlement and clearing

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

## Regulatory Disclosures

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### Re-use of collateral

#### Share of collateral received that is reused and reinvestment return

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

Cash collateral received in the context of securities lending transactions may be reused in accordance with the provisions contained within the Prospectus. The Company currently reinvests cash collateral received in respect of securities lending transactions in the overnight cash market.

### Safekeeping of collateral

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

### Return and cost

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



## Notice of Annual General Meeting

Notice is hereby given that the ninety-third Annual General Meeting of JPMorgan European Growth & Income plc will be held at 60 Victoria Embankment, London EC4Y 0JP on 7th July 2022 at 2.30 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st March 2022.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st March 2022.
4. To reappoint Josephine Dixon a Director of the Company.
5. To reappoint Rita Dhut a Director of the Company.
6. To reappoint Alexander Lennard a Director of the Company.
7. To reappoint Karen McKellar as a Director of the Company.
8. To reappoint Jutta af Rosenborg a Director of the Company.
9. To reappoint Guy Walker as a Director of the Company.
10. To appoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the Directors to determine their remuneration for the ensuing year.

### Special Business

To consider the following resolutions:

#### Authority to allot new shares – Ordinary Resolution

11. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, in substitution of any authorities previously granted to the Directors, pursuant to 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 £218,493, (being approximately 10% of the issued share capital of the Ordinary shares of the Company as at 6th June 2022), provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2023 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

12. THAT, subject to the passing of Resolution 11 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by

Resolution 11 as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities in the Company by way of rights issue, open offer or otherwise to holders of Ordinary shares where the equity securities attributable to the interests of all Ordinary shares are proportionate to the numbers of Ordinary shares and Income shares held by them subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange or any territory or otherwise howsoever; and/or
- (b) the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to an aggregate nominal value of approximately £218,493 (being approximately 10% of the total issued share capital of the Ordinary share class of the Company as at 6th June 2022) at a price not less than the net asset value per share; and shall expire upon the expiry of the general authority conferred by Resolution 11 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

#### Authority to Repurchase the Company's shares – Special Resolution

13. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of its issued Ordinary shares (being a class of shares in the capital of the Company).

PROVIDED ALWAYS THAT

- (i) the maximum number of shares hereby authorised to be purchased shall be 65,504,281 respectively, or, if different, that number of shares which is equal to 14.99% of the issued share capital of the share class as at the date of the passing of this Resolution;
- (ii) the minimum price which may be paid for any share shall be 0.5p;
- (iii) the maximum price which may be paid for any Ordinary share shall be an amount equal to: (a) 105% of the average of the middle market quotations for a share taken from and calculated by reference to

## Notice of Annual General Meeting

the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

- (iv) any purchase of shares will be made in the market for cash at prices below the prevailing net asset value per share (as determined by the Directors) at the date following not more than seven days before the date of purchase;
- (v) the authority hereby conferred shall expire on 8th January 2024 unless the authority is renewed at the Company's Annual General Meeting in 2023 or at any other general meeting prior to such time; and
- (vi) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

By order of the Board

Paul Winship, for and on behalf of JPMorgan Funds Limited,  
Secretary

7th June 2022

### Notes

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

1. If law or Government guidance so requires at the time of the Meeting, the Chairman of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the Meeting. In addition, the Company may still impose entry restrictions on certain persons wishing to attend the AGM in order to secure the orderly and proper conduct of the Meeting.
2. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.
4. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.
5. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

## Notice of Annual General Meeting

6. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.
7. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
8. 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.
9. Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.
10. 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.
11. 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.
12. 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.
13. 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.jpmeuropean.co.uk](http://www.jpmeuropean.co.uk).

## Notice of Annual General Meeting

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14. 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.
15. 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.
16. As an alternative to completing a hard copy Form of Proxy, you can appoint a proxy or proxies electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at [www.shareview.co.uk](http://www.shareview.co.uk). Full instructions are given on both websites.
17. As at 6th June 2022 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 436,986,529 Ordinary shares (excluding 0 held in Treasury) carrying one vote each. Therefore the total voting rights in the Company are 436,986,529.

