JPMorgan American Investment Trust plc

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

J.P.Morgan
ASSET MANAGEMENT

Key Features

Investment Objective

To achieve capital growth from North American investments by outperformance of the Company's benchmark. It aims to outperform a benchmark, which is the S&P 500 Index, with net dividends reinvested, expressed in sterling terms.

Investment Policies

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

Please refer to page 37 for full details of the Company's investment policies.

Gearing

The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. Within this range, the Board reviews and sets a strategic gearing level, which is currently 10% + or –2%. The current tactical level of gearing is 5% with a permitted range around this level of + or –5%, meaning that currently gearing can vary between 0% and 10%.

ESG

The Manager of the Company considers financially material Environmental, Social and Governance (ESG) factors in investment analysis and investment decisions, with the goal of enhancing long-term, risk-adjusted financial returns. For further information, please refer to the Company's website and page 25 of this report. Information can also be found on the Association of Investment Companies ('AIC') website – www.theaic.co.uk

Benchmark Index

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

Capital Structure

As at 31st December 2022, the Company's share capital comprised 281,633,910 ordinary shares of 5p each, including 92,716,100 shares held in Treasury.

The Company's available borrowings are currently made up of a £80 million revolving credit facility (including an option to expand the facility by a further £20 million) expiring in August 2025, a US$65 million fixed-rate unsecured loan note at an annual coupon of 2.55% which will mature in February 2031 and a US$35 million fixed rate unsecured loan note at an annual coupon of 2.32% maturing in October 2032. All borrowings are drawn in US dollars.

Management Fees

The management fee is charged on a tiered basis as follows:

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

Management Company

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager' or the 'Investment Manager') as its Alternative Investment Fund Manager. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM') which further delegates the management to J.P. Morgan Asset Management, Inc. All of these entities are wholly owned subsidiaries of J.P. Morgan Chase & Co.

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

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

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

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

More information about the Company can be found online at www.jpmamerican.co.uk.

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Strategic Report

Image: Statue of Liberty, New York City

Financial Highlights

Total returns (including dividends reinvested)

	2022	2021	3 years Cumulative	5 years Cumulative	10 years Cumulative
Return to shareholders[1,APM]	–9.9%	+34.3%	+46.7%	+79.7%	+328.8%
Return on net assets[2,APM]	–8.7%	+28.1%	+42.7%	+74.7%	+335.6%
Benchmark return[3]	–8.0%	+29.6%	+36.4%	+74.1%	+328.6%
Annualised return on net assets relative to the benchmark[3,4]	–0.7%	–1.5%	+1.5%	+0.1%	+0.2%
Dividend	7.25p	7.0p			

1 Source: Morningstar.
2 Source: Morningstar/J.P. Morgan, using cum income net asset value per share, with debt at fair value.
3 The Company's benchmark index is the S&P 500 Index, net of the appropriate withholding tax, expressed in sterling total return terms.
4 Annualised returns calculated on a geometric basis for periods greater than one year.
APM Alternative Performance Measures ('APM') as defined in the glossary of terms.

A glossary of terms and APMs is provided on pages 99 to 101.

Financial Highlights

Summary of results

		2022	2021	% change
Total returns for the year ended 31st December				
Return to shareholders[1,APM]		–9.9%	+34.3%	
Return on net assets	– debt at fair value[2,APM]	–8.7%	+28.1%	
	– debt at par value[2,APM]	–9.8%	+27.8%	
Benchmark return[1,3]		–8.0%	+29.6%	
Net asset value, share price, discount and market data at 31st December				
Net asset value per share	– debt at fair value[4,APM]	697.3p	771.0p	–9.6
	– debt at par value[APM]	690.3p	771.9p	–10.6
S&P 500 Index expressed in sterling (capital only)[5]		3,191.9	3,518.9	–9.3
Share price		685.0p	767.0p	–10.7
Share price discount to net asset value per share:				
	– with debt at fair value[APM]	1.7%	0.5%	
	– with debt at par value[APM]	0.8%	0.6%	
Shareholders' funds (£'000)		1,304,083	1,496,120	–12.8
Market capitalisation (£'000)		1,294,087	1,486,616	–13.0
Exchange rate		1 £ = $ 1.2029	1 £ = $ 1.3544	–11.2
Shares in issue (excluding shares held in Treasury)		188,917,810	193,822,176	–2.5
Revenue for the year ended 31st December				
Net revenue attributable to shareholders (£'000)		14,200	11,685	+25.3
Revenue return per share		7.42p	5.97p	+28.1
Dividend per share		7.25p	7.00p	+3.6
Gearing at 31st December[APM]		**5.9%**	**4.9%**	
Ongoing Charges Ratio[APM]		**0.36%**	**0.38%**	
Management Fee:				
On the first £500 million of net assets		0.35%	0.35%	
On net assets above £500 million and up to £1 billion		0.30%	0.30%	
On any net assets above £1 billion		0.25%	0.25%	

[1] Source: Morningstar.
[2] Source: Morningstar/J.P. Morgan, using cum income net asset value per share, with debt at fair value.
[3] The Company's benchmark is the S&P 500 Index, net of the appropriate withholding tax, expressed in sterling total return terms.
[4] The fair value of the combined US$100m private placements issued by the Company was calculated using discounted cash flow techniques, using the yield from a similarly dated treasury note plus a margin based on the US Broad Market AA 10-15 year spread.
[5] Source: Datastream.
[APM] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 99 to 101.

Chair's Statement

Dr Kevin Carter
Chair

Financial markets in the past year have been dominated by the persistence of higher inflation than expected and the resultant hawkish stance by Central Banks, principal among which are the seven interest rate hikes in 2022 by the US Federal Reserve. This raised the Fed Funds rate range from 0% to 0.25% to 4.25% to 4.50% over the year. Unsurprisingly the result of this was rising US Treasury bond yields, which put downward pressure on US share prices, particularly the valuation of growth companies. Contributing to the negative environment has been the human tragedy of the on-going war in Ukraine, which has also directly affected energy and other supply chains and influenced markets accordingly.

The Company's net asset value declined by 8.7% on a total return basis in 2022, lagging its benchmark, the S&P 500, which fell by 8.0% in sterling terms. The share price traded during the year between a discount of 8.1% and a premium of 1.4% compared to NAV. More information is provided in the attribution report detailed on page 12 in the Investment Manager's Report.

Since the Company changed its investment approach on 1st June 2019, it has outperformed the benchmark index by 6.9% in the subsequent 45 months through to the end of February 2023, providing a NAV total return to shareholders of 65.3% compared with a benchmark return of 58.4%. This is an annualised outperformance of 1.3% since the change in investment approach.

The Portfolio

At the year-end, 90.4% of your Company's assets were invested into US large cap stocks in a high conviction portfolio of some 40 stocks. This represents a curated selection of the Manager's best growth and value investment ideas. The proportion of the growth and value weighting can vary between 60% and 40% either way and was 52% in value and 48% in growth at period end. The overall allocation to the small cap portfolio was maintained at approximately 5% during the first six months of the year. As the small cap growth sell-off intensified, the allocation was increased and ended the year at 7.1%. The balance of the portfolio was invested in liquidity funds.

More details about the portfolio and activity during the year can be found in the Investment Manager's report on pages 11 to 18.

Gearing

The Board has set the current tactical level of gearing at 5%, with a permitted range around this level of plus or minus 5%, meaning that currently gearing can vary between 0% and 10%. This tactical level of gearing remained unchanged throughout the year. The Company ended the year with gearing of 5.9%.

The Board believes it is prudent for its gearing capacity to be funded from a mix of sources including short and longer term tenors and fixed and floating rate borrowings. The Company has in issue a combined US$100 million of unsecured loan notes issued via private placements, US$65 million of which are repayable in February 2031 and carry a fixed interest rate of 2.55% per annum and US$35 million of which mature in October 2032 and carry a fixed interest rate of 2.32%.

The Company's £80 million revolving credit facility at ING Bank expired in August 2022 and the Company replaced this with a new £80 million revolving credit facility (with an additional £20 million accordion) with Mizuho Bank Ltd. Both were drawn in US Dollars to match the currency of the Company's asset base.

The gearing level of the Company was 7.2% calculated in line with the Association of Investment Companies ('AIC') methodology as at the latest practical date. The Board continues to review the appropriate gearing level on a regular basis.

Board Review of the Manager

After almost three years of pandemic-imposed travel restrictions, the Board was finally able to visit the Manager's offices in New York and held meetings with the portfolio managers, Jonathan Simon and Tim Parton, and also with the portfolio manager of the smaller companies' portfolio, Eytan Shapiro. The Board further met with JPMorgan's senior management team to discuss the performance of the portfolio, the Company's strategy and to review broader aspects of the Manager's

Chair's Statement

service. As previously announced, Felise Agranoff has joined the portfolio management growth team in advance of the retirement of Tim Parton, which as previously announced is expected in 2024. Felise has been working closely with Tim on this portfolio's growth stocks for a number of years and is also the named portfolio manager alongside Tim on other of the Manager's flagship funds.

The Manager provides other services to the Company, including accounting, company secretarial and marketing services. These have been formally assessed through the annual manager evaluation process. Thus, taking all factors into account, the Board concluded that the ongoing appointment of the Manager is in the continuing interests of shareholders.

Ongoing Charges

The Board continues to monitor closely the Company's cost base. The Company's Ongoing Charges Ratio ('OCR') for the year under review was 0.36%. This means the Company remains one of the most competitively priced US actively managed funds available to UK investors, in either closed-ended or open-ended form.

Share Price and Premium/Discount

Throughout the year, the Company's shares traded at a discount to the NAV other than for a brief period of trading at a premium. Consistent with our statements made in previous years and because share buy-backs at a discount to NAV are enhancing to the NAV for remaining shareholders, the Board is prepared to buy-back shares when they stand at anything more than a small discount. This undertaking has operated for several years and applies in normal market conditions.

During the year 4,904,366 shares were purchased into Treasury, at a cost of £35 million, representing 2.5% of the Company's issued share capital at the beginning of 2022, and at an average discount to NAV of 3.8%. Since the year end and at the time of writing the Company has repurchased a further 4,552,232 shares into Treasury, at a cost of £32 million.

The Company will again ask shareholders to approve the repurchase of up to 14.99% of its capital at a discount to estimated NAV of the Company's shares at the forthcoming Annual General Meeting. We will also be seeking shareholder permission to issue shares, where the Board is confident of sustainable market demand. The authority, if approved, will allow the Company to issue up to 10% of its issued share capital from Treasury. The Company will only issue shares at a price in excess of the estimated NAV, including income and with the value of the debt at fair value.

Dividends

Whilst capital growth is the primary aim of the Company, the Board understands that dividend receipts can be an important element of shareholder returns. As such the Board has sought to enhance shareholder returns with progressive dividend increases.

The Company paid an unchanged interim dividend in respect of the 2022 financial year of 2.5p on 7th October 2022. Subject to shareholder approval at the AGM, a final dividend of 4.75p will be paid on 31st May 2023 to shareholders on the register on 21st April 2023, making a total of 7.25p per share. The Board are happy to report that despite the difficult economic backdrop, this is an increase of 3.6% on last year's total of 7.0p per share.

After the payment of the proposed final dividend, the balance in the revenue reserves will still be £21.7 million, equivalent to 11.5p per share (2021: 10.9p per share) or 1.6 times (2021: 1.6 times) the current dividend. The prudent approach of building up revenue reserves in prior years provides the Board with a means of supporting current dividend levels and in the future, should earnings per share drop materially in any financial year.

The Board continues to monitor the net income position of the Company and, based on current estimated dividend receipts for the year ahead, the Board aims at least to maintain the aggregate 2022 dividend in the forthcoming year.

Environmental, Social and Governance ('ESG')

The Manager continues to enhance its ESG approach which ensures it best captures the fundamental insights of the investment team. Key developments have been the access to more ESG data, better analytical capabilities and continuous updates to the in-house research processes. The Board continues to engage with the Manager on ESG considerations and how the investment team uses the available data in the construction of the Company's portfolio. More information can be found in the Manager's Approach to ESG on pages 25 to 29.

The Board

There was no change to the composition of the Board during the year 2022.

As previously announced, Ms. Pui Kei Yuen joined the Board as a Non-Executive Director of the Company with effect from 1st January 2023. Ms. Yuen has over 25 years' experience in equities. Her previous roles included UK institutional equity portfolio management and research at Mercury Asset Management, Pan European equity responsibilities at UBS and Bank of America Merrill Lynch advising large institutional investors and hedge funds. More recently, she worked with the Boards of earlier stage private companies. Ms. Yuen is also a Non-Executive Director of European Assets Trust plc.

As previously signalled, Sir Alan Collins will be retiring from the Board at the conclusion of the forthcoming AGM. On behalf of the Board and all shareholders I would like to record our sincere thanks to Alan for his significantly positive contribution to the Company, in particular for his role as the Senior Independent Director and Chair of both the Risk and Remuneration Committees. Ms Nadia Manzoor will become Senior Independent Director and Chair of the Remuneration Committee on Alan's retirement and Mr Robert Talbot will assume the Chair of the Risk Committee. If reappointed by shareholders at the forthcoming AGM, I shall serve until the AGM in 2024 at the conclusion of which I shall be retiring. Further information about Chair succession will be provided in due course.

The results of this year's externally facilitated Board evaluation process confirmed that all Directors possess the experience and attributes to support a recommendation to shareholders that they seek re-appointment at the Company's forthcoming Annual General Meeting. In line with the AIC Code of Corporate Governance, additional statements to support the re-appointment of each Director are included on page 55.

Shareholder engagement

The Board believes that shareholder interactions are very helpful in assisting it to manage the Company's affairs, and, as opportunities arise, Board members welcome and seek such meetings.

The portfolio managers also held regular calls with shareholders, including webinars, and provided portfolio and market updates on the Company's website during the year. These interactions have been well received by shareholders.

The Company delivers email updates on its progress with regular news and views, as well as the latest performance. If you have not already signed up to receive these communications and you wish to do so you can opt in via www.jpmamerican.co.uk.

Annual General Meeting

This year's Annual General Meeting is the Company's 108th and it will be held on Thursday, 18th May 2023 at 2.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP. Apart from the formal business of the meeting, shareholders will have the opportunity to hear from our portfolio managers, Jonathan Simon, Timothy Parton and Felise Agranoff, who will be presenting virtually, followed by a question and answer session. Shareholders are invited to attend the meeting and raise any questions they have, either by asking questions at the meeting, or in advance by writing to the Company Secretary at the address on page 103, or via email to invtrusts.cosec@jpmorgan.com. As is normal practice for the Company, all voting on the resolutions will be conducted on a poll. The Board strongly encourages all shareholders to exercise their votes by completing and returning their proxy forms in accordance with the notes to the Notice of Meeting on pages 95 to 98.

Chair’s Statement

For shareholders who wish to follow the AGM proceedings, but choose not to attend in person, we will be able to offer participation via video conference. Details on how to register, together with access details, can be found on the Company’s website: www.jpmamerican.co.uk. Due to technological reasons, shareholders viewing the meeting via conferencing software will not be able to vote in the poll and we therefore especially encourage those shareholders who cannot attend in person, to exercise their votes in advance of the meeting by completing and submitting their form of proxy. Shareholders are also encouraged to send any questions to the Board, via the Company Secretary, at the email address above, ahead of the AGM. We will endeavour to answer all relevant questions at the meeting, or via the website, depending on arrangements in place at the time.

If there are any changes to the arrangements for the Annual General Meeting, the Company will update shareholders through the Company’s website and, if appropriate, through an announcement to the London Stock Exchange.

Outlook

The material increases in interest rates effected by the US Federal Reserve in 2022 suggest that we are now nearing the end of this rate rising cycle. There is also mounting evidence that US inflation has peaked and is now on a downward trend. Together these suggest that the worst effect on the US stock market of these twin concerns has likely passed. This does not eliminate the risk of further volatility in the market as concerns about the lagged effects on company earnings come into investors’ focus. The end of the era of low cost money that has obtained until recently, dating from the Global Financial Crisis of 2007-2008 was bound to have many consequences. The recent collapse of Silicon Valley Bank and stresses in other regional US banks is one such, and the US Federal Reserve will now need to have a heightened focus on financial stability as it pursues its inflation fight.

The pullback in the stock market in 2022 means that valuations are better placed for the improvement in economic conditions that will follow over the medium term. In parallel, the US market remains the global leader across many sectors and as the largest market in the world continues to provide a rich array of investment opportunities.

Shareholders who take a medium to long term view should have confidence that current market pricing is more attractive than it has been for some time and that the Company’s portfolio management team will continue to seek out high quality growth and value stocks which are priced attractively, with a high conviction approach to portfolio construction designed to deliver good long term returns.

Dr Kevin Carter
Chair

31st March 2023

Investment Manager's Report

Timothy Parton
Portfolio Manager

Jonathan Simon
Portfolio Manager

Felise Agranoff
Portfolio Manager

Market Review

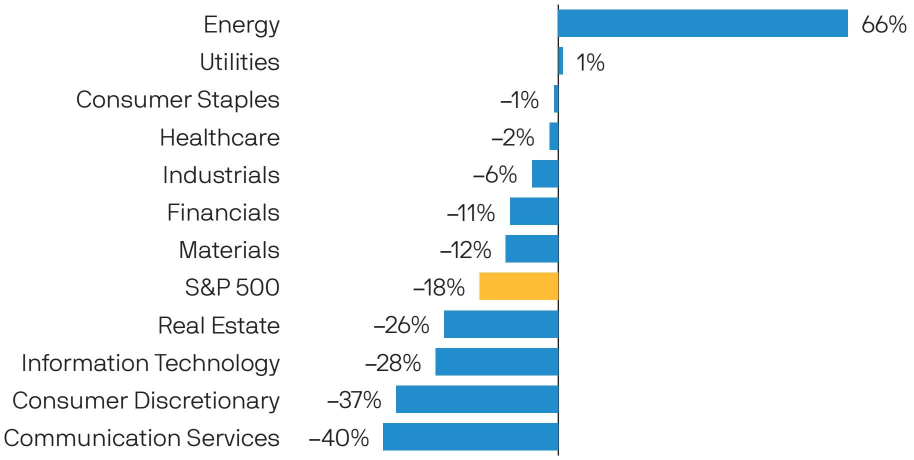
2022 was a difficult period for markets and the S&P 500 finished the year down 18% in US$ terms. It was the first negative year for the S&P 500 since 2018 and the worst calendar year performance since 2008. Heightened geopolitical tensions, persistently high inflation, hawkish monetary policy and recessionary fears all weighed on investor sentiment.