### Electronic appointment – CREST members

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

## Glossary of Terms and Alternative Performance Measures ('APMS') (unaudited)

### 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.

	Page	Year ended 31st March 2022	Year ended 31st March 2021	
<b>Total return calculation</b>				
<b>Growth &amp; Income</b>				
Opening share price (p) <sup>2</sup>		80.7	n/a	(a)
Closing share price (p)	7	85.0	n/a	(b)
Total dividend adjustment factor <sup>1</sup>		1.019583	n/a	(c)
Adjusted closing share price (d = b x c)		86.7	n/a	(d)
<b>Total return to shareholders (e = (d / a) - 1)</b>		<b>7.5%</b>	<b>n/a</b>	<b>(e)</b>
<b>Growth</b>				
Opening share price (p)		n/a	215.0	(a)
Closing share price (p)	7	n/a	326.0	(b)
Total dividend adjustment factor <sup>1</sup>		n/a	1.015096	(c)
Adjusted closing share price (d = b x c)		n/a	330.92	(d)
<b>Total return to shareholders (e = (d / a) - 1)</b>		<b>n/a</b>	<b>53.9%</b>	<b>(e)</b>
<b>Income</b>				
Opening share price (p)		n/a	99.8	(a)
Closing share price (p)	7	n/a	143.5	(b)
Total dividend adjustment factor <sup>1</sup>		n/a	1.054734	(c)
Adjusted closing share price (d = b x c)		n/a	151.4	(d)
<b>Total return to shareholders (e = (d / a) - 1)</b>		<b>n/a</b>	<b>51.7%</b>	<b>(e)</b>

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

<sup>2</sup> Rebased Growth share price as at 31st March 2021 based upon the Growth share price as at 31st January 2022.

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV per share when calculating the total return on net assets.

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

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

## Glossary of Terms and Alternative Performance Measures ('APMS') (unaudited)

	Page	Year ended 31st March 2022	Year ended 31st March 2021
<b>Total return calculation</b>			
<b>Growth &amp; Income</b>			
Opening cum-income NAV per share (p) <sup>2</sup>		93.1	n/a (a)
Closing cum-income NAV per share (p)	7	100.5	n/a
(-) the 1st interim dividend declared but not paid pre year-end date	7	(1.10)	n/a
Adjusted closing cum-income NAV per share (p)		99.4	n/a (b)
Total dividend adjustment factor <sup>1</sup>		1.017713	n/a (c)
Adjusted closing cum-income NAV per share (d = b x c)		101.2	n/a (d)
<b>Total return on net assets with debt at par value (e = (d / a) - 1)</b>		<b>8.7%</b>	<b>n/a (e)</b>
<b>Growth</b>			
Opening cum-income NAV per share (p)	7	n/a	274.3
(-) the 2nd interim dividend declared but not paid pre year-end date		n/a	(4.0)
Adjusted opening cum-income NAV per share (p)		n/a	270.3 (a)
Closing cum-income NAV per share (p)	7	n/a	379.2
(-) the 2nd interim dividend declared but not paid pre year-end date		n/a	(3.2)
Adjusted closing cum-income NAV per share (p)		n/a	376.0 (b)
Total dividend adjustment factor <sup>1</sup>		n/a	1.012552 (c)
Adjusted closing cum-income NAV per share (d = b x c)		n/a	380.72 (d)
<b>Total return on net assets with debt at par value (e = (d / a) - 1)</b>		<b>n/a</b>	<b>40.9% (e)</b>
<b>Income</b>			
Opening cum-income NAV per share (p)		n/a	126.5
(-) the 4th interim dividend declared but not paid pre year-end date		n/a	(2.5)
Adjusted opening cum-income NAV per share (p)		n/a	124.0 (a)
Closing cum-income NAV per share (p)	7	n/a	167.1
(-) the 4th interim dividend declared but not paid pre year-end date	7	n/a	(2.5)
Adjusted closing cum-income NAV per share (p)		n/a	164.6 (b)
Total dividend adjustment factor <sup>1</sup>		n/a	1.044983 (c)
Adjusted closing cum-income NAV per share (d = b x c)		n/a	172.0 (d)
<b>Total return on net assets with debt at par value (e = (d / a) - 1)</b>		<b>n/a</b>	<b>38.7% (e)</b>

<sup>1</sup> The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

<sup>2</sup> Rebased Adjusted Growth NAV per share as at 31st March 2021 based upon the Growth NAV as at 31st January 2022. Growth dividend paid on 15th October 2021 rebased using the same rebasing factor.

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV per share when calculating the total return on net assets.

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

The Company's debt (private placement) is valued in the Statement of Financial Position (on page 61) at amortised cost, which is materially equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as 'Debt at Par Value'.

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

## Glossary of Terms and Alternative Performance Measures ('APMS') (unaudited)

This fair value is explained in note 22(d) on page 82 on the financial statements. The difference between fair and par values of the debt is subtracted from the NAV to derive the NAV with debt at fair value. The fair value of the Euro 50.0 million Private Placement issued by the Company has been calculated using discounted cash flow techniques, using the yield from similar dated German government bond plus a margin based on the five year average for the AA Barclays Sterling Corporate Bond spread.

Total return calculation	Page	Year ended	Year ended
		31st March 2022	31st March 2021
<b>Growth &amp; Income</b>			
Opening cum-income NAV per share (p) <sup>2</sup>		90.5	n/a (a)
Closing cum-income NAV per share (p)	7	98.7	n/a
(-) the 1st interim dividend declared but not paid pre year-end date	7	(1.10)	n/a
Adjusted closing cum-income NAV per share (p)		97.6	n/a (b)
Total dividend adjustment factor <sup>1</sup>		1.018232	n/a (c)
Adjusted closing cum-income NAV per share (d = b x c)		99.4	n/a (d)
<b>Total return on net assets with debt at fair value (e = d / a - 1)</b>		<b>9.8%</b>	<b>n/a (e)</b>
<b>Growth</b>			
Opening cum-income NAV per share (p)		n/a	261.0
(-) the 2nd interim dividend declared but not paid pre year-end date		n/a	(4.0)
Adjusted opening cum-income NAV per share (p)		n/a	257.0 (a)
Closing cum-income NAV per share (p)	7	n/a	368.7
(-) the 2nd interim dividend declared but not paid pre year-end date	7	n/a	(3.2)
Adjusted closing cum-income NAV per share (p)		n/a	365.5 (b)
Total dividend adjustment factor <sup>1</sup>		n/a	1.013014 (c)
Adjusted closing cum-income NAV per share (d = b x c)		n/a	370.3 (d)
<b>Total return on net assets with debt at fair value (e = d / a - 1)</b>		<b>n/a</b>	<b>44.1% (e)</b>
<b>Income</b>			
Opening cum-income NAV per share (p)		n/a	120.3
(-) the 4th interim dividend declared but not paid pre year-end date		n/a	(2.5)
Adjusted opening cum-income NAV per share (p)		n/a	117.8 (a)
Closing cum-income NAV per share (p)	7	n/a	161.3
(-) the 4th interim dividend declared but not paid pre year-end date	7	n/a	(2.5)
Adjusted closing cum-income NAV per share (p)		n/a	158.8 (b)
Total dividend adjustment factor <sup>1</sup>		n/a	1.047137 (c)
Adjusted closing cum-income NAV per share (d = b x c)		n/a	166.3 (d)
<b>Total return on net assets with debt at fair value (e = d / a - 1)</b>		<b>n/a</b>	<b>41.2% (e)</b>

<sup>1</sup> The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

<sup>2</sup> Rebased Adjusted Growth NAV per share as at 31st March 2021 based upon the Growth NAV as at 31st January 2022. Growth dividend paid on 15th October 2021 rebased using the same rebasing factor.

### Net asset value per share (APM)

The value of the Company's net assets (total assets less total liabilities) divided by the number of Ordinary shares in issue. Please see note 17 on page 74 for detailed calculations.

## Glossary of Terms and Alternative Performance Measures ('APMS') (unaudited)

### Benchmark total return

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

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

### Gearing/(Net Cash) (APM)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds.

If the amount calculated is negative, this is shown as a 'net cash' position.