The year began with Russia's invasion of Ukraine, which disrupted supply chains and pushed up oil and gas prices, compounding inflation pressures. US inflation reached its highest level in over 40 years. Core inflation rose 9.1% year-over-year in June, forcing the US Federal Reserve (Fed) to adopt a much more aggressive stance than the market had previously expected. The Fed raised rates by a total of 4.25 percentage points in 2022 in an effort to tame inflation pressures.

This steep interest rate trajectory triggered a slowdown in many areas of discretionary consumer spending, not least in housing activity. Parts of the manufacturing and transport sectors also contracted, although other areas have so far remained quite resilient, notably leisure travel, which is experiencing strong pent-up demand following travel bans during the pandemic. Corporate earnings forecasts for 2023 declined towards year end as fears of weaker demand and a potential recession mounted. The labour market remains quite tight, with job vacancies far exceeding the number of job seekers. However, labour is a lagging indicator, so it is not surprising that we are starting to see some signs of weakness, including a rise in redundancies.

Very few sectors prospered during 2022. The standout exception was the energy sector, which was the top performing sector in the S&P 500 for a second year in a row, returning 66% over the past year, thanks to the continued rise in oil and gas prices. Defensive stocks also did relatively well, with utilities enjoying a positive return of 1%, while consumer staples declined 1% and healthcare stocks fell 2% – modest falls compared to the decline in the overall market. Longer duration growth sectors were the primary laggards, with communication services (–40%), consumer discretionary (–37%), and information technology (–28%) the worst affected.

2022 S&P 500 Index performance (US$)



Large cap stocks continued to outperform small caps modestly – the S&P's 18% decline was not quite as bad as the 20% drop in its small cap counterpart, the Russell 2000. Large cap stocks have outperformed small caps for eight of the last 12 years, and given this extended run of small cap underperformance, small cap valuations now look quite compelling relative to large caps.

However another long-term market trend was disrupted during the year. Value stocks outperformed growth for the first time since 2016, as the Russell 1000 Value Index fell 8%, while the Russell 1000 Growth Index dropped by 29%. This reversal in the fortunes of growth stocks was driven by a rotation out of technology names, while the resurgence in value was underpinned by the strong rally in energy names. However, even though value stocks outpaced growth decisively in 2022, value remains attractive on a valuation basis compared to long term averages, although the gap has narrowed.

The following table provides an overview of the returns of the main style and size indices in the US for 2022.

Investment Manager's Report

2022 US Equities Style performance (US$)

	Value	Blend	Growth
Large cap	–7.5%	–18.1%	–29.1%
Mid cap	–12.0%	–17.3%	–26.7%
Small cap	–14.5%	–20.4%	–26.4%

Source: Source: FactSet, Russell Investment Group, Standard & Poor's, Wilshire, J.P. Morgan Asset Management. Data as of 31st December 2022. All calculations are cumulative total return, including dividends reinvested for the stated period. For all time periods, total return is based on Russell style indices with the exception of the large blend category, which is based on the S&P 500 Index. Past performance is not a reliable indicator for current and future performance.

Performance and Overall Asset Allocation

Against this background, the Company's net asset value declined by 8.7% on a total return basis in 2022 in sterling terms, slightly lagging its benchmark, the S&P 500, which fell by 8.0% on the same basis.

Although the large cap portion of the portfolio posted a negative return, it outperformed its benchmark for the period, as shown in the table above. The Company's small cap allocation, which averaged 6% of the portfolio over the period, detracted from relative returns, and this, along with the use of gearing, was the reason for the portfolio's underperformance relative to the S&P 500.

Performance attribution

For the year ended 31st December 2022

	%	%
Net asset value (fair value) total return (in sterling terms)[APM]		**–8.7**
Benchmark total return (in sterling terms)		**–8.0**
Excess return		**–0.7**
Contributions to total returns:		
Large cap portfolio		**0.2**
Allocation effect	0.2	
Selection effect	0.0	
Small cap portfolio		**–0.5**
Allocation and selection effect	–0.5	
Gearing[1]		**–0.8**
Share buyback		**0.1**
Management fee/expenses		**–0.4**
Technical differences[2]		**–0.4**
Impact of fair value valuation[3]		**1.1**
Total		**–0.7**

Source: J.P. Morgan/Morningstar.
All figures are on a total return basis.
Performance attribution analyses how the Company achieved its recorded performance relative to its benchmark.

1 Cost of gearing plus the impact of holding cash and liquidity stocks compared to the benchmark. Includes impact of FX movement on debt.

2 Arises primarily where there is a divergence in the total return calculations. This is due to different methodologies being used to calculate the total return set out in the attribution calculations. The Company's NAV total return is calculated by Morningstar and includes reinvestment of dividends paid by the Company. The JPMorgan Asset Management in-house attribution system calculates the return at a portfolio level and includes dividends receivable by the Company from the underlying stocks held in the portfolio during the period, on an ex-dividend basis.

3 The impact of fair valuation includes the effect of valuing the combined US$100m private placements at fair value. It is the sum of the impact on the closing NAV of the fair value adjustment and its impact on the calculation of total returns arising from the reinvestment of dividends paid in the year into the Company's NAV.

APM Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 99 to 101.

Large Cap Portfolio

Strong stock specific contributors included **ConocoPhillips**, an oil and gas producer, and auto parts retailer **AutoZone**. ConocoPhillips' share price rallied more than 70% during the review period, thanks to elevated oil and gas prices. The company reported solid earnings that exceeded expectations. AutoZone benefited from the fact that the stock of cars is ageing, increasing demand for repairs. The non-discretionary nature of such repairs, and AutoZone's associated healthy pricing power, supported performance. Furthermore, after several years of investment, the company is finally gaining traction in the commercial vehicle area of the market.

The Company's large cap portfolio also benefited from stock selection in the communication services and healthcare sectors. As mentioned previously, communication services was the worst performing sector of the S&P 500 over the year, but our holdings in this sector outperformed their benchmark peers. In particular, a lack of exposure to **Meta Platforms** (formerly Facebook) and an overweight position in telecoms services company **T-Mobile US**, proved beneficial. Meta Platforms' shares came under significant pressure, to the point where the stock looks interesting from a valuation perspective. Indeed, it could be considered a value name, as it is now included in the Russell 1000 Value Index. However, we have not been tempted to add this name to the portfolio, as we see continued risk due to regulatory and data privacy concerns. The company also needs to invest more heavily in areas such as artificial intelligence (AI) to maintain its competitive positioning. T-Mobile US, along with other wireless carriers, performed relatively well, as investors sought the safety of more defensive names. The pandemic boosted T-Mobile US's subscriptions and that momentum continued in 2022, with 6.4 million new subscriptions over the calendar year. The company posted strong quarterly results and raised its earnings guidance.

Within healthcare, our exposure to pharma companies **AbbVie**, **Bristol Myers Squibb (BMS)** and **Regeneron Pharmaceuticals**, were among the top contributors to performance. AbbVie benefitted from the growth-to-value rotation, experiencing a nice resurgence as fundamentals improved and investors seemed confident that the impact of new competitors on Humira, Abbvie's successful arthritis treatment, will be more modest than originally expected. In addition, the company has an impressive drug pipeline. Bristol Myers Squibb is also delivering on important growth drivers and drug approvals, and the market reacted favourably to its planned acquisition of Turning Point Therapeutics, which will expand BMS's presence in the precision/targeted medicine field and generate synergies with its existing oncology franchise. We continue to like both AbbVie and BMS given their undemanding valuations, healthy dividends and strong free cash flows. Regeneron Pharmaceuticals traded higher after the company announced better than expected trial results for Eylea, a drug used to fight eye disease.

The largest detractors to relative performance at the stock level were broadband communications provider **Charter Communications**, and **Advanced Micro Devices**, a semiconductor producer. Shares of Charter Communications dropped due to investor concerns about slowing growth in broadband subscriptions. However, we remain comfortable with our position, as we expect Charter Communications to benefit over time from its efforts to expand the reach of its broadband business. Advanced Micro Devices has been under pressure over the last six months due to rising inventories across the semiconductor industry, but we believe the company can continue to take meaningful market share from its central processing unit (CPU) competitor, Intel. In our view, Advanced Micro Devices is also benefiting from the fact that customers enjoy having a viable alternative to Intel for the first time in decades. We have retained our holding.

Performance was also hindered by our underweight position in consumer staples and our stock selection in industrials. While the consumer staples sector generated a negative return over the period, it significantly outperformed the S&P 500. We recognise that this sector offers some defensive characteristics. However we continue to struggle to find attractively valued names that offer long-term growth opportunities, especially now, after such a risk adverse period. Our exposure within the sector is focused on **Procter & Gamble (P&G)**, a producer of household and personal products, which detracted modestly over the period as its share price came under pressure. However, we believe there are good reasons to maintain this position. The company has navigated supply concerns better than its smaller competitors, enhancing its competitive position. In fact, it has been gaining market share in many of its product categories over the last few years. These trends accelerated during the pandemic, as many consumers experienced an improvement in their purchasing power and indulged

Investment Manager's Report

themselves by buying more expensive brands. While the current cost of living crisis may see some consumers trade down to lower priced brands, we believe the quality of P&G's brands will ensure it continues to increase market share over the long term.

Within industrials, the portfolio's holdings lagged their benchmark peer group. In particular, our exposure to **FedEx** detracted. The company announced a large earnings and revenue miss in the second quarter, and lowered its full year guidance as a result of economic weakness in Asia and service challenges in Europe. After reviewing the company's fundamentals, we decided to exit the name. In addition, our lack of exposure to defence names within the sector also hindered relative performance.

Large Cap Portfolio Stock Attribution

For the year ended 31st December 2022

Top Contributors	Relative weight (%)	Stock return (%)	Impact (%)
ConocoPhillips	1.9	71.5	1.4
AutoZone	2.5	17.6	1.0
Meta Platforms*	–0.8	–64.2	0.9
AbbVie	1.9	24.0	0.8
Bristol-Myers Squibb	1.7	19.0	0.7

Top Detractors	Relative weight (%)	Stock return (%)	Impact (%)
Charter Communications	2.0	–48.0	–0.7
Advanced Micro Devices	1.0	–55.0	–0.7
Exxon Mobil*	–1.4	87.4	–0.7
Zebra Technologies*	–0.0	–55.8	–0.6
Capital One Financial	3.0	–34.6	–0.6

Source: Wilshire, Factset. Excludes Cash & Gearing (US$).

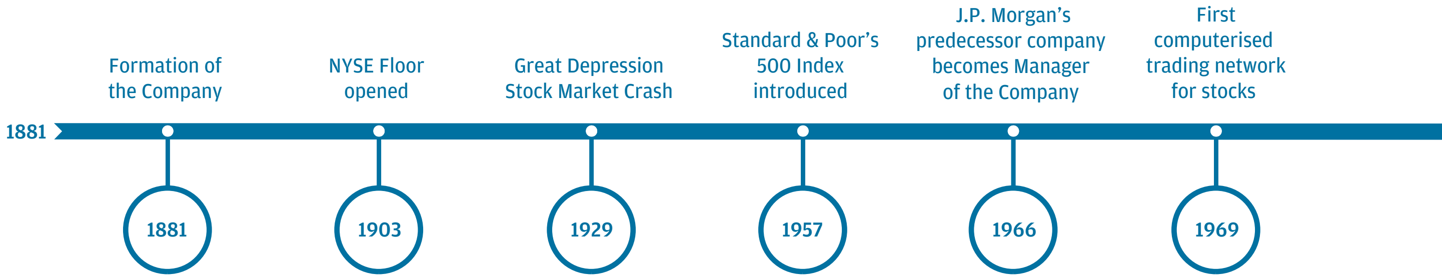
*Indicates stock was not held as of 31st December 2022.

The portfolio is actively managed. Holdings, sector weights, allocations and leverage, as applicable, are subject to change at the discretion of the investment manager without notice. Past performance is not a reliable indicator of current and future results.

Portfolio Activity

The recent market pullback has created some opportunities to acquire attractive, high growth companies at more reasonable prices. However, we are being very selective, only adding names with differentiated and compelling fundamentals. During the review period we purchased nine new names and exited the same number, substantially fewer than in 2021, when we swapped out 16 positions.

One new acquisition was **SolarEdge Technologies**, which provides solar power equipment to residential and commercial customers. Its products include smart modules to optimise and monitor power usage, solar inverters, electric vehicle (EV) chargers and energy battery banks to support EV charging. We believe renewable energy has very favourable long-term prospects, as the global



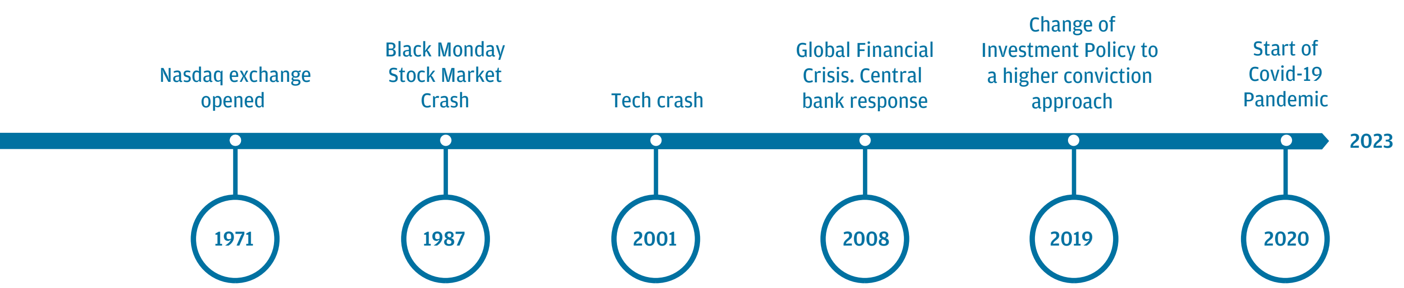
transition to net zero carbon emissions gathers momentum. The Biden administration's Inflation Reduction Act (IRA) is also hugely beneficial to the sector, as is Europe's electricity price shock. SolarEdge is a sector leader, with a healthy balance sheet, positive free cash flow and a comprehensive range of products. We are very pleased that we were able to acquire the stock at an attractive valuation.

This and other acquisitions were funded by the outright sale of several positions, including our holding in **PayPal**, a digital payments company. While we still like this sector, we have concerns about PayPal's ability to remain competitive given the emergence of newer entrants and large players like Apple Pay. Later in the year, we also exited **Global Payments**, a payments technology company, on similar concerns. We used the proceeds to build a position in **Hubbell**, a leading electrical components manufacturer. In our view, electrical infrastructure spending is at the start of a multi-year investment cycle, as growth in EV penetration, renewables, distributed energy, and increasing storm activity will bolster demand at the same time that ageing grid infrastructure will require significant maintenance and modernisation. Hubbell has improved its portfolio mix substantially and as a result, it is now a higher quality, less cyclical business, with improved margin and growth profiles, and potential for a further positive rerating.

On the value side of the portfolio, we exited apparel retailer **GAP** early in the year. GAP's management team has made considerable efforts to reduce the footprint of its stores, in favour of its higher growth Old Navy and Athleta brands, but the company has struggled to execute these plans effectively. GAP also faces structural challenges including e-commerce disintermediation, associated downward pressures on clothing prices and a shift in consumer preferences away from expenditure on clothing. While the stock remains very attractive from a valuation perspective, in our view its structural and cyclical risks are too high to justify continued exposure. As previously mentioned, we exited **FedEx** on concerns around its fundamentals, and we redeployed the proceeds of this sale into the better risk/reward opportunity offered by **M&T Bank**, a US regional bank. This company came under pressure due to its interest rate sensitivity, as investors worried about potential Fed rate cuts in 2023. We used the sell-off as an opportunity to build a position in a name we believe has a best-in-class management team, an impressive balance sheet and a history of consistent performance during difficult environments.

These acquisitions and disposals have not had a significant impact on the portfolio's structure. Financials and information technology remain the largest sectoral allocations, which together represent approximately 39% of the overall large cap allocation. Financials make up the largest overweight relative to the benchmark and we have been adding selectively to our exposure to higher quality names in this sector, such as **Bank of America**, as well as the newer holding in M&T Bank, discussed above. Conversely, we remain underweight technology, but we have begun to moderate that underweight slightly as valuations have corrected quite meaningfully. The portfolio also remains underweight consumer staples, as we continue to find names with better risk/reward profiles in other sectors.

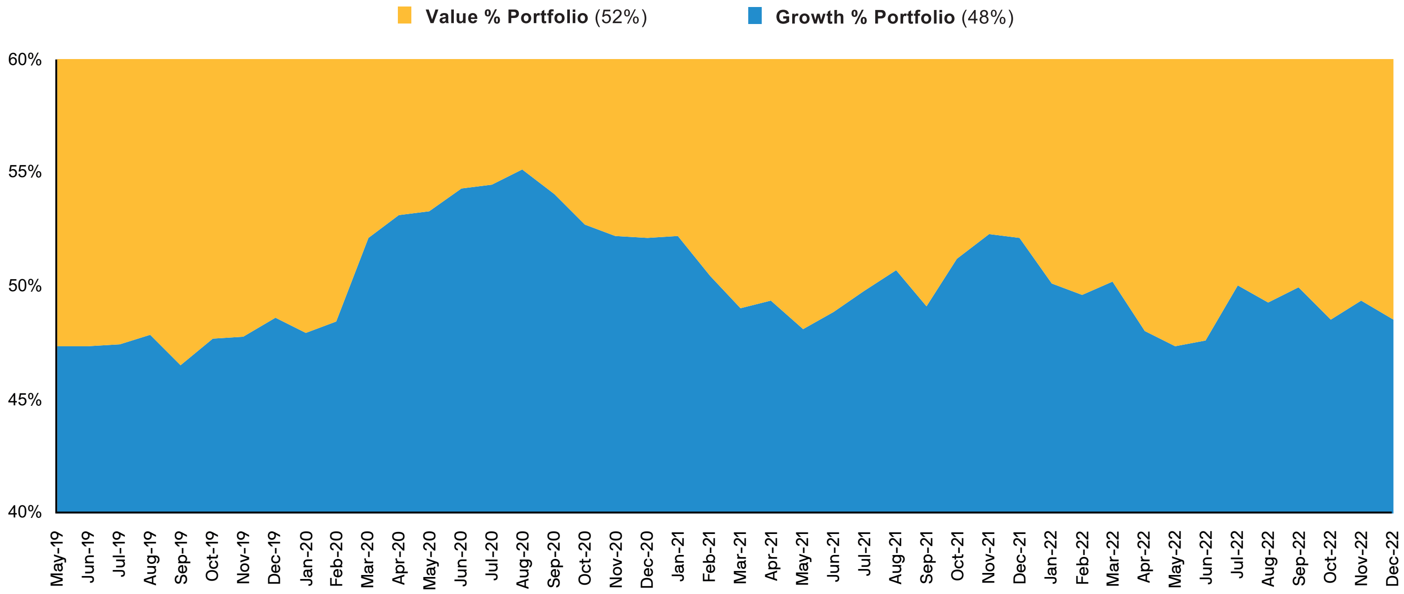
The large cap portfolio is divided between value and growth stocks, with the allocation allowed to vary between 60:40 and 40:60. At the end of the review period, value stocks comprised some 52% of the large cap portfolio, with growth stocks comprising the balance, leaving portfolio positioning almost unchanged over the year. An overview of the split between value and growth in the strategy since the change in investment approach in June 2019 is shown in a graph below. However, when considering the whole portfolio relative to the S&P 500, we actually have a positive bias towards value and growth, as measured by Barra, with the tilt to growth being slightly larger.



Investment Manager's Report

Value and growth exposure

Since change in investment approach in 2019.



Source: J.P. Morgan Asset Management. The portfolio is actively managed. Holdings, sector weights, allocations and leverage, as applicable, are subject to change at the discretion of the Investment Manager without notice. Data shown since change in investment approach in June 2019.

Large Cap Portfolio holdings

As of 31st December 2022

Information Technology	Financials	Health Care	Consumer Discretionary	Industrials	Communication Services	Materials	Real Estate	Energy	Consumer Staples	Utilities
22.6% (-3.2%)*	**16.8% (5.1%)***	**15.1% (-0.7%)***	**10.7% (0.9%)***	**7.6% (-1.1%)***	**6.9% (-0.4%)***	**5.7% (3.0%)***	**5.2% (2.5%)***	**5.0% (-0.3%)***	**2.6% (-4.6%)***	**1.9% (-1.3%)***
Apple	Bank of America	UnitedHealth Group	Booking Holdings	Trane Technologies	Alphabet	Packaging Corp of America	Public Storage	Kinder Morgan	Procter & Gamble	Xcel Energy
Microsoft	Capital One	Intuitive Surgical	AutoZone	Hubbell	Charter Communications	Martin Marietta Materials	Weyerhaeuser	ConocoPhillips		
Advanced Micro Devices	Loews	DexCom	Amazon.com	Ingersoll Rand	T-Mobile					
MasterCard	Berkshire Hathaway	Regeneron Pharmaceuticals	Tesla	Quanta Services						
Qualcomm	M&T Bank	AbbVie	Home Depot							
NVIDIA		Bristol Myers Squibb								
SolarEdge Technologies										
Zoom Video Communications										
Palo Alto Networks										

Value
Growth

Source: J.P. Morgan Asset Management. *Relative weighting compared to S&P 500 Index. Figures in chart may not total 100%/0% due to rounding. The companies above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. The portfolio is actively managed. Holdings, sector weights, allocations and leverage, as applicable, are subject to change at the discretion of the investment manager without notice.

The table below shows that the large cap portfolio is trading at a 9% discount to the market on a free cash flow basis, which confirms that we are not paying a premium for good cash flow. The portfolio is expected to deliver earnings growth of around 5% for the next 12 months, which is lower than the market, however, both of these figures are based on consensus earnings, which may need to be revised lower. While earnings may not deliver positive growth, it is comforting to have the valuation cushion provided by our holdings, relative to the market.

Characteristics	Large-Cap Portfolio	S&P 500
Weighted Average Market Cap	US$412.6bn	US$417.4bn
Price/Earnings, 12-month forward[1]	16.3x	16.6x
Price/Free Cash Flow, last 12-months	15.2x	16.6x
EPS Growth, 12-month forward[1]	4.5%	6.0%
Return on Equity, last 12-months	23.2%	26.1%
Predicted Beta	1.05	—
Predicted Tracking Error	3.02	—
Active Share	70%	—
Number of holdings	40	500

Source: FactSet, Barra, J.P. Morgan Asset Management. Data as of 31st December 2022.

[1] Including negatives.

Small Cap Portfolio

The small cap portfolio is allocated solely to growth stocks. Its underperformance of the S&P 500 negatively impacted returns over this period. Small cap growth stocks were caught up in the sharp sell-off of much larger growth names discussed above. The overall allocation to the small cap portfolio was maintained at approximately 5% during the first six months of the year. As the sell-off intensified, we increased the allocation, which ended the year at 7.2%. As we mentioned previously, small cap valuations look very compelling relative to large caps. Additionally, the prolonged period of large outperforming small suggests the stage may be set for a reversal of this trend, although the timing and duration of any such re-rating is yet to be determined.

Outlook

We expect inflation pressures to continue to ease during 2023. The labour market is showing signs of softening, global supply chain pressures are dissipating and, along with declining commodity prices, these developments should allow prices to stabilise, although inflation is unlikely to return to its previous lows any time soon. Nonetheless, slower inflation is important for financial markets as it means that interest rates should peak during the year. We expect the Fed to put rates on hold during the second half of 2023, while it assesses the inflation outlook. This viewpoint seems even more likely as the recent events in the banking space have shown that central banks now appear to be prioritising financial stability over inflation.

Any policy pause may come too late to stop the US economy tipping into recession, although recession is not inevitable and if it does happen, it should be fairly mild and short-lived. This assessment is based on our view that there is limited excess in the economy. Activity across many sectors over the last decade was relatively sluggish and debt in the system is quite low (except at the federal government level). And as mentioned above, discretionary spending is slowing, as is housing activity. Lending standards have been tightening and are likely to continue to do so at a more aggressive pace.

The S&P 500 forward P/E ratio is now at 17x, well below the 21x level at which it started the year. However, consensus estimates of around 1% earnings growth for the S&P 500 for 2023 still seem too optimistic. In our view, the weakening economic backdrop will result in a modest, 4%, contraction in earnings. While this would not be a welcome development, it is important to note that after last year's market decline, US equities are already discounting weaker growth and a significant amount of future damage to cash flows and corporate earnings.

Investment Manager's Report

On the positive side, the past year's market fall, and any further drawdown, should set investors up for better returns in the long run, particularly if the current uncertain climate is eventually replaced by one reminiscent of the last decade, which was characterised by slow growth, low inflation, low interest rates and high profitability. This is the case because current low valuations represent a great opportunity for active managers to take advantage of the lower prices of high-quality companies to position portfolios for the subsequent stock market recovery, as we have already been doing over recent months.

We are long-term investors and look to invest in stocks with a time horizon of three to five years. The last three extraordinary years have been very challenging to navigate, but our disciplined investment approach has served the Company's shareholders well, delivering significant outright gains and outperformance over this period. The cumulative return in the three years to end December 2022 was +42.7%, comfortably outpacing the benchmark return of 36.4%. We intend to maintain our focus on high conviction stocks and continue to take advantage of market dislocations to invest in the most compelling stock selection opportunities, for the further benefit of the Company's shareholders.

Timothy Parton
Jonathan Simon
Felise Agranoff
Portfolio Managers

31st March 2023

Manager's Investment Process

Investing with conviction

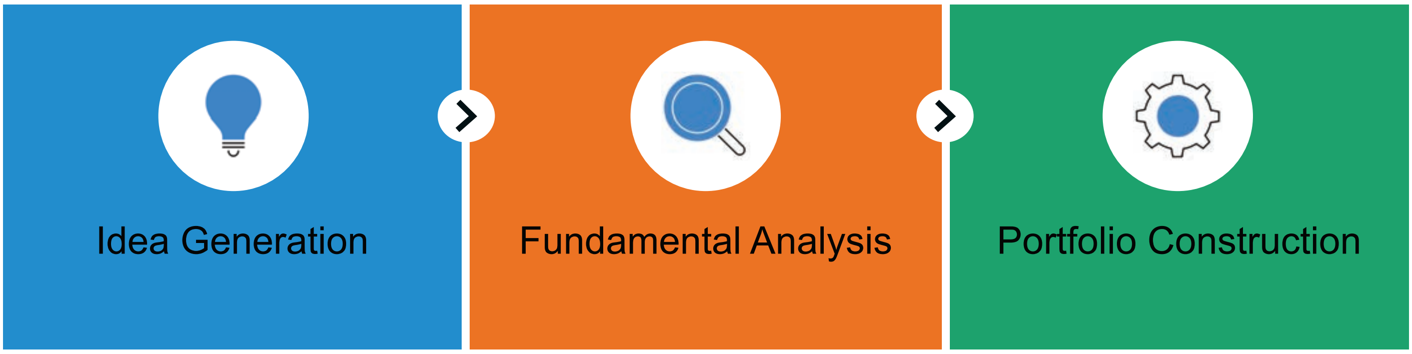
Through its Manager, the Company aims to deliver its investment objective and provide a high active exposure to the US stock market by investing in the most attractive value and growth stocks identified by the Manager's two specialist investment teams.

> *We use a flexible bottom-up approach to find the best quality value and growth ideas in the US. Ours is a heavily researched, fundamental process relying on a team of over 40 US equity research analysts*
>
> – Jonathan Simon, Tim Parton, Felise Agranoff, Co-Portfolio Managers.

The investment approach is a collaborative effort between Jonathan Simon, who picks the best value ideas, and Tim Parton, who, with Felise Agranoff, selects the best growth ideas for the Large Cap portion, which together represent 90% or more of the Company's assets. There is also a Small Cap Growth allocation managed by Eytan Shapiro. By incorporating elements of both value and growth investing, the opportunity set of companies broadens, resulting in a unique portfolio of stocks that should outperform in various market cycles.

We also believe that the Manager's ability to draw on the expertise of both value and growth investment specialists provides investors with access to complementary investment styles and potentially smoother long-term returns.

The investment process employed by the Manager starts with idea generation, then proceeds to fundamental research, before the portfolio managers select the best value and growth names for inclusion in the portfolio. The Manager uses a fundamental score to capture the insights of their research analysts, who complete a proprietary checklist for approximately 2,500 companies under coverage. ESG factors are integrated into each stage of the investment decision-making process, including research, company engagement and portfolio construction. More details on the approach to ESG can be found on pages 25 to 29.



Idea Generation

The main source of investment ideas is the Manager's team of US equity analysts. The portfolio managers benefit from the research output of a team of over 40 in-house US equity career analysts, whose longstanding relationships with the companies they cover provide them with insights into the US market unmatched by most other asset managers. This commitment to internal research is the most distinctive element in the investment framework and serves as the primary driving force behind the value the Manager seeks to add.

The investment approach requires all members of the team to be aligned by sector, ensuring depth of expertise across all market sectors. By gaining familiarity with the companies within their respective sectors of specialisation, the research analysts are in a position to make unique and insightful investment recommendations.

Fundamental Research

After finding companies that exhibit the basic investment characteristics that they are seeking – quality businesses with good managements and strong balance sheets – the investment process moves to in-house fundamental research. Both value and growth investment teams employ a very similar investment philosophy designed to identify durable franchises led by highly motivated and talented management teams.

However, their approach to valuation differs. The value team is more sensitive to traditional valuation metrics and the growth team will place more emphasis on companies whose revenue growth potential is underappreciated by the market. Below is an overview of some of the characteristics they seek in investments:

Manager's Investment Process

Value Philosophy: Focus on durable franchises with strong cash flows

- Durable franchise
- Strong cash flows
- Undervalued companies

Growth: Focus on durable franchises with leading market share positions

- Large addressable markets
- Sustainable competitive advantages
- Strong management teams

Portfolio Construction

Responsibility for actual portfolio construction decisions lies with the portfolio managers, who construct a concentrated portfolio by giving consideration only to those securities that meet their investment criteria.

While sector allocation is a secondary consideration in our portfolio construction process, we do seek to monitor our risk against the benchmark. There are no sectors in which we will not invest as a matter of policy. Our objective is to construct a portfolio that balances stock diversification with our stated outperformance target.

For the large cap portion of the portfolio the portfolio managers operate within the investment policy and guidelines set by the Company (please refer to page 37). Additionally, they look to manage the large cap portfolio using the following parameters:

- Concentrated portfolio typically of 40 stocks
- Position sizes determined by conviction level:
    - Quality of the business
    - Risk/reward
    - Diversification impact on portfolio
- Sector constraint: +/– 15% relative to the S&P 500
- Single stock constraint: +/– 7.5% relative to the S&P 500
- Capital allocation tilt: +/– 10% between value and growth

Sell Discipline

The portfolio managers employ a strict sell discipline based on the following principles:

Portfolio positions are reduced or eliminated when:

A change to the underlying fundamental thesis	Reduced confidence in the company's ability to execute	Stock price exceeds fair value expectations	Better investment opportunities are identified

Stock Examples

The following examples are included to give shareholders an insight into how our analysts consider portfolio companies, and the rationale for investment.

ConocoPhillips Co. (COP)

Portfolio weight: 2.2%

Sector: Energy

Held since: May 2021

Stock overview

- ConocoPhillips is one of the world's largest independent exploration and production companies based on production and proved reserves.
- It is committed to the efficient and effective exploration and production of oil and natural gas.
- It has operations in 13 countries including Alaska, Canada, Norway, Asia, Qatar, and the US regions of Bakken, the Permian Basin and Eagle Ford.

David Maccarrone

US Equity Research

Energy/Infrastructure

Experience: 28 years

Investment thesis

- We expect ConocoPhillips to perform well over the long term as a result of its attractive and diversified upstream resource, enhanced by the Concho and Shell Permian acquisitions, as well as a strong credit rating and a 2% dividend yield.
- ConocoPhillips' capital discipline and diversified asset base support relative outperformance versus other upstream stocks, due to its lower capital intensity and a greater capacity for shareholder returns.
- ConocoPhillips' track record of capital discipline, balance sheet focus and comparatively lower reinvestment rates has driven higher shareholder distributions through dividends and buybacks.

ESG considerations

- We have engaged with ConocoPhillips several times over the last few years on key issues including Green House Gas (GHG) emissions.
- Our recent engagement included voting against a shareholder proposal asking for emissions targets and asking for more granular information on operational emissions.
- We voted against as we believed that the proposal would require significant changes to the company's core business strategy and capital allocation. Additionally, the proposal would not even solve the macro problem of global GHG emissions, as market share would shift to less responsible producers with higher operational emissions intensity.
- We asked for emissions information as emissions intensity varies by basin, and we would like to better understand which would be more competitive in a carbon-constrained world.
- For more information on our engagement please see pages 25 to 29.

Manager's Investment Process

Amazon.com, Inc. (AMZN)

Portfolio weight: 3.1%

Sector: Technology

Held since: May 2018

Stock overview

- Amazon is a technology company focused on e-commerce, cloud computing, digital streaming and online advertising.
- It is guided by four principles: customer obsession rather than competitor focus; passion for invention; commitment to operational excellence; and long-term thinking.
- Amazon strives to be the most customer-centric company, the best employer, and the safest place to work.

Janet King
US Equity Research
Consumer
Experience: 20 years

Investment thesis

- Amazon is a market share gainer in three large markets – eCommerce, Cloud, and Advertising.
- We believe each of these areas has long-term growth prospects, which should enable sustained high revenue growth for Amazon for a number of years.
- We believe AWS, Amazon's cloud business, can grow revenue at an annual rate above 20% for the foreseeable future given that the movement of IT infrastructure to the cloud is still at an early stage and Amazon commands a leadership position in this area.
- While the company is experiencing some margin pressure, we believe management is addressing this via price increases and productivity enhancement initiatives.

ESG considerations

- Within our ESG framework, we flag Amazon for having issues with labour relations and its health and safety record related to working practices.
- Amazon recently published their first report on workplace injuries, which highlighted that the recordable incident rates and lost time incident rates improved dramatically over the last few years. This is a topic that we will continue to track and discuss with Amazon, as we would like to see them make continued progress.
- From an environmental perspective, on the positive side, Amazon has increased efforts to reduce carbon emissions, energy consumption and packaging waste.

UnitedHealth Group Inc. (UNH)

Portfolio weight: 3.2%

Sector: Healthcare

Held since: September 2018

Stock overview

- UnitedHealth Group is a managed healthcare and insurance company.
- They offer healthcare products and insurance services.
- Their mission is to help people live healthier lives and make the health system work better for everyone.

Holly Fleiss
US Equity Research
Healthcare
Experience: 18 years

Investment thesis

- UnitedHealth Group is a market leader in Medicare, Medicaid and commercial health insurance in the US, with a scale that creates a long-term competitive advantage and strong cash flow generation.
- The company is helping to drive a future that expands access to care, improves affordability and achieves better health outcomes.
- UnitedHealth should benefit over the next few years from its unique combination of health insurance business with Optum healthcare services.
- We expect UnitedHealth to deliver 13-16% annual earnings per share growth over the long-term, driven by its attractive mix of businesses, substantial scale and competitive advantages.

ESG considerations

- Through UnitedHealth's Optum healthcare services division, the company is using data and technology to improve the overall health system performance by optimising care quality, reducing healthcare costs and improving the customer experience.
- The company has set aside US$100 million for the UnitedHealth foundation to create a new health workforce diversity programme and train 10,000 clinical professionals by 2033.

Manager's Investment Process

Xcel Energy, Inc. (XEL)

Portfolio weight: 1.7%

Sector: Energy

Held since: May 2019

Stock overview

- Xcel Energy is a major US electricity and natural gas company.
- It provides a comprehensive portfolio of energy-related products and services to 3.7 million electricity customers and 2.1 million natural gas customers through its regulated operating companies.
- It has operations in 8 Western and Midwestern states.