Gearing calculation	Page	31st March		31st March	
		2022	£'000	2021	£'000
Investments held at fair value through profit or loss	83	451,154		428,958	(a)
Net assets	83	439,334		419,603	(b)
<b>Gearing/(net cash) (c = (a / b) - 1)</b>		<b>2.7%</b>		<b>2.2%</b>	(c)

### Ongoing charges (APM)

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

Ongoing charges calculation	Page	Growth & Income share		Growth share		Income shares	
		Year ended		Year ended		Year ended	
		31st March	2022	31st March	2021	31st March	2021
Management fee	66	3,343		1,920		1,078	
Other administrative expenses	66	649		373		202	
Total management fee and other administrative expenses		3,992		2,293		1,280	(a)
Average daily cum-income net assets		447,824		249,065		130,730	(b)
<b>Ongoing charges (c = a / b)</b>		<b>0.89%</b>		<b>0.92%</b>		<b>0.98%</b>	(c)

### Share Price Discount/Premium to Net Asset Value ('NAV') per Share (APM)

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share.

The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium (page 6).

# Glossary of Terms and Alternative Performance Measures ('APMS') (unaudited)

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## Performance Attribution

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

### Performance Attribution Definitions:

#### Asset allocation

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

#### Stock/Sector selection

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

#### Currency effect

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

#### Gearing/(net cash)

Measures the impact on returns of borrowings or cash balances on the Company's relative performance.

#### Management fee/Other expenses

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

#### Share Buyback

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

## Where to buy J.P. Morgan Investment Trusts

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

### 1. Via a third party provider

Third party providers include:

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

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

The Board encourages all of its shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability to receive company documentation, to vote their shares and to attend general meetings, at no cost. Please refer to your investment platform for more details, or visit the Association of Investment Companies' ('AIC') website at [www.theaic.co.uk/aic/shareholder-voting-consumer-platforms](http://www.theaic.co.uk/aic/shareholder-voting-consumer-platforms) for information on which platforms support these services and how to utilise them.

### 2. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you to 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](http://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](http://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.

#### 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](http://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](http://www.actionfraud.police.uk)

**Find out more at**  
[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)



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

## Information About the Company

### FINANCIAL CALENDAR

Financial year end	31st March
Final results announced	June
Half year end	30th September
Half year results announced	November
Dividends payable	March, July, October and January
Annual General Meeting	July

### History

JPMorgan European Growth & Income plc was formed in 1929 as The London and Holyrood Trust Limited and was a general investment trust until 1982 when the name was changed to The Fleming Universal Investment Trust. Under this name the portfolio became more internationally invested until November 1988, when the Board decided to concentrate on Continental European investments. In 1992 shareholders approved a formal adoption of this specialisation. The Company adopted separate growth and income portfolios and share classes under the name of JPMorgan European Investment Trust plc in August 2006. The current structure was approved by shareholders and the name changed from JPMorgan European Investment Trust plc to JPMorgan European Growth & Income plc on 4th February 2022.

### Company Numbers

Company registered in England number: 237958 a public company limited by shares

LEI: 549300D8SPJFHBDGXS57

London Stock Exchange Sedol number: BPR9Y24

ISIN number: GB00BPR9Y246

JEGI LN

### Market Information

The Company's net asset value is published daily, via The London Stock Exchange. The Company's shares are listed on the London Stock Exchange. The market prices are shown daily in the Financial Times, The Times, the Daily Telegraph, The Scotsman and on the Company website at [jpmeuropeangrowthandincome.com](http://jpmeuropeangrowthandincome.com), where the share prices are updated every 15 minutes during trading hours.

### Website

[www.jpmeuropeangrowthandincome.com](http://jpmeuropeangrowthandincome.com)

### Share Transactions

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

### Manager and Company Secretary

JPMorgan Funds Limited  
Company's Registered Office  
60 Victoria Embankment  
London EC4Y 0JP  
Telephone number: 020 7742 4000

Please contact Paul Winship for company secretarial and administrative matters.

### 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 1080  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA  
Telephone: 0371 384 2319

Lines are open from 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 1080.

Registered shareholders can obtain further details on individual holdings on the internet by visiting [www.shareview.co.uk](http://www.shareview.co.uk).

### Independent Auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

### Brokers

Winterflood Securities Limited  
The Atrium Building  
Cannon Bridge  
25 Dowgate Hill  
London EC4R 2GA  
Telephone 020 7621 0004



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## CONTACT

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