Teresa Kim
US Equity Research
Utilities
Experience: 24 years

Investment thesis

- Xcel Energy's strategy has been to replace ageing coal plants with rate renewable power generation. This supports a potential EPS growth rate of 5-7% annually for the next few years.
- Xcel has been a regulated leader in the clean energy transition by adding renewables through its 'Steel for Fuel' programme. The company's footprint gives it access to one of the most renewables rich resource regions in the US.
- Its earnings track record is impressive, with Xcel meeting or beating the midpoint of original EPS guidance ranges for the past 13 years.
- Xcel is continuing a major energy transition in its two largest utility territories, as it plans to fully exit its coal generation business by end-2030. This will require the addition of thousands of megawatts of renewable generation, as well as electric transmission assets.
- Xcel operates in some of the coldest states in the US, where 80% of homes rely on natural gas for heating. Decarbonisation of natural gas distribution is challenging due to the lack of alternatives, hence, Xcel's efforts are focused on reducing methane emissions and improving network reliability.

ESG considerations

- Xcel's target to reduce carbon emissions by 80% by 2030 and to achieve 100% carbon-free electricity by 2050 is one of the most aggressive amongst its peers.
- By replacing the retiring coal generating assets with new renewables, Xcel will see a significant shift in fuel mix, and we believe that by 2030, renewables should account for approximately two thirds of its fuel mix, double the company's 2021 level.
- Within its natural gas distribution business, the company is targeting a 25% net GHG emission reduction by 2030, before reaching net zero by 2050. The plan is to incorporate clean fuels to achieve net-zero methane emissions.
- Xcel is part of the One Future initiative, a group of 27 natural gas companies committed to methane emission reduction across the gas supply chain.

J.P. Morgan Asset Management

31st March 2023

Manager's Approach to ESG

Integrating Environmental, Social and Governance

J.P. Morgan Asset Management (JPMAM) believes that consideration of material environmental, social and governance (ESG) issues should be an important part of the investment process. ESG issues will increasingly affect a company's ability to successfully operate and generate returns, today and over the long term.

Systematically integrating ESG factors into each stage of the investment process (please see pages 19 and 20), including research, portfolio construction and company engagement, where material and relevant, should contribute to achieving an enhanced financial return, through better-informed investment decisions and strengthened risk management.

With access to more ESG data and better analytical capabilities than ever before, we believe companies can now be evaluated in smarter, more holistic ways. JPMAM refers to this approach as ESG integration: using financially material ESG factors to make investment decisions that mitigate ESG risk and therefore generate enhanced risk-adjusted returns. We have developed a propriety ESG framework and scoring system to assist analysts in this task.

Integrating ESG considerations into investment decision-making is a process very similar to the way investment decisions have always been made: looking into the future, factoring in potential risks and opportunities around companies' revenue growth trajectories, and investing accordingly, based on the sustainability of those business models. The difference is that, along with applying traditional financial metrics, we now also access and utilise a set of factors that can further enhance investment decisions.

Environmental, Social and Governance (ESG) factors are considerations that are important for stakeholders to keep in mind when assessing a company's performance and prospects.

ENVIRONMENTAL:

Issues relating to the quality and functioning of the natural environment and natural systems, e.g. carbon emissions, environmental regulations, water stress and waste.

SOCIAL:

Issues relating to the rights, well-being and interests of people and communities, e.g. labour management, health & safety as well as product safety.

GOVERNANCE:

Issues relating to the management and oversight of companies and other investee entities, e.g. board, ownership and pay.

ESG Checklist – identifying risks and opportunities

A key strength of our investment process is our in-house research capabilities, which are at the heart of understanding the businesses in which we invest in terms of insights, industry expertise and corporate relationships. Our analysts incorporate ESG considerations into their research to gauge the sustainability of a business, the quality of management and potential risks.

One key element of this framework is a 40 question ESG checklist designed to provide a clear and comparable view of each company's ESG risks and opportunities. This checklist thus sets a baseline fundamental assessment across all the companies each analyst covers. The checklist questions specifically address environmental, social and governance issues. The questions are worded so that 'yes' is negative, creating a red flag that alerts the investment team to a potential risk. This is not an exercise which delivers a 'pass or fail' result, but rather a tool to inform discussion between portfolio managers and analysts, and to deepen the level of engagement with companies.

At JPMAM, we continue to enhance our ESG approach to ensure it best captures our analysts' fundamental insights. For example, we are currently introducing additional questions intended to highlight companies with ESG strengths or opportunities. This is intended to ensure that our process flags ESG positives, as well as ESG risks. Other new questions address areas such as workforce diversity, and in the case of 'yes' answers flagging potential risks, analysts are now asked to assess the severity of issues on a 1-3 scale, to provide more insight into the seriousness of their concerns.

Manager's Approach to ESG

Questions on the checklist include:

ENVIRONMENTAL	• Is the business vulnerable to regulation aimed at limiting greenhouse gas emissions? • Does the company have issues with toxic emissions, waste management or other environmental damage? • Is the company failing to manage its use of water resources responsibly?
SOCIAL	• Does the company have issues with labour relations? • Has the company had issues with privacy or data security? • Does the company engage in anti-competitive behaviour and/or treat its customers unfairly?
GOVERNANCE	• Does the management fail to admit mistakes? • Has the company changed key accounting policies? • Does the owner have a history of poor governance, or of abusing minority shareholders?

Manager's ESG Approach

The checklist, as described above, is one tool we use to incorporate ESG issues in a meaningful and consistent way, together with our own insights and company interactions.

Investment managers also rely on JPMAM's proprietary ESG framework and scoring which uses inputs from our global team of analysts. This analysis is forward looking and was developed in part because of the lack of correlation in ESG scoring between third party providers. However, when considering the Company's portfolio as a whole, there is a similar outcome, whether measured using JPMAM's data or third party providers, as both forms of assessment give the portfolio a better ESG score than that of the portfolio's Benchmark.

As the quality and availability of ESG data continues to improve, we will continue to adapt the process to take advantage of external sources. One such external source is the United Nations Global Compact (UNGC), a set of 10 business principles which addresses the areas of human rights, labour, the environment, and anti-corruption. The UN believes that by incorporating these principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and the planet, but are also setting the stage for long-term success.

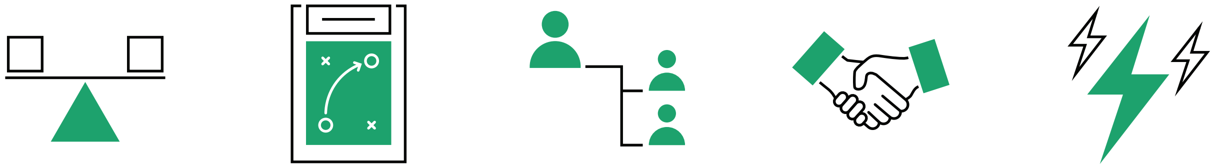
The UNGC can be effective in identifying outliers to these principles. While there is no official list of companies that do not meet these principles, third party providers have taken the principles and applied their quantitative assessment to identify a 'violators list' of companies they consider to be in breach. This violators list is very helpful in identifying corporate controversies and assessing how companies manage these controversies, and insights provided by the UNGC are now incorporated into our ESG process. Where we believe the violations cannot be readily remedied, or where a company has not shown any willingness to address issues raised, we will exclude that company from our list of potential investments. Where circumstances are less clear, we will engage with the company on the issue.

ESG Engagement – providing deeper insights and a chance to influence corporate behaviour

Active engagement with companies has long been an integral part of the Manager's approach to investment and ESG matters. Engagement is used not only to understand how companies consider issues related to ESG, but also to try to influence their behaviour, and encourage best practices in these areas, with the objective of enhancing returns. The Manager engages with all portfolio companies on a regular basis, often several times in a year, not just to further understanding of the business, but also to convey to management any concerns, suggestions, or opinions on key issues.

Global Sustainable Investment team

JPMAM’s specialist Global Sustainable Investment team, which consists of over 40 specialists, has a coordinated strategy for sustainable investing globally through sustainability-focused investment research, solutions development and investment stewardship. In addition, the Investment Stewardship pillar of the team oversees JPMAM’s corporate engagement and proxy voting strategy. The team has defined five over-arching principles to help shape corporate engagement. These priority areas are deemed to have universal and lasting applicability, and are as follows:



Governance	Strategy alignment with the long term	Human capital management	Stakeholder engagement	Climate risk

Recent Corporate Engagement

JPMAM Investment Stewardship team and investment team in New York conducted 100 engagements with 69 of the Company’s portfolio companies in the year to 31st December 2022, both large and small cap holdings, specifically to discuss ESG issues. The companies engaged with represented 61% (by value) of the portfolio, with the engagements by sector and theme broken down as follows:

Engagement by Sector

- Communication Services 2.9%
- Consumer Discretionary 14.3%
- Consumer Staples 1.4%
- Energy 7.1%
- Financials 2.9%
- Healthcare 21.4%
- Industrials 20.0%
- Information Technology 25.7%
- Materials 1.4%
- Real Estate 1.4%
- Utilities 1.4%

Engagement by Themes

- Human Capital 30.0%
- Climate Change 18.3%
- Social Stakeholder Management 10.8%
- Governance 15.3%
- Executive Pay 14.8%
- Natural Capital and Ecosystems 7.4%
- Business Conduct 3.4%

Proxy Voting

JPMAM voted at all the annual general meetings and extraordinary meetings held by portfolio companies during the year. The Manager seeks to vote in a prudent and diligent manner, based exclusively on reasonable judgement of what will best serve the financial interests of our clients, including the Company. 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.

Manager's Approach to ESG

In the US Equity Group proxy voting is a collaboration between our portfolio managers and the Investment Stewardship specialists in our Global Sustainable Investing Team. We examine the share structure and voting rules 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 J.P. Morgan Asset Management's website.

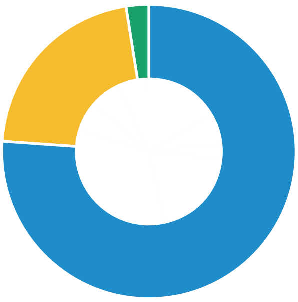
A summary of key voting statistics and activity undertaken in respect of stocks in the Company's portfolio for the 12 months to 31st December 2022 is detailed below.

JPMorgan American Investment Trust plc: Voting at shareholder meetings over the year to 31st December 2022

	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against
Routine Business	8	0	0	0	8	0.0%
Director Related	922	32	0	32	954	3.4%
Capitalisation[1]	14	1	0	1	15	6.7%
Reorganisation & Mergers	1	0	0	0	1	0.0%
Non-salary Compensation	167	9	0	9	199	4.5%
Anti-takeover Related[2]	15	0	0	0	15	0.0%
Total	**1,127**	**42**	**0**	**42**	**1,192**	**3.5%**

1 These votes relate to topics such as authorising new equity issuance
2 The are normally management proposals to reduce super majority voting requirements or provide the right to act by written consent.

Votes against management – by category



The following are some specific examples of our voting activity in 2022.

We voted **FOR** a shareholder proposal asking for a report on concealment clauses at **Apple** (AAPL). We had also voted in support of similar proposals at other companies asking for reports on mandatory arbitration at companies, as we have concerns about the use of mandatory arbitration for sexual harassment cases and its potential impact on corporate culture. The company notes that Apple's Business Conduct Policy reinforces employees' right to speak freely about 'wages and working conditions'. In an engagement with the company, they stated that 'working conditions' is meant to include harassment and discrimination. We believe it is appropriate for the board to make this explicit, and therefore voted for the proposal.

We voted **AGAINST** a shareholder proposal asking for Scope 3 emissions reductions targets at **ConocoPhillips** (COP). We believed that the proposal would require significant changes to the company's core business strategy and capital allocation, as it would require COP to reduce oil and gas output and pivot to renewables, where it is not capable of generating returns. Moreover, the proposal would not contribute to reducing global GHG emissions, as intended, as market share would shift to less responsible producers with higher operational emissions intensity. We therefore voted against the proposal, but will continue to engage with the company.

We voted **FOR** shareholder proposals at **Tesla** (TSLA) asking for reports on efforts to prevent harassment in the workplace, and on the impacts of mandatory arbitration. We also supported a proposal for the company to adopt a policy on respecting rights to freedom of association and collective bargaining. Our support was due to various human capital/diversity-and-inclusion-related controversies at the company. Tesla has been sued and forced to pay settlements over allegations of racial discrimination at its Fremont, California facility. Meanwhile, there is ongoing litigation with the National Labor Relations Board tied to intimidation of workers attempting to unionise. The company recently amended its Supplier Code of Conduct to specify protection for union members, but their own internal Code of Business Ethics does not specify this. The company continues to make mandatory arbitration an employment condition at a time when other technology companies are moving away from it. Since Tesla does not make public its standard arbitration provision, it is difficult for investors to know what it entails. Given the controversies, the report on mandatory arbitration is a reasonable request.

Net Zero Asset Managers Initiative

JPMAM is a signatory to the Net Zero Asset Managers Initiative. This is an international group of asset managers committed to supporting investing aligned with the goal of net zero greenhouse gas emissions by 2050 or sooner. In addition to the transition to net zero, they will continue to accelerate corporate engagement and stewardship, consistent with net zero ambitions. The initiative includes 291 members, with US$66 trillion in assets under management (as at 9th November 2022). In addition, JPMorgan Chase is a member of the Net Zero Banking Alliance – a group of financial institutions currently representing c. 40% of global banking assets which is committed to alighting their lending and investment portfolios with the goal of net-zero emissions by 2050.

Looking ahead

Over the last few years, the quantity and quality of ESG-related data available to investors has improved significantly. Organisations that encourage voluntary disclosure – such as CDP (formerly the Carbon Disclosure Project), the Sustainability Accounting Standards Board (SASB) and the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) – have played an important role in helping businesses better understand, measure and communicate to investors the ESG risks to which they are exposed. Investors can now access higher quality ESG-related data that is more consistent, comparable, and reliable. Clear new regulations, such as those in the UK which will make disclosures mandatory for certain companies, have also helped accelerate the availability of data. With access to more ESG data and better analytical capabilities than ever before, we believe we can now evaluate the companies in which we invest in smarter, more holistic ways.

J.P. Morgan Asset Management 31st March 2023

Portfolio Information

Ten largest equity investments

At 31st December

Company	Sector	Description	2022 £'000	2022 %[1]	2021 £'000	2021 %[1]
Microsoft	Information Technology	Microsoft develops, manufactures, sells and supports software products. The Company offers operating systems and software and business and consumer applications. The Company also develops gaming consoles.	78,344	5.7	92,042	5.9
Apple	Information Technology	Apple designs, manufactures, and markets smartphones, personal computers, tablets, wearables, and accessories worldwide, alongside related software and services.	66,808	4.8	96,390	6.2
Bank of America	Financials	Bank of America is a bank offering a full range of banking, investing, asset management and other financial and risk management products and services.	51,379	3.7	47,417	3.0
Loews	Financials	Loews is a diversified holding company engaged in a variety of sectors including insurance, energy, hospitality and packaging industries.	50,641	3.7	50,420	3.2
Berkshire Hathaway	Financials	Berkshire Hathaway is a holding company owning a diversified range of businesses in sectors including insurance, transport and speciality chemicals.	48,313	3.5	48,234	3.1
Mastercard[2]	Information Technology	Mastercard is a technology company in the global payments industry that connects consumers and organisations worldwide, enabling them to use electronic forms of payment instead of cash and cheques.	44,846	3.2	40,090	2.6
UnitedHealth	Healthcare	UnitedHealth is a managed healthcare and insurance company based in the US. It offers healthcare products and insurance services.	44,060	3.2	46,899	3.0
Amazon.com	Consumer Discretionary	Amazon is a technology company focused on e-commerce, digital streaming and online advertising. It also operates a cloud computing platform to public and private sector clients globally.	42,841	3.1	55,663	3.6
Martin Marietta Materials[2]	Materials	Martin Marietta is a natural resource-based building materials company. It supplies aggregates (crushed stone, sand and gravel) through its network of approximately 350 quarries, mines and distribution yards.	42,790	3.1	22,431	1.4
Alphabet	Communication Services	Alphabet operates as a holding company. The company, through its subsidiaries, provides web-based search, advertisements, maps, software applications, mobile operating systems, consumer content, enterprise solutions, commerce, and hardware products.	42,108	3.1	73,193	4.7
Total			**512,130**	**37.1**		

[1] Based on total investments of £1,381.1m (2021: £1,568.7m).

[2] Not included in the ten largest equity investments at 31st December 2021.

At 31st December 2021, the value of the ten largest equity investments amounted to £606.2 million representing 38.9% of total investments.

Portfolio Information

Investment activity

During the year ended 31st December 2022

	Value at 31st December 2021 £'000	Value at 31st December 2021 % of Total assets	Purchases £'000	Sales £'000	Change in value £'000	Value at 31st December 2022 £'000	Value at 31st December 2022 % of Total assets
Large Cap Portfolio	1,498,758	95.5%	413,498	(510,840)	(121,644)	1,279,772	90.4%
Small Cap Portfolio	69,981	4.4%	83,299	(29,707)	(22,236)	101,337	7.1%
Total investments	**1,568,739**	**99.9%**[1]	**496,797**	**(540,547)**	**(143,880)**	**1,381,109**	**97.5%**[1]

[1] 2.5% remainder in 2022 (2021: 0.1%) consists of Net Current Assets. For further details please refer to the Statement of Financial Position.

Portfolio turnover, an indicator of portfolio activity during the year, was 35% (2021: 52%). This is based on the average of purchases and sales expressed as a percentage of average opening and closing portfolio values.

Portfolio Information

List of investments

At 31st December 2022

Company	Valuation £'000
Large Companies (representing approximately 90.4% of total assets)	
These are generally defined as companies which have a market capitalisation of more than US$3 billion.	
Microsoft	78,344
Apple	66,808
Bank of America	51,379
Loews	50,641
Berkshire Hathaway	48,313
Mastercard	44,846
UnitedHealth	44,060
Amazon.com	42,841
Martin Marietta Materials	42,790
Alphabet	42,108
Weyerhaeuser	41,789
Capital One Financial	40,276
AbbVie	35,195
Regeneron Pharmaceuticals	35,050
AutoZone	33,965
Quanta Services	33,963
Kinder Morgan	33,402
Procter & Gamble	33,000
Intuitive Surgical	32,211
ConocoPhillips	30,122
Packaging Corp. of America	30,052
Trane Technologies	29,909
Bristol-Myers Squibb	27,845
Charter Communications	27,526
Booking	26,799
Public Storage	25,140
M&T Bank	24,095
Xcel Energy	23,940
Dexcom	19,465
Ingersoll Rand	19,013
SolarEdge Technologies	18,318
T-Mobile US	18,271
NVIDIA	17,916
Home Depot	17,832
Advanced Micro Devices	17,348
QUALCOMM	16,524
Palo Alto Networks	15,732
Tesla	15,567
Hubbell	14,390
Zoom Video Communications	12,987
	1,279,772

Company	Valuation £'000
Small Companies (representing approximately 7.1% of total assets)	
These are generally defined as companies which, at the date of investment, have a market capitalisation of less than US$3 billion. The investments within the Small Companies portfolio are listed separately as they are managed as a discrete portfolio.	
Applied Industrial Technologies	2,195
Halozyme Therapeutics	2,103
Matador Resources	2,004
Cactus	1,711
Shockwave Medical	1,636
MSA Safety	1,595
Valmont Industries	1,548
Casella Waste Systems	1,531
Texas Roadhouse	1,515
Planet Fitness	1,462
Performance Food	1,406
Evolent Health	1,396
Acadia Healthcare	1,378
KBR	1,372
Amicus Therapeutics	1,316
Terreno Realty	1,300
Outset Medical	1,299
Hexcel	1,272
CyberArk Software	1,267
Envestnet	1,259
Focus Financial Partners	1,233
ExlService	1,216
First Financial Bankshares	1,214
CONMED	1,171
SM Energy	1,168
Evoqua Water Technologies	1,166
Grocery Outlet	1,159
ITT	1,143
Saia	1,128
Blackline	1,114
Shoals Technologies	1,103
Arrowhead Pharmaceuticals	1,078
iRhythm Technologies	1,077
Ciena	1,067
Smartsheet	1,046
HashiCorp	1,040
Marriott Vacations Worldwide	1,033
NuVasive	976

Portfolio Information

List of investments

continued

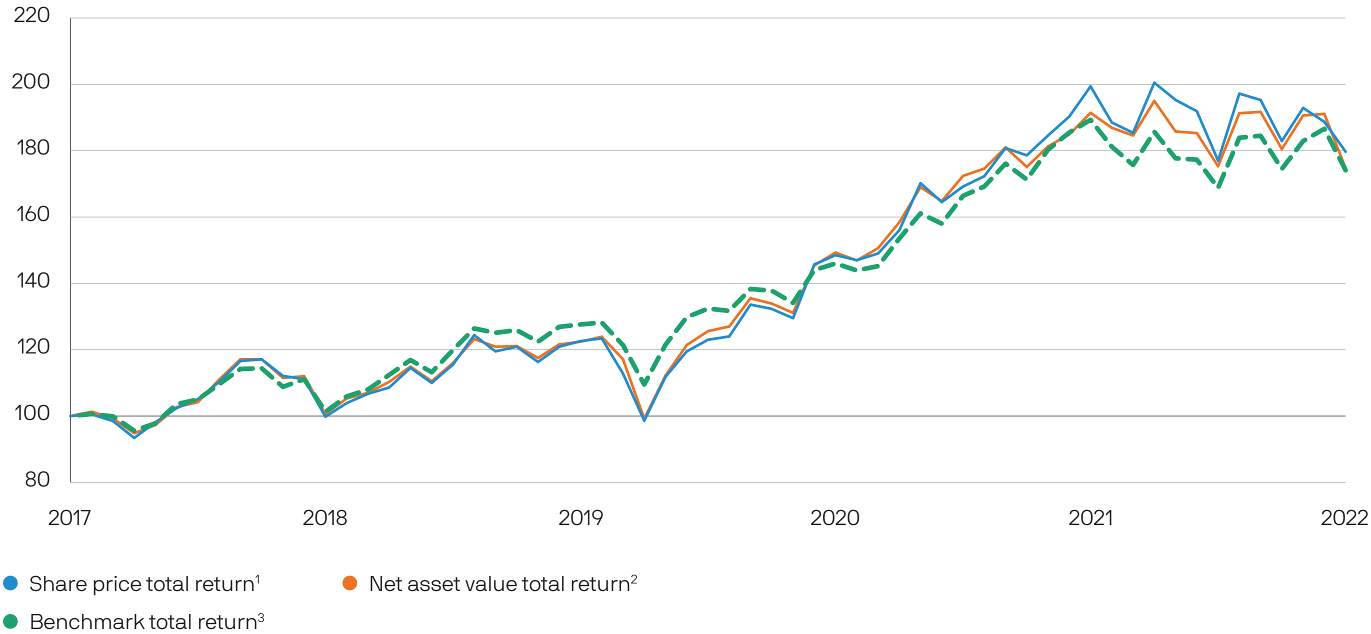
Company	Valuation £'000
Globant	967
New Relic	967
Burlington Stores	936
Rush Enterprises	930
Simpson Manufacturing	927
Bloom Energy	920
Revance Therapeutics	917
National Vision	910
Natera	892
MKS Instruments	859
Chart Industries	857
John Bean Technologies	842
WESCO International	834
Intra-Cellular Therapies	818
Life Time	805
Air Lease	800
Freshpet	776
Helen of Troy	757
Five9	750
Twist Bioscience	743
Boyd Gaming	734
REGENXBIO	730
Paycor HCM	725
Evercore	725
Apellis Pharmaceuticals	723
CubeSmart	718
Petco Health & Wellness	709
Papa John's International	703
Clear Secure	674
Chord Energy	672
Blueprint Medicines	667
Confluent	661
Arvinas	660
Advanced Drainage Systems	657
Lithia Motors	653
Amedisys	646
Pinnacle Financial Partners	646
Six Flags Entertainment	634
Wolfspeed	634
MasTec	624
Vertex	620
Fabrinet	618
Sonos	605
Power Integrations	588
Elastic	578
REVOLUTION Medicines	573

Company	Valuation £'000
Floor & Decor	569
Xometry	565
Nevro	560
SentinelOne	558
Fox Factory	555
Littelfuse	553
Remitly Global	543
ACV Auctions	540
Relay Therapeutics	537
Coherus Biosciences	532
SiteOne Landscape Supply	514
Sage Therapeutics	511
Winnebago Industries	508
JFrog	496
ACADIA Pharmaceuticals	451
Everbridge	443
Bumble	440
Kinsale Capital	434
Coupa Software	431
Bright Horizons Family Solutions	427
Frontier	421
EMCOR	421
DigitalOcean	420
Coherent	402
Sprout Social	399
Global-e Online	394
Accolade	381
Flywire	348
Verve Therapeutics	341
Super Micro Computer	288
Alector	277
Heron Therapeutics	273
elf Beauty	233
Atara Biotherapeutics	225
Cano Health	215
PMV Pharmaceuticals	214
Allogene Therapeutics	198
G1 Therapeutics	185
ADC Therapeutics	136
Personalis	91
Sana Biotechnology	80
Seer	77
Kronos Bio	70
	101,337
Total Investments	**1,381,109**

Performance Track Record

Five Year Performance

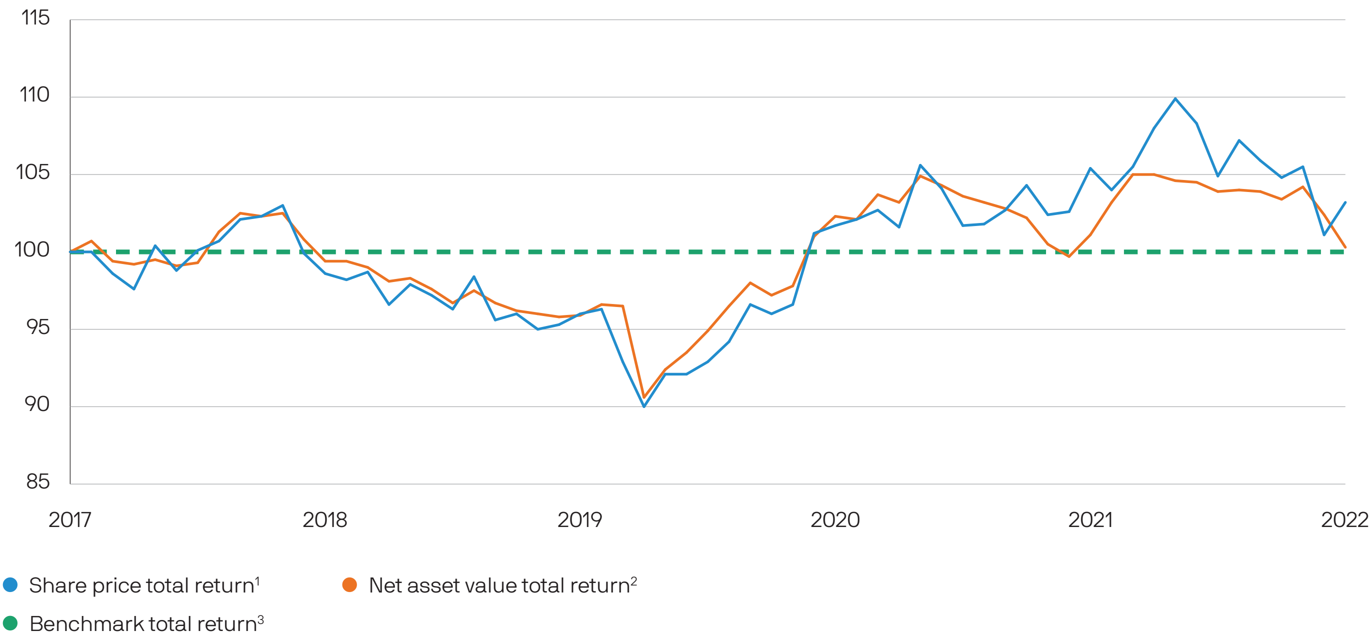
Figures have been rebased to 100 at 31st December 2017



[1] Source: Morningstar.
[2] Source: Morningstar/J.P. Morgan using cum income net asset value per share, with debt at fair value.
[3] The Company's benchmark index is the S&P 500 Index, net of the appropriate withholding tax, expressed in sterling total return terms.

Performance Relative to Benchmark

Figures have been rebased to 100 at 31st December 2017



[1] Source: Morningstar.
[2] Source: Morningstar/J.P. Morgan using cum income net asset value per share, with debt at fair value.
[3] The Company's benchmark index is the S&P 500 Index, net of the appropriate withholding tax, expressed in sterling total return terms.

Performance Track Record

Ten Year Record

At 31st December	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Shareholders' funds (£m)	464.7	642.2	804.2	816.7	985.2	980.4	919.2	1,056.8	1,211.5	1,496.1	1,304.1
Net asset value per share with debt at fair value (p)[1,2,APM]	180.9	236.6	283.1	293.4	379.3	423.6	420.7	504.8	607.6	771.1	697.3
Net asset value per share with debt at par value (p)[1,APM]	185.0	239.4	286.1	295.6	381.0	424.3	420.7	504.8	610.1	771.9	690.3
Share price (p)[1]	181.2	238.2	288.7	277.9	369.2	405.4	399.0	483.0	577.0	767.0	685.0
Share price (discount)/premium (%)[3,APM]	0.2	0.7	2.0	(5.3)	(2.7)	(4.3)	(5.2)	(4.3)	(5.0)	(0.5)	(1.7)
Gearing/(net cash) (%)[APM]	(0.6)	9.1	8.7	8.4	8.5	9.2	(1.0)	2.8	4.7	4.9	5.9
Exchange rate (£1=US$)	1.63	1.66	1.56	1.48	1.24	1.35	1.27	1.32	1.37	1.35	1.20
Year ended 31st December											
Revenue return per share (p)[1]	2.76	3.00	3.76	4.64	5.70	5.93	7.71	7.54	6.31	5.97	7.42
Dividend per share (p)[1]	2.50	2.70	3.25	4.00	5.00	5.50	6.50	6.50	6.75	7.00	7.25
Ongoing charges ratio (%)[APM]	0.68	0.63	0.62	0.62	0.62	0.55	0.38	0.18	0.34	0.38	0.36
Ongoing charges ratio (%) including any performance fee payable[4,APM]	0.68	0.66	0.64	0.62	0.62	0.55	0.38	0.18	0.34	0.38	0.36
Rebased to 100 at 31st December 2012											
Share price total return[5,APM]	100.0	133.0	163.0	159.0	214.4	238.6	238.1	292.4	354.3	475.8	428.8
Net asset value per share with debt at fair value – total return[6,APM]	100.0	132.4	160.1	168.1	220.5	249.4	251.0	305.2	372.4	477.2	435.6
Net asset value per share with debt at par value – total return[6,APM]	100.0	130.9	158.1	165.6	216.6	244.3	245.5	298.5	365.7	467.2	421.6
Benchmark total return[7]	100.0	129.5	155.9	166.7	221.9	246.2	249.3	314.2	359.5	466.0	428.7

[1] 2012-2013 comparative figures have been restated due to the sub-division of each existing ordinary share of 25p into five ordinary shares of 5p each on 8th May 2014.

[2] The fair value of the US$100m private placement was calculated using discounted cash flow techniques, using the yield from a similarly dated Treasury Note plus a margin based on the US Broad Market AA 10-15 year spread. The debenture of £50m issued by the Company matured in June 2018.

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

[4] With effect from 1st January 2019, the performance fee element of the Manager's fees was removed.

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

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

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

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

A glossary of terms and APMs is provided on pages 99 to 101.

Performance Track Record

Movements in the Capital Base over the Year

	2022		2021	
	£'000	Percentage of opening net assets £'000	£'000	Percentage of opening net assets £'000
Net assets at start of year	**1,496,120**	**100.00%**	**1,211,522**	**100.00%**
Increase in net assets during the year from investing	(143,936)	(9.62)	323,068	26.67
Brokerage fees/commissions and other dealing charges	(247)	(0.02)	(278)	(0.02)
	1,351,937	90.36	1,534,312	126.64
Income received from investing – net of withholding tax	16,677	1.11	13,515	1.12
Interest received	612	0.04	55	0.00
Dividends paid to shareholders	(13,418)	(0.90)	(13,232)	(1.09)
Interest paid on borrowings	(3,258)	(0.22)	(1,924)	(0.16)
Net foreign currency gains/(losses) on cash and cash equivalents	2,598	0.17	(476)	(0.04)
Currency losses on US$ loans	(10,917)	(0.73)	(571)	(0.05)
Management fee	(4,329)	(0.29)	(4,075)	(0.34)
Directors' fees	(205)	(0.01)	(214)	(0.02)
Other costs of the Company	(582)	(0.04)	(519)	(0.04)
Repurchase of shares into Treasury	(35,032)	(2.34)	(30,751)	(2.54)
Net assets at end of year	**1,304,083**	**87.15**	**1,496,120**	**123.49**

The table above illustrates the movements in the capital base of the Company, showing the returns generated from our investing activities and the effect of costs, dividends and buy-backs. By combining items found in the revenue statement and items charged to capital, we believe this analysis provides a clear summary of your Company's affairs over the course of the year.

The Company's Purpose

The purpose of the Company is to provide a cost effective, sustainable investment vehicle for investors who seek long term capital growth from a portfolio of North American companies, which outperforms its benchmark index over the longer term, taking account of wider issues including environmental, social and governance factors. 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.

Investment Objective

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

Investment Policies

In order to achieve its investment objectives and to seek to manage risk, the Company mainly invests in a diversified portfolio of quoted companies including, when appropriate, exposure to smaller capitalisation stocks. The Company currently has separate portfolios dedicated to larger capitalisation and smaller capitalisation companies. The number of investments in the larger capitalisation portfolio will normally range between 30-40 stocks representing between 90-100% of the Company's equity portfolio. The number of investments in the smaller capitalisation portfolio will normally range between 100-120 stocks representing between 0-10% of the Company's equity portfolio. The Company may invest in pooled funds to achieve its aims.

Investment Guidelines (all at time of investment)

- The Company will not normally invest more than 8% of its gross assets in any one individual stock.
- The Company will normally limit its five largest investments to 40% of its gross assets.
- The Company will not invest more than 10% of its gross assets in liquidity funds in normal market conditions.
- The Company will not invest more than 10% of gross assets in companies that themselves may invest more than 15% of gross assets in listed closed-ended funds.
- The Company will not invest more than 15% of its gross assets in other listed closed-ended funds.
- The Company will use gearing when appropriate to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. The Company has a strategic gearing level, which is set by the Board and kept under review, which is currently 10% plus or minus 2%. In addition the Board may set a tactical gearing range, applying for a shorter period of time and reflecting an assessment of the potential future risks and returns from gearing. The tactical gearing range is currently 5% with a permitted range around this level of 5% plus or minus 5%.
- The Company will only hedge its currency risk in respect of any material long-dated non-dollar gearing it may draw down. Throughout the year, there was none.
- The Company's small cap allocation will not exceed 10% of the equity portfolio.

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

Duty to Promote the Success of the Company

Duty to promote the success of the Company – Section 172 statement

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 the Company's stakeholders are treated fairly and with respect and the Board recognises the importance of acting fairly between them, which is 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 debt providers, 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.

As the Company acts through its service providers, its culture is represented by the values and behaviour of the Board and third parties to which it delegates. The Board aims to fulfill the Company's investment objective by encouraging a culture of constructive challenge with all key suppliers and openness with all stakeholders. The Board is responsible for embedding the Company's culture in the Company's operations. The Board recognises the Company's responsibilities with respect to corporate and social responsibility and engages with its service providers to safeguard the Company's interests. As part of this ongoing monitoring, the Directors will receive regular reporting from service providers on matters such as their anti-bribery and corruption policies; Modern Slavery Act 2015 statements; diversity policies; and greenhouse gas and energy usage reporting. The Management Engagement Committee reviews the Company's service providers at least annually.

The Company's Business Model

The Board is appointed by the Company's shareholders, who also approve the Company's investment objective. The Board appoints the investment manager to deliver the investment objective using its investment process. The Board oversees the Company's affairs by:

1. Ensuring the manager complies with the Investment Guidelines (see page 37).
2. Reviewing the Manager's performance against the benchmark index and Key Performance Indicators (see page 39).
3. Using gearing where the expected benefits outweigh the costs and risks (see page 41).
4. Monitoring the share price premium or discount and the use of share issuances and buybacks (see page 41).
5. Setting the dividend policy and level of revenue reserves (see page 41).
6. Monitoring the principal and emerging risks (see page 42).
7. Appointing and monitoring other third party service providers, including the depository, registrar, broker and auditor.
8. Reviewing the Ongoing Charges Ratio (see page 8).
9. Ensuring compliance with governance codes and regulatory requirements (see page 54).
10. Overseeing the marketing and investor relations activities carried out by the Manager (see page 41).

Duty to Promote the Success of the Company

Key Performance Indicators ('KPIs')

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

- **Performance against the benchmark index**

  This is an important KPI by which performance is judged.

  Please refer to the graphs on page 34 for details of the Company's performance relative to its benchmark index over five years.

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

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

- **Performance attribution**

  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as asset allocation, gearing and stock selection. Details of the attribution analysis for the year ended 31st December 2022 are given in the Investment Manager's Report on page 12.

- **Share price relative to net asset value ('NAV') per share with debt at fair value**

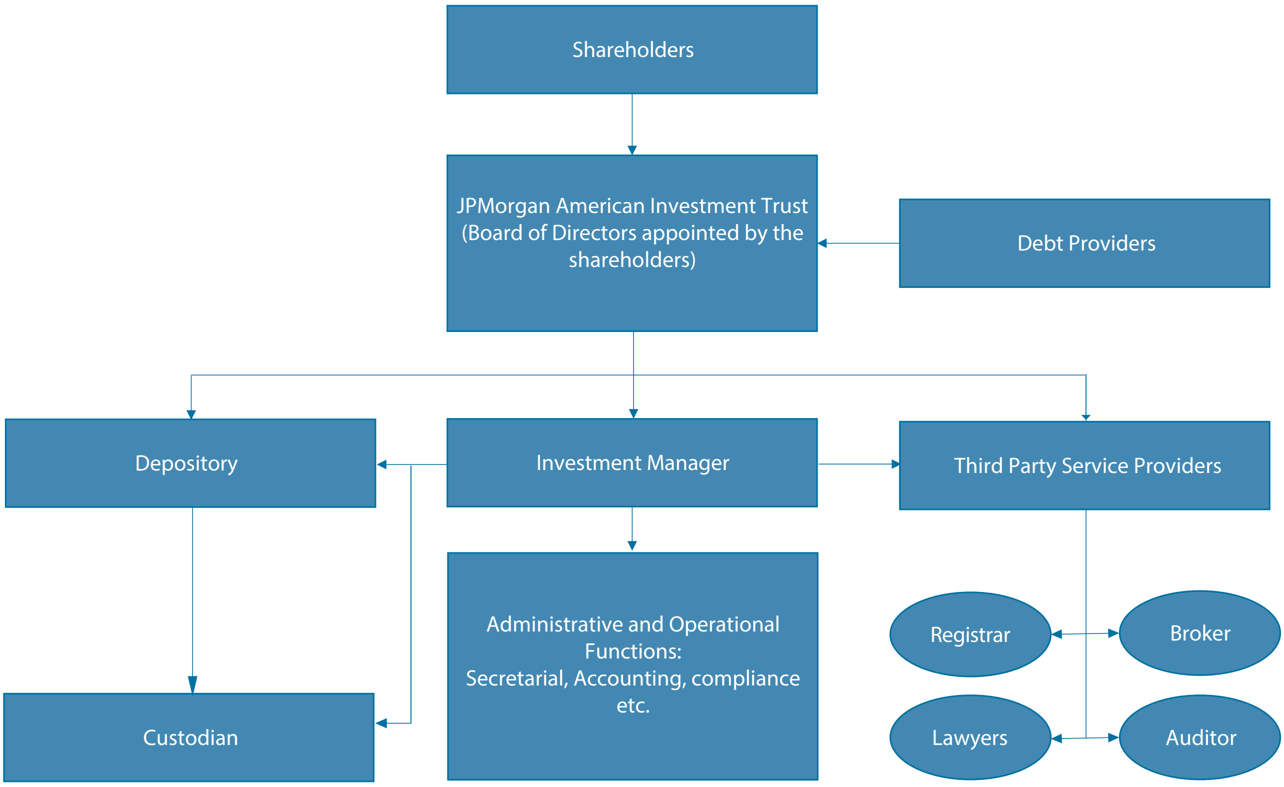
  The Board has adopted a share issuance and repurchase policy and is committed to buy-back shares when they stand at anything more than a small discount to enhance the NAV per share for remaining shareholders. In the year to 31st December 2022, the shares traded between a discount of -8.1% and a premium +1.4% (daily figures calculated with debt at fair value and including income). Please refer to the Chair's Statement on pages 7 to 10 for further information.

- **Ongoing charges ratio**

  The ongoing charges ratio represents the Company's management fee and all other operating expenses, excluding finance costs expressed as a percentage of the average daily net assets during the year. Please refer to note 20 for more information.

Stakeholder Engagement

Set out below are the keys stakeholders of the Company and how the Board of Directors engage with them.



Duty to Promote the Success of the Company

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

Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance, and reports formally to shareholders twice a year by way of the Annual Report & Financial Statements and the Half Year Report. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares. In addition, the Company issues announcements for all substantive news which are available on the Company's website together with monthly factsheets published by the Manager.

The Board seeks regular engagement with the Company's major shareholders to understand their views on governance and performance against the Company's investment objective and investment policy, either directly or through the Company's brokers, the portfolio managers and JPMF by holding discussions on an ongoing basis. During the year the investment management team, JPMF and the Company's brokers held discussions with the larger shareholders. Where possible Directors attend shareholder meetings arranged by the Manager. The Chair and other Directors make themselves available as and when required to address any shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 103.

The Annual General Meeting (AGM) provides the key forum for the Board and Manager to present to shareholders on the Company's performance, future plans and prospects. It also allows shareholders the opportunity to meet with the Board and Manager and raise any questions or concerns. A recording of the Manager's presentation is also available on the Company's website following the AGM.

The Manager

The Company's 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 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 which extend well beyond the formal business addressed at Board meetings.

Debt Providers

The Board, in discussion with the portfolio managers, regularly reviews the Company's debt position. This process includes identifying the need for finance, the type of finance and the parties to work with. This leads to pricing and term discussions including covenants with the selected debt provider. The Company, through its Manager, maintains the relationship and continued engagement with the debt provider which includes regular debt compliance reporting.

Other Third Party Service Providers

The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers with appropriate performance records, resources and controls in place to deliver the services that the Company requires. The Company provides clear guidance to them on its needs so that the service providers can deliver their services efficiently. Their performance and value for money is monitored by the Board and its committees.

Duty to Promote the Success of the Company

Key Decisions

The Directors confirm that they have considered their duty under Section 172 when making decisions during the financial year under review. The Board's key decisions and actions during the year include:

Re-appointment of Manager

The Directors have reviewed the competitiveness of the management fee and the Company's other operating costs; held the Manager to account for investment performance; encouraged the Manager to enhance its sales and marketing efforts and further integrate ESG into the Manager's investment process. A review of the Manager and its services was undertaken during the year. Post the review process, the Board re-appointed the Manager.

Share buybacks

The Board pursues an active buyback policy which aims to enhance value for current investors by buying shares at anything wider than a small discount to NAV. In addition to the primary benefit of the NAV enhancement provided to existing shareholders, the buyback policy has the effect of reducing discount volatility and improving liquidity in the Company's shares, both of which should be beneficial to shareholders. During the year 4,904,366 shares were purchased into Treasury, at a cost of £35 million, representing 2.5% of the Company's issued share capital at the beginning of 2022, and at an average discount to NAV of 3.8%.

Gearing and Borrowings

Given the increase in the Company's asset base over recent years, the Board decided to take advantage of the positive market conditions and increase the Company's borrowing facilities at attractive rates. As mentioned in the Chair's statement, during the year, the Company's facility with ING Bank expired in August 2022 and the Company took out an £80 million revolving credit facility (with additional £20 million accordion) with Mizuho Bank Ltd which expires in August 2025. The Company's mixed debt structure will ensure that there are adequate facilities in place overall to enable the Company's Investment Managers to operate more fully across the Company's gearing range as opportunities arise. The Board considered the level of gearing and decided to keep the Strategic and Tactical ranges unchanged as set out on page 37.

Small Cap Portfolio Allocation

During the year, the Board kept under review the allocation of the portfolio in smaller capitalisation companies. Regular reports are received from the portfolio managers which provide the necessary information to the Board to manage the small cap portfolio allocation. The allocation to the small cap portfolio within this range was maintained at 5% during the first six months of the year and increased as the small cap sell-off intensified, ending the year at 7.1%. More information in the Chair's statement on page 5.

Dividends Payable

The Board's decision to recommend a final dividend of 4.75p per share, providing a total of 7.25p per share to shareholders for the year to 31st December 2022 balances the Company's investment objective to provide capital growth with the value placed by some investors on the receipt of a dividend.

Board Succession

The Board progressed its succession plans during the year resulting in the decision to appoint Pui Kei Yuen as an independent non-executive director with effect from 1st January 2023. Further information regarding the retirement plans of Sir Alan Collins and Dr Kevin Carter is included in the Chair'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.

By order of the Board
Priyanka Vijay Anand, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

31st March 2023

Principal and Emerging Risks

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

With the assistance of JPMF, the Risk Committee, chaired by Sir Alan Collins, has drawn up a risk matrix, which identifies the principal and emerging risks to the Company. These are reviewed and discussed on a regular basis by the Board. These risks fall broadly into the following categories:

Principal risk	Description	Mitigating activities
Investment and Strategy	An inappropriate investment strategy, poor asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and its peer companies, resulting in the Company's shares trading on a wider discount.	The Board mitigates this risk by insisting on diversification of investments through its investment restrictions and guidelines which are monitored and reported on regularly by the Managers. JPMF provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the portfolio managers, who attend the majority of Board meetings, and reviews data which details the portfolio's risk profile. The Manager deploys the Company's gearing within a range set by the Board.
Market	Market risk arises from uncertainty about the future prices of the Company's investments. This market risk comprises three elements – equity market risk, currency risk and interest rate risk.	The Board considers the split in the portfolio between small and large companies, sector and stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by JPMF. The Board monitors the implementation and results of the investment process with the Manager. However, the fortunes of the portfolio are significantly determined by market movements in US equities, the rate of exchange between the US dollar and sterling and interest rate changes. This is a risk that investors take having invested into a single country fund.
Operational and Cybercrime	Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the custodian's or depositary's records could prevent accurate reporting and monitoring of the Company's financial position. On 1st July 2014, the Company appointed Bank of New York Mellon (International) Limited to act as its depositary, responsible for overseeing the operations of the custodian, JPMorgan Chase Bank, N.A., and the Company's cash flows. Details of how the Board monitors the services provided by the Manager and its associates and the key elements designed to provide effective internal control are included in the Internal Control section of the Corporate Governance Statement on page 57.	The threat of cyber-attack, in all its guises, is regarded as at least as important as more traditional physical threats to business continuity and security. The Board has received the cyber security policies for its key third party service providers and JPMF has assured the Directors that the Company benefits directly or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested by independent reporting accountants and reported every six months against the AAF Standard.
Loss of Investment Team or Investment Managers	The sudden departure of the investment managers or several members of the wider investment management team could result in a short term deterioration in investment performance.	The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team based approach.

Principal and Emerging Risks

Principal risk	Description	Mitigating activities
Share Price Relative to Net Asset Value ('NAV') per Share	If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount.	The Board monitors the Company's premium/discount level and, although the rating largely depends upon the relative attractiveness of the trust, the Board is committed to buy-back shares when they stand at anything more than a small discount to enhance the NAV per share for remaining shareholders.
Accounting, Legal and Regulatory	In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given on page 54. Section 1158 requires, among other matters, that the Company does not retain more than 15% of its investment income, can demonstrate an appropriate diversification of risk and is not a close company.	Were the Company to breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by JPMF and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, as its shares are listed on the London Stock Exchange, the UKLA Listing Rules and Disclosure & Transparency Rules ('DTRs'). A breach of the Companies Act 2006 could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing, which in turn would breach Section 1158. The Directors seek to comply with all relevant regulation and legislation in the UK, Europe and the US and rely on the services of its Company Secretary, JPMF, and its professional advisers to monitor compliance with all relevant requirements.
Political and Economic	Changes in legislation, including in the US, UK and the European Union, may adversely affect the Company either directly or because of restrictions or enforced changes on the operations of the Manager. JPMF makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. In addition, the Company is subject to political risks, such as the imposition of restrictions on the free movement of capital.	The Company is therefore at risk from changes to the regulatory, legislative and taxation framework within which it operates, whether such changes were designed to affect it or not. The Board continues to monitor and review the impact of Britain's exit from the EU, including the impact of the trade deal reached in December 2020.
Global Pandemics	Covid-19 was identified initially as an emerging risk, but quickly moved to become a current significant risk. The global reach and disruption caused by the virus to markets worldwide was unprecedented. Even though there are no direct comparatives from history to learn from, time after time, extreme market falls are followed by recovery, albeit over varying and sometimes extended time periods. To date the portfolio's holdings have not exhibited a material long-term impact and have recovered as the containment measures eased, although the pandemic has yet to run its course.	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

Principle risk	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.	The Manager's investment process integrates considerations of environmental, social and governance factors into decisions on which stocks to buy, hold or sell. This includes the approach investee companies take to recognising and mitigating climate change risks.

Emerging risk	Description	Mitigating activities
US and China Technology Competition	Since the end of the Second World War, the world has enjoyed a technology and economic hegemony with the US at its core. With the development of China as a political, cultural, technological and economic rival, there is the risk that alongside the trade tensions we have seen in recent years, there may develop a rival technology and economic infrastructure which is not compatible with or available to the US companies in which we invest.	This may limit the ability of US companies to innovate and address large elements of the global market with the result that a Company with an investment objective focused on the United States may find future returns to be muted or find itself eclipsed by the investment opportunities and returns available elsewhere. The Company addresses these global developments in regular questioning of the Manager and with external expertise and will continue to monitor these issues, should they develop.
ESG requirements from investors	The Company's policy on ESG and climate change may be out of line with ESG practices which investors are looking to invest in accordance with.	There is continual enhancement to the Manager's ESG approach each year. As the ESG processes evolve, additional questions are added by the analysts to their investment process which intends to highlight companies with both ESG strengths or risks. The Board liaises closely with the Managers on this continually to understand the ESG integration process. More details on this can be found in the Manager's Approach to ESG on pages 25 to 29.
Geopolitical	There is an increasing risk to market stability and investment opportunities from geo-political conflicts, such as between Russia and the Ukraine, South and North Korea, and China and Taiwan. In addition there is a potential risk from the increasing polarisation of politics in the United States.	There is little direct control of risk possible. The Company addresses these global developments in regular questioning of the Manager and with external expertise and will continue to monitor these issues, should they develop. The Board can with shareholder approval look to amend the investment policy and objectives of the Company to avoid exposure to or mitigate the risks arising from geopolitical concerns.
Artificial Intelligence (AI)	While it might equally be deemed a great opportunity and force for good, there appears also to be an increasing risk to business and society more widely from AI. Advances in computing power means that AI has become a powerful tool that will impact a huge range of areas and with a wide range of applications that include the potential to disrupt and even to harm. In addition the use of AI could be a significant disrupter to business processes and whole companies leading to added uncertainty in corporate valuations.	The Board will work with the Manager to monitor developments concerning AI as its use evolves and consider how it might threaten the Company's activities, which may, for example, include a heightened threat to cybersecurity. The Board will work closely with the Manager in identifying these threats and, in addition, monitor the strategies of our service providers. Furthermore, the Company's investment process includes consideration of technological advancement and the resultant potential to disrupt both individual companies and the wider markets.

Long Term Viability Statement

The Company has the objective of achieving capital growth from North American investments by outperforming its benchmark index, the S&P 500, and is constituted as an investment trust, which provides it with the ability to build up reserves which can be called upon in the future if required. The Company, which was founded in 1881, has been investing over many economic cycles and through some difficult market conditions. The Company's business model and strategy described on page 38 have helped to ensure its long-term success in this respect, and over the last ten years it has on average outperformed its benchmark.

Although past performance and a long track record are no guide to the future, the Directors have adopted a time horizon of five years over which to assess the Company's viability, which is regarded by many commentators as the minimum period over which to consider investing in equities.

In assessing the Company's viability, the Directors have considered the Company's prospects, principal and emerging risks, the outlook for the US economy, US equity markets and for investment trusts. The Directors also took into consideration the perceived resilience of the Company's business model and of the Company's key third party service providers. The Company's existing financing facilities, described in notes 13 and 14 on pages 79 and 80, comprise a mix of fixed and floating rate debt of different tenors, drawn in US dollars. The private placements mature significantly beyond the period of the viability assessment. The Directors are satisfied that the Company has access to sufficient readily realisable assets should it be required to repay its revolving credit facility at short notice.

The Directors have considered three possible scenarios: a base case, which has then been stress tested through two more cautious scenarios. For each scenario, the principal risks specifically considered were investment, strategy and market risk, as described on pages 42 to 44. For the stress test scenarios, no assumptions have been included regarding mitigating actions that the Directors and the Manager could take, such as portfolio liquidations, reduced dividend payments and share buy-backs, and operating cost reductions. In addition, compliance with financing covenants was modelled and indicated headroom throughout the viability assessment period in all scenarios.

The base case, or first scenario, assumes a rise of US large caps of 6% p.a., in line with the manager's long term capital market assumptions, while cost inflation stabilises at 2.4%. The Company's debt levels are assumed to be 10% of opening assets. The robust case assumes four years of negative returns of between 10% and 20% p.a., while the final scenario replicated the returns experienced during 1929 –1934, the worst period to date for the US market. In all scenarios, the Directors remain of the opinion that the Company remains a viable size.

The Directors therefore confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period from the date of approval of the financial statements.

For and on behalf of the Board
Priyanka Vijay Anand
JPMorgan Funds Limited
Company Secretary

31st March 2023

Governance

Image: Governors Island National Monument near New York and Manhattan.

Board of Directors

Dr Kevin Carter (Chair of the Board, Management Engagement Committee and Nomination Committee)

A Director since 2014.

Last re-appointed to the Board: 2021.

Currently Director of Henderson Smaller Companies Investment Trust plc, a Director of Newton Investment Management Limited, and Aspect Capital Limited, Chairman of the Investment Committee and a trustee director of the BBC Pension Scheme. Dr Carter is a CFA charter holder and has a doctorate awarded in mathematical statistics with a research subject in financial economics.

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

Sir Alan Collins (Chair of the Risk Committee, Remuneration Committee and Senior Independent Director)

A Director since 2012.

Last re-appointed to the Board: 2021.

Sir Alan had a successful career in the British Diplomatic Service where he held a number of Ambassador and High Commissioner appointments and was until August 2011 the Consul General New York and the Director General for Trade and Investment USA. He was also the managing director in United Kingdom Trade and Investment responsible for the business legacy from the London 2012 Olympic and Paralympic Games, having been part of the team that won the bid to bring the Olympics to London.

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

Nadia Manzoor

A Director since 2016.

Last re-appointed to the Board: 2021.

Ms Manzoor is a Partner at Silent Unicorn, a venture builder and investor in the technology space and a non-executive director of AirAsia Super App. Prior to this Ms Manzoor was Partner, Head of Business Development and General Counsel for S.W. Mitchell Capital, a specialist European equities investment management house. Ms Manzoor commenced her career as a corporate lawyer at Slaughter and May in 2009. During this time she worked in London, Hong Kong and also spent six months seconded to a FTSE 100 client. Ms Manzoor is a Scholar of Downing College, Cambridge University, where she read Law.

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

Robert Talbut

A Director since 2017.

Last re-appointed to the Board: 2021.

Mr Talbut was, until 2014, the Chief Investment Officer of Royal London Asset Management and has over 30 years of financial services experience. He has represented the asset management industry through the chairmanship of both the ABI Investment Committee and the Asset Management Committee of the Investment Association. He has also been a member of the Audit & Assurance Council of the Financial Reporting Council and the Financial Conduct Authority's Listing Authority Advisory Panel. He is currently Chairman and Director of Shires Income plc and Schroder UK Mid Cap Fund PLC, and a Director of Pacific Assets Trust PLC.

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

Claire Binyon (Chair of the Audit Committee)

A Director since 2020.

Last re-appointed to the Board: 2021.

Following an early career in corporate finance in the City, Ms Binyon pursued a successful career working for global multinationals in areas of corporate development and strategic planning. She is currently a non-executive director of NHBS Ltd, Murray International Trust PLC and IG Design Group Plc. Ms Binyon graduated from the University of Bristol gaining a BSc. Hons in Chemistry and qualified as a chartered accountant with EY.

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

Pui Kei Yuen

Appointed to the Board: 1st January 2023.

Ms. Yuen has over 25 years' experience in equities. Her previous roles included UK institutional equity portfolio management and research at Mercury Asset Management, Pan European equity responsibilities at UBS and Bank of America Merrill Lynch advising large institutional investors and hedge funds, and more recently working with the Boards of earlier stage private companies. Ms. Yuen is also a Non-Executive Director of European Assets Trust PLC.

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

Directors' Report

The Directors present their Annual Report & Financial Statements for the year ended 31st December 2022.

Management of the Company

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

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

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

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF is the Company's alternative investment fund manager ('AIFM'). JPMF has been approved as an AIFM by the FCA. For the purposes of the AIFMD the Company is an alternative investment fund ('AIF').

JPMF has delegated responsibility for the day to day management of the Company's portfolio to JPMAM, which further delegates the management to JPMorgan Asset Management, Inc. The Company has appointed Bank of New York Mellon (International) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A. as the Company's custodian. BNY remains responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at www.jpmamerican.co.uk. There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

The Company's leverage and JPMF's remuneration disclosures are set out on pages 92 and 93.

Management Fees

The management fee is charged on a tiered basis as follows:

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

With effect from 1st January 2019, the performance fee element of the Manager's fees was removed.

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

Directors

The Directors of the Company who held office at the end of the year along with the latest Board appointment, are detailed on page 47. Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on pages 51 to 53.

All Directors, except Sir Alan Collins who will be retiring at the forthcoming Annual General Meeting, will offer themselves for appointment/re-appointment. The Board is satisfied that all Directors remain independent from the Manager. 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 re-appointed.

Director Indemnification and Insurance

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

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

Disclosure of information to Auditor

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

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

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

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

Independent Auditor

As explained previously in the Company's Half Year Report, the Board underwent a formal audit tender process in 2022, as a result of which BDO LLP was appointed as Auditor to the Company with effect from 19th August 2022. BDO have expressed their willingness to continue in office as the Auditor and a resolution to appoint them and authorise the Directors to determine their remuneration for the ensuing year will be proposed at the forthcoming Annual General Meeting.

Total Return, Revenue and Dividends

As detailed on page 70 gross total loss for the year amounted to £132.0 million (2021: £337.7 million return) and net total loss after deducting finance costs, administrative expenses and taxation, amounted to £143.6 million (2021: £328.6 million return). Distributable income for the year totalled £14.6 million (2021: £11.7 million).

The Company paid an interim dividend of 2.50p per share on 7th October 2022. The Directors recommend a final dividend of 4.75p per share, payable on 31st May 2023 to shareholders on the register at the close of business on 21st April 2023. These distributions total £13.7 million (2021: £13.6 million). After payment of the final dividend, the revenue reserve will amount to £21.7 million (2021: £21.2 million).

Capital Structure and Voting Rights

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

During the financial year, the Company repurchased 4,904,366 shares, into Treasury, for a total consideration of £35.0 million. Since the year end, the Company has repurchased 4,552,232 shares, into Treasury, for a total consideration of £32 million.

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

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

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

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

Capital Structure

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

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at 30th March 2023 are given in note 16 to the Notice of Annual General Meeting on page 98.

Notifiable Interests in the Company's Voting Rights

The Board has been advised that the following shareholders owned 3% or more of the issued share capital of the Company as at 31st December 2022:

Shareholders	Number of voting rights as at 31st December 2022	% holding as at 31st December 2022
Quilter Cheviot Investment Management	30,504,645	16.15
RBC Brewin Dolphin, stockbrokers	16,301,614	8.63
Rathbones	13,638,477	7.22
Interactive Investor (EO)*	10,576,298	5.60
Hargreaves Lansdown, stockbrokers (EO)*	9,549,260	5.05
Charles Stanley	7,658,815	4.05
Investec Wealth & Investment	6,651,289	3.52
Craigs Investment Partners	6,062,754	3.21

* non-beneficial interests

Since the year-end, no other interests have been notified to the Company as required under the Disclosure, Guidance and Transparency Rules.

Directors' Report

Listing Rule 9.8.4R

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

Annual General Meeting

The notice covering the Annual General Meeting of the Company to be held on 18th May 2023 is given on pages 95 to 98. The full text of the Resolutions is set out in this notice.

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

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

At the Annual General Meeting the Directors will seek authority to issue up to 18,436,558 new shares or sell shares held in Treasury for cash up to an aggregate nominal amount of £921,828 (such amount being equivalent to 10% of the issued share capital) and disapply pre-emption rights upon such issues. The full text of the resolutions is set out in the Notice of Meeting on pages 95 to 98. This authority will expire at the conclusion of the Annual General Meeting 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 (or to sell Treasury shares) to investors when the Directors consider that it is in the best interests of shareholders to do so. As such issues are only made at prices greater than the net asset value ('NAV'), they increase the NAV per share and spread the Company's administrative expenses, other than the management fee which is charged on the value of the Company's assets, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies.

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

At the Annual General Meeting held on 18th May 2022, shareholders gave authority to the Company to purchase up to 14.99% of its then issued share capital. At that time, shareholders were informed that this authority would expire on 6th October 2023 but could be renewed by shareholders at any time at a general meeting of the Company. The Directors consider that the renewal of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying net asset value ('NAV') enhances the NAV of the remaining shares. Resolution 13 gives the Company authority to buy back its own issued shares in the market as permitted by the Companies Act 2006 (the 'Act'). The authority limits the number of shares that could be purchased to a maximum of 27,636,400 shares representing approximately 14.99% of the Company's issued shares as at 30th March 2023 (being the latest practicable date prior to the publication of this document). The authority also sets minimum and maximum prices.

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

The full text of the resolution is set out in the Notice of Meeting on pages 95 to 98. 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 1 to 14 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 56,234 shares representing approximately 0.02% of the existing issued share capital of the Company.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which may be found below. Sir Alan Collins, the Senior Independent Director, leads the evaluation of the performance of the Chair and is available to shareholders if they have concerns that cannot be resolved through discussion with the Chair. Following Sir Alan's retirement, Ms. Nadia Manzoor will take over the position of Senior Independent Director.

By order of the Board
Priyanka Vijay Anand, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

31st March 2023

Directors' Remuneration Report

Introduction

The Board presents the Directors' Remuneration Report for the year ended 31st December 2022 which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The Auditor's opinion is included in their report on pages 64 to 68.

Directors' Remuneration Policy

The law requires that the Directors' Remuneration Policy is subject to a triennial binding vote. However, the Board has resolved that for good governance purposes, the policy vote will be put to shareholders every year. Accordingly a resolution to approve the policy will be put to shareholders at the 2023 Annual General Meeting. The policy, which has not changed this year, and, subject to the vote, is set out in full below and is currently in force.

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

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

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

In the year under review, Directors' fees were paid at the following rates: Chair £51,000; Audit Committee Chair £42,000 and £35,000 for other Directors. The roles of Senior Independent Director and Chair of the Risk Committee both attract an additional fee of £3,000 and £2,500 respectively. The role of the Chair of Remuneration Committee attracts an additional fee of £1,000. The Company's Articles of Association stipulate that aggregate fees must not exceed £285,000.

From 1st January 2023 Director's fees are being paid at the following rates: Chair £53,500, Chair of the Audit Committee £44,000, and other Directors £36,500. The Senior Independent Director will receive an additional fee of £3,000, the Chair of the Risk Committee an additional £3,000 and the Chair of the Remuneration Committee an additional £1,000. This level of fees takes account of surveys of Director's fees in comparable companies, the workload and responsibilities of the Board and the rate of inflation.

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

The Remuneration Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and will take account of these views if appropriate.

The Directors do not have service contracts with the Company. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on pages 54 and 55.

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 31st December 2021 and no changes are proposed for the year ending 31st December 2023.

At the Annual General Meeting held on 18th May 2022, of votes cast, 99.9% of votes cast were in favour of (or granted discretion to the Chair who voted in favour of) both the remuneration policy and the remuneration report and 0.1% voted against. Votes withheld were 67,952 and 68,204 respectively, the equivalent of less than 0.01% of votes cast.

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

Single total figure of remuneration

The single total figure of remuneration and expenses for the Board as a whole for the year ended 31st December 2022 was £206,580. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

There are no performance targets in place for the Directors of the Company and there are no benefits for any of the Directors which will vest in the future. There are no benefits, pension, bonus, long term incentive plans, exit payments or arrangements in place on which to report.

Directors' Remuneration Report

Single Total Figure Table (Audited)[1]

Directors' Name	2022 Fees £	2022 Taxable expenses[2] £	2022 Total £	2021 Fees £	2021 Taxable expenses[2] £	2021 Total £
Dr Kevin Carter	51,000	—	51,000	48,000	—	48,000
Claire Binyon[3]	42,000	667	42,667	35,321	—	35,321
Sir Alan Collins	41,500	—	41,500	38,000	—	38,000
Nadia Manzoor	35,000	683	35,683	33,000	—	33,000
Robert Talbut	35,000	730	35,730	33,000	—	33,000
Simon Bragg[4]	—	—	—	26,848	—	26,848
Total	**204,500**	**2,080**	**206,580**	**214,169**	**—**	**214,169**

1 Other subject headings for the single figure table as prescribed by regulation are not included because there is nothing to disclose in relation thereto.
2 Taxable travel and subsistence expenses incurred in attending Board and Committee meetings.
3 Appointed as Audit Committee Chair on 31st August 2021.
4 Retired on 31st August 2021.

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Single Total Figure for Directors' fees for the year to 31st December 2022:

Directors' name	Percentage change for year to 31st December 2022	Percentage change for year to 31st December 2021
Dr Kevin Carter	6.3%	9.1%
Claire Binyon[1]	20.8%	2.6%
Sir Alan Collins	9.2%	13.4%
Nadia Manzoor	8.1%	11.9%
Robert Talbut	8.3%	11.9%

1 Appointed to the Board on 1st June 2020 and appointed as Audit Committee Chair on 31st August 2021. Percentage change for 2021 has been calculated by prorating the 2020 fee over the year to obtain a more realistic percentage change.

Expenditure by the Company on Remuneration and Distributions to Shareholders

The table below is provided to enable shareholders to assess the relative importance of expenditure on Directors' remuneration. It compares the remuneration with distributions to shareholders by way of dividends and share repurchases.

	Year ended 31st December 2022	Year ended 31st December 2021
Remuneration paid to all Directors	£206,580	£214,168
Remuneration paid to Directors as a percentage of Shareholders' funds	0.01%	0.01%
Distributions to shareholders		
— by way of dividends paid	£13,418,000	£13,232,000
— by way of share repurchases	£35,032,000	£30,751,000

Remuneration for the Chair over the five years ended 31st December 2022

Year ended 31st December	Fees[1]
2022	£51,000
2021	£48,000
2020	£44,000
2019	£44,000
2018	£44,000

Directors' Shareholdings (Audited)[1]

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

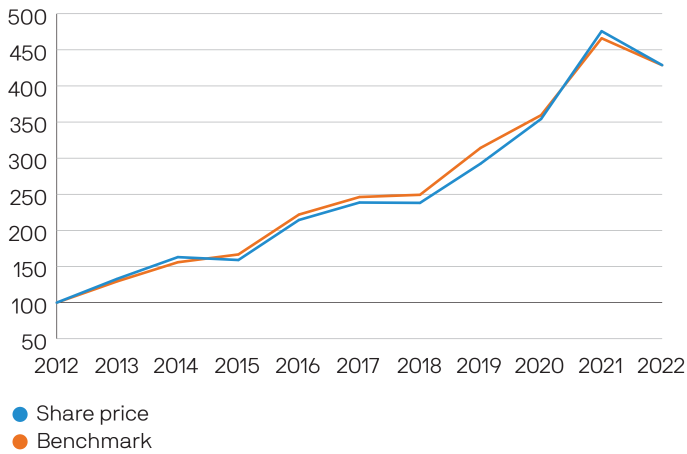
Ordinary	31st December 2022	1st January 2022
Dr Kevin Carter	35,000	35,000
Claire Binyon	2,475	2,452
Sir Alan Collins	8,234	8,153
Nadia Manzoor	2,643	2,643
Robert Talbut	7,882	7,882
Pui Kei Yuen[1]	N/A	N/A

[1] Appointed to the Board on 1st January 2023.

All of the holdings of the Directors are beneficial.

Ten Year Ordinary Share Price and Benchmark Total Returns to 31st December 2022

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



Source: Morningstar.

For and on behalf of the Board
Sir Alan Collins
Remuneration Committee Chair

31st March 2023

Corporate Governance Statement

Compliance

During the year, the Company was subject to UK legislation and regulations including UK company law, UK Financial Reporting Standards, the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, taxation law and the Company's own Articles of Association. Since January 2021, new autonomous UK regulations have been effective and the UK no longer applies EU regulations. The Company's underlying investments are also subject to some US and other worldwide regulations. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). As a result the Company is not liable for taxation on capital gains. The Directors have no reason to believe that approval will not continue to be retained. The Company is not a close company for taxation purposes.

By virtue of the Company's premium listing on the London Stock Exchange, the Board is required to report on how the principles of the 2018 UK Corporate Governance Code (the 'UK Code') have been applied. The 2019 AIC Code of Corporate Governance (the 'AIC Code') addresses the principles and provisions of the UK Code as well as additional provisions of specific relevance to investment companies, and has been endorsed by the Financial Reporting Council.

This enables investment company boards to report against the AIC Code and still meet their obligations under the UK Code and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules. The Board has chosen to report under the AIC Code, as it considers reporting against the AIC Code provides more relevant information to the Company's shareholders about its governance arrangements. The Board has fully adopted the recommendations of the 2019 AIC Code.

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

Role of the Board

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

The Board meets at least quarterly during the year and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities. Further information on meetings and committees can be found on page 56.

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

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

Board Composition

The Board currently consists of six non-executive Directors and is chaired by Dr Kevin Carter. Following Sir Alan Collins' planned retirement at the forthcoming AGM, the Board would revert to having five non-executive Directors. All Directors are considered to be independent of the Company's Manager. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 47.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board and an assessment is made of the qualities and skills of the existing Board before appointing new directors. Following completion of a review of the skills and experience of Directors, the Board feels that they are equipped with the necessary attributes required for the sound stewardship of the Company and that their knowledge sets allow for lively and engaging debates. Full details of the skills and experience of the Directors can be found on page 55. At 31st December 2022, there were three male Directors and two female Directors on the Board, which was also in compliance with the Parker Review recommendations on diversity in the UK boardroom. Please refer to page 56 for more information on the workings of the Nomination Committee.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be appointed by shareholders. Thereafter, subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for each Director to seek re-appointment. In accordance with corporate governance best practice, Directors continuing in office seek annual re-appointment and no Director, including the Chair, will normally seek re-appointment after having served for nine years on the Board unless there are exceptional circumstances for doing so.

As mentioned in the Chair's statement, Sir Alan Collins, current Senior Independent Director, will be retiring from the Board at the 2023 AGM and Ms. Pui Kei Yuen was appointed to the Board with effect from 1st January 2023. The Board keeps plans for its orderly succession and refreshment under continual review. The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the Annual General Meeting. A list of potential conflicts of interest for each Director is maintained by the Company. These are considered carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved.

Re-appointment of Directors

The Directors of the Company and their brief biographical details are set out on page 47. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long term success of the Company, are summarised below.

Resolution 5 concerns the re-appointment of Dr Kevin Carter. He joined the Board in July 2014 and has served for eight years as a Director. He has held various roles within the investment industry, including that of portfolio manager, Chief Investment Officer and Chief Executive Officer. He has also been a director of listed closed-ended funds for a number of years and brings strong leadership skills gained through a number of Board roles, including chairmanship roles. He brings leadership and considerable in-depth knowledge, expertise and experience in investment management to the Board.

For details of his current directorships, please refer to page 47 of the Report.

Resolution 6 concerns the re-appointment of Nadia Manzoor. She joined the Board in June 2016 and has served for six years as a Director. She is a Partner at Silent Unicorn, a venture builder and investor in the technology space. She has current financial expertise from her previous role as Partner, Head of Business Development and General Counsel for S.W. Mitchell Capital, a specialist European equities investment management house. She also has experience in marketing financial services which she brings to bear in assessing the Manager's efforts in promoting the Company. She has strong exposure and experience with the US market as she spends a great deal of her time in the US working with US institutions and investors.

As a qualified lawyer, having trained at Slaughter and May, her contribution to the legal aspects of the Board's role and particularly its relationship with service providers is much appreciated.

For more details, please refer to page 47 of the Report.

Resolution 7 concerns the re-appointment of Robert Talbut. He joined the Board in May 2017 and has served for five years as a Director. He has over 30 years of financial services experience and has represented the asset management industry through the chairmanship of both the ABI Investment Committee and the Asset Management Committee of the Investment Association. As well as experience as an asset manager including evolving best practice in corporate governance and ESG issues, his varied roles with the Financial Reporting Council and the FCA helps him bring broader perspectives to Board discussions.

For details of his current directorships, please refer to page 47 of the Report.

Resolution 8 concerns the re-appointment of Claire Binyon. She joined the Board in June 2020 and has served for almost three years, becoming Audit Committee Chair in September 2021. After qualifying as a chartered accountant and following an early career in corporate finance, she worked for global multinationals in the areas of corporate development and strategic planning. Her relevant experience also includes her non-executive directorships at Murray International Trust PLC and IG Design Group plc. Claire is a Fellow of the Institute of Chartered Accountants in England and Wales.

Resolution 9 concerns the appointment of Pui Kei Yuen. She joined the Board in January 2023. Ms. Yuen has over 25 years' experience in equities in various roles including fund management, research and advising large institutional investors and hedge funds. Her relevant experience also includes her non-executive directorship at European Assets Trust PLC.

For more details, please refer to page 47 of the Report.

The Board confirms that each of the Directors standing for appointment or re-appointment at the forthcoming Annual General Meeting continues to contribute effectively and recommends that shareholders vote in favour of their re-appointment.

Induction and Training

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

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Details of membership of committees are shown with the Directors' profiles on page 47.

Corporate Governance Statement

The table below details the number of formal Board and Committee meetings attended by each Director. There were 6 Board meetings held during the year, 3 Audit Committee meetings, 3 Risk Committee meetings and 1 Remuneration, Management Engagement and Nomination Committee meeting during the year.

Meetings attended during the year

Director	Board Meeting	Audit Committee Meeting	Risk Committee Meeting
Dr. Kevin Carter	6	3	3
Claire Binyon	6	3	3
Sir Alan Collins	6	3	3
Robert Talbut	6	3	3
Nadia Manzoor	6	3	3
Pui Kei Yuen*	N/A	N/A	N/A

Director	Remuneration Committee Meeting	Management Engagement Committee Meeting	Nomination Committee Meeting
Dr. Kevin Carter	1	1	1
Claire Binyon	1	1	1
Sir Alan Collins	1	1	1
Robert Talbut	1	1	1
Nadia Manzoor	1	1	1
Pui Kei Yuen*	N/A	N/A	N/A

* Appointed to the Board on 1st January 2023.

As well as the formal meetings detailed above, the Board meets and communicates frequently by email or video-conference to deal with day to day matters as they arise. During the year, the Directors also travelled to the United States to have meetings with the investment management team and senior management based in New York.

Board Committees

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

Nomination Committee

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

The Board's policy on diversity, including gender, is to take account of the benefits of this during the appointment process. The Board remains committed to appointing the most appropriate candidate and seeks to ensure that it does not unwittingly exclude any group.

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, and how it works together. Questionnaires, drawn up by Lintstock, an independent advisory firm, are completed by each Director. The responses are collated and then discussed by the Committee. The evaluation of individual Directors is led by the Chair. The Senior Independent Director leads the evaluation of the Chair's performance, which includes an appraisal of his Board leadership and effectiveness in the role.

Remuneration Committee

The Remuneration Committee, chaired by Sir Alan Collins, consists of all Directors and meets at least annually. The Committee's remit is to review Directors' fees and make recommendations to the Board as and when appropriate in relation to the Company's remuneration policy and its implementation.

Management Engagement Committee

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

Risk Committee

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

Audit Committee

The report of the Audit Committee is set out on pages 60 and 61.

Annual General Meeting ('AGM')

As mentioned in the Chair's statement, this year's Annual General Meeting is the Company's 107th and it will be held on Thursday, 18th May 2023 at 2.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP. Apart from the formal business of the meeting, the shareholders will have the opportunity to hear from our portfolio managers, Timothy Parton, Felise Agranoff and Jonathan Simon who will be presenting virtually, followed by a question and answer session. Shareholders are invited to attend the meeting and raise any questions they have, either by asking questions at the meeting, or in advance by writing to the Company Secretary at the address on page 103, or via email to invtrusts.cosec@jpmorgan.com. As is normal practice, all voting on the resolutions will be conducted on a poll. The Board strongly encourages all shareholders to exercise their votes by completing and returning their proxy forms in accordance with the notes to the Notice of Meeting on pages 96 to 98.

Risk Management and Internal Control

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by JPMF and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure that they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal and Emerging Risks on pages 42 to 44). This process has been in place for the year under review and up to the date of the approval of the annual report and accounts and it accords with the Financial Reporting Council's guidance. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Manager's internal audit department conducts regular and rigorous reviews of the various functions within its asset management business. Any significant findings that are relevant to the Company and/or the Manager's investment trust business are reported to the Board.

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

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

Management Agreement – Evaluation and appointment of a manager and custodian regulated by the FCA, whose responsibilities are clearly defined in a written agreement.

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

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

The Board keeps under review the effectiveness of the Company's system of risk management and internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

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

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 31st December 2022, and to the date of approval of the Annual Report & Financial Statements.

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

Corporate Governance Statement

confirmation in respect of necessary actions has not been considered appropriate.

Employees, Social, Community, Environment and Human Rights Issues

The Company has a management contract with JPMF. It has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees.

The Board notes JPMAM's global policy statements in respect of Social, Community and Environmental and Human Rights issues, as highlighted in italics:

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

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our approach to how we implement the principles is set out in the Manager's Approach to ESG on pages 25 to 29.

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

The Modern Slavery Act 2015 (the 'MSA')

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

Greenhouse Gas Emissions

The Company is managed by JPMF with portfolio management delegated to JPMAM. It has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint and therefore qualifies as a low energy user and is exempt from reporting under the Streamlined Energy & Carbon Reporting requirements. JPMAM is also a signatory to the Carbon Disclosure Project. JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

The Board's policy is to offset the carbon emissions from any air travel it undertakes on Company business. The Manager arranges such travel for the Board, and has been offsetting 100% of air travel emissions from flights booked through its travel agency since 2008. At the end of each year, the Manager's corporate Sustainability team works with the corporate travel agency and a third-party consultant to calculate and purchase the appropriate number of Verified Emission Reduction (VER) credits. These credits are then used to help support various forest conservation projects.

Criminal Corporate Offence

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

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM through the Manager. The following is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details on Environmental, Social and Governance considerations are included in the Strategic Report on pages 25 to 29.

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

JPMAM believes effective investment stewardship can materially contribute to helping build stronger portfolios over *the long term for our clients. At the heart of JPMAMs 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 JPMAMs investee companies through investment-led stewardship has been a vital component of JPMAMs 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 identified 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, to which JPMAM is a signatory.

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/gb/en/asset-management/institutional/about-us/investment-stewardship/

By order of the Board
Priyanka Vijay Anand, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

31st March 2023

Audit Committee Report

The Audit Committee consists of all Directors, and meets at least twice each year. The Chair of the Company is a member of the Committee, which benefits from his valuable contributions drawing on his extensive knowledge and experience. This is permitted under the AIC Code as he was deemed to be independent on appointment to the Board. The members of the Audit Committee consider that at least one member has recent and relevant financial experience and that the Committee as a whole has competency relevant to the sector in which the Company operates.

The Committee reviews the actions and judgements of the Manager in relation to the Half Year and Annual Report & Financial Statements and the Company's compliance with the AIC Code. It examines the effectiveness of the Company's internal control systems, receives information from the Manager's compliance department and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external Auditor.

It is also responsible for reporting any significant financial reporting issues to the Board and for providing review and challenge of key areas of judgement, including any assumptions used, in support of the going concern and Viability statements.

During the year the Committee also considered the report issued by the FRC's Audit Quality Review team following their inspection of Deloitte's audit of the group's financial statements for the year ended 31st December 2021 and was pleased to note that no significant matters had been raised. The Committee also discussed the results of the review with the current auditors BDO.

The Audit Committee has reviewed the independence and objectivity of the Auditor and is satisfied that the Auditor is independent. The Audit Committee also has the primary responsibility for making recommendations to the Board on the re-appointment and the removal of the external Auditor.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 31st December 2022, the Audit Committee considered the following significant issues, including those communicated by the Auditor during its reporting:

Significant issue	How the issue was addressed
Valuation existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1 to the accounts. The Company has appointed Bank of New York Mellon (International) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A., as the Company's custodian. BNY remains responsible for the oversight of the custody of the Company's assets. A representative from BNY reports directly to the Audit Committee on an annual basis.
Calculation of management fees	The management fees are calculated in accordance with the Investment Management Agreement. The Board reviews controls reports, expense schedules and the management fee calculation.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts. Income recording is conducted by the Manager and the methodology is reported upon to the Board within a six monthly independent report on the operations of the Manager.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager, who reports on a monthly basis to the Board on the Company's continuing compliance.
Going Concern/Long Term Viability	The Committee has also reviewed the appropriateness of the adoption of the Going Concern basis in preparing the accounts. The Committee recommended that the adoption of the Going Concern basis is appropriate (see Going Concern statement below). The Committee also assessed the Long Term Viability of the Company as detailed on page 45 and recommended to the Board its expectation that the Company would remain in operation for the five year period of the assessment.

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

Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Board has, in particular, considered the impact of market volatility since the Covid-19 outbreak, the ongoing conflict between Ukraine and Russia, and does not believe the Company's going concern status is affected. The Company's assets, the vast majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly under all stress test scenarios reviewed by the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Directors have also assessed the ability of the Company to repay the amount drawn down under its revolving credit facility, which expires in August 2025, and are satisfied as to its ability to do so on account of the ability of the Company to raise new finance via loans or share issuances, or alternatively through the realisation of investments in the Company's highly liquid quoted securities.

Furthermore, the Directors are satisfied that the Company and its key third party service providers have in place appropriate business continuity plans and confirm they have been able to maintain service levels through disruption such as that caused by the pandemic.

In preparing the financial statements, the Directors have reviewed the Company's ability to continue operating as a going concern. This review took into consideration the principal and emerging risks described on pages 42 to 44, including the outlook for the US economy, US equity markets and for investment trusts.

The Directors have considered three possible scenarios, comprising a base case and two stress tests, which are described in the Viability Statement on page 45. In addition, they have considered a reverse stress test as described below.

The Company's investments, which are predominantly readily realisable, quoted securities, and its other assets, are expected to significantly exceed its liabilities under all three scenarios reviewed by the Board. The Company's financing facilities, described in notes 13 and 14 on pages 79 and 80, comprise a mix of fixed and floating rate debt of different tenors, drawn in US dollars. The private placements mature significantly beyond the period of the going concern review. The Directors are satisfied that the Company has access to sufficient readily realisable assets should it be required to repay its revolving credit facility at short notice. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis and covenant compliance has been modelled as part of the going concern review with significant headroom anticipated throughout the period in all scenarios, with the exception of the most severe scenario.

In addition, a reverse stress test has been modelled to estimate by how much the US stock market would have to fall, in the absence of any mitigating actions, to trigger a covenant breach. This test was for illustrative purposes only and the scale of market declines implied from this would exceed those of 1929 crash. This outcome is considered extremely unlikely as it does not include any assumptions surrounding mitigating actions, such as portfolio liquidations, reduced dividend payments and share buy-backs and operating cost reductions, that the Directors and the Manager could take should such a situation arise.

Furthermore, the Directors are satisfied that the Company's key third party service providers have in place appropriate business continuity plans to ensure their operational resilience and the performance of these service providers is reviewed at least annually by the Management Engagement Committee.

Accordingly, the financial statements have been prepared on the going concern basis as it is the Directors' reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. The Company's longer-term viability is considered in the Viability Statement on page 45.

Auditor Appointment and Tenure

As explained previously in our Half Year Report, Deloitte LLP informed the Board of their intention to step down as external Auditor of the Company as they continued to review and prioritise their current audit appointments. The Board underwent a formal audit tender process, as a result of which BDO LLP was appointed as Auditor by the Company with effect from 19th August 2022. Deloitte LLP therefore ceased to be Auditor to the Company with effect from the same date and their statement of reasons, none of which related to the Company itself, was sent to shareholders along with the Half Year Report.

Representatives of the Company's auditors attend the Audit Committee meeting at which the draft annual report and financial statements are considered and they also attend the half-year audit committee meeting to present their audit plan for the current financial year's audit. As part of its review of the continuing appointment of the Auditors, the Audit Committee considered the length of tenure of the audit firm, its fee, its independence from JPMF and the Manager and any matters raised during the audit.

Chris Meyrick is the audit partner and has conducted the Company's 2022 audit. As the Company went through a formal tender process in 2022, based upon existing legislation, another tender process is not required until 2032. The Company is therefore in compliance with the provisions of 'The Statutory Audit Services for Large Companies Market Investigation' (Mandatory use of competitive tender processes and audit committee responsibilities) Order 2014 as issued by the Competition & Markets Authority.

The Audit Committee reviews and approves any non-audit services provided by the independent Auditors and assesses the impact of any non-audit work on the ability of the Auditors to remain independent. No such work was undertaken during the year.

Fair, Balanced and Understandable

As a result of the work performed, the Audit Committee has concluded that the Annual Report & Financial Statements for the year ended 31st December 2022, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 62.

Claire Binyon
Audit Committee Chair

31st March 2023

Statement of Directors' Responsibilities

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

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

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

and the Directors confirm that they have done so.

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

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

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

Each of the Directors, whose names and functions are listed on page 47, confirms that, to the best of their knowledge:

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

The Board confirms that it is satisfied that the Annual Report & 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.

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

For and on behalf of the Board
Dr Kevin Carter
Chair

31st March 2023

Independent Auditor’s Report

Image: Brooklyn Bridge, New York City.

Independent Auditor's Report

Independent auditor's report to the members of JPMorgan American Investment Trust plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of JPMorgan American Investment Trust plc (the 'Company') for the year ended 31st December 2022 which comprise the statement of comprehensive income, statement of changes in equity, statement of financial position, Statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

Following the recommendation of the audit committee, we were appointed by shareholders on 19th August 2022 to audit the financial statements for the year ending 31st December 2022 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 1 year, covering the year ended 31st December 2022. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

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

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of market volatility and the present uncertainties in economic recovery created by the ongoing geo-political issues by reviewing the information used by the Directors in completing their assessment;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the loan covenants and the available cash resources relative to forecast expenditure and committments; and
- Assessing the liquidity position available to meet the future obligations and operating expenses for a period of 12 months from the date of approval of these financial statements.

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 twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has 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.

Overview

		2022	2021
Key audit matters	Valuation and ownership of listed investments	✔	✔
Materiality	Company financial statements as a whole: £13.0m (2021:£14.9m) based on 1% (2021: 1%) of Net assets.		

Independent Auditor's Report

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation and ownership of listed investments (Notes 1(b) and 11 to the financial statements)	The investment portfolio at the year-end comprised of listed equity investments held at fair value through profit or loss. There is a risk that the prices used for the listed investments held by the Company are not reflective of fair value and the risk that errors made in the recording of investment holdings result in the incorrect reflection of investments owned by the Company. Therefore we considered the valuation and ownership of listed investments to be the most significant audit area as the listed investments also represent the most significant balance in the financial statements and underpin the principal activity of the entity. Furthermore, we consider the valuation disclosures to be a significant area as they are expected to be a key area of interest for the users of the financial statements. For these reasons and the materiality of the balance in relation to the financial statements as a whole, we considered this to be a key audit matter.	We responded to this matter by testing the valuation and ownership of the whole portfolio of listed investments. We performed the following procedures: • Confirmed the year-end bid price was used by agreeing to externally quoted prices; • Assessing if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings; • Recalculating the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share; and • Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date. We also considered the completeness, accuracy and clarity of investment-related disclosures against the requirements of relevant accounting standard. ***Key observations:*** Based on our procedures performed we did not identify any matters to suggest the valuation or ownership of the listed equity investments was not appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

Independent Auditor's Report

	Company financial statements	
	2022 £m	2021 £m
Materiality	13.0	14.9
Basis for determining materiality	1% of net assets	
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	
Performance materiality	9.8	10.4
Basis for determining performance materiality	75% of materiality based on our risk assessment and consideration of the control environment. We also considered the history of misstatements based on our knowledge obtained in the previous year, aggregation effect of planned nature of testing and the overall size and complexity of the entity.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £130,000 (2021: £50,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement 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.

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 or our knowledge obtained during the audit.

Going concern and longer-term viability	● The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and ● The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	● Directors' statement on fair, balanced and understandable; ● Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; ● The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 57; and ● The section describing the work of the Audit and Risk Committee set out on page 61.

Independent Auditor's Report

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on 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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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:

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the UK Listing Rules, the DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and UK adopted international accounting standards. We also considered the Company's qualification as an Investment Trust under UK tax legislation.

Independent Auditor's Report

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- review of minutes of Board and Audit Committee meetings throughout the period for any instances of non-compliance with laws and regulations;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be revenue recognition and management override of controls.

Our tests included, but were not limited to:

- The procedures set out in the Key Audit Matters section above;
- Recalculating investment management fees in total;
- Obtaining independent confirmation of bank balances; and
- Testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

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

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

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

Use of our report

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

Chris Meyrick (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

31st March 2023

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

Financial Statements

Image: Orange groves surrounding country intersection with a semi trailer truck, Yuba City, California.

Statement of Comprehensive Income

For the year ended 31st December 2022

	Notes	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
(Losses)/gains on investments held at fair value through profit or loss	3	—	(144,183)	(144,183)	—	322,790	322,790
Net foreign currency losses		—	(8,319)	(8,319)	—	(1,047)	(1,047)
Income from investments	4	18,883	1,063	19,946	15,900	—	15,900
Interest receivable	4	612	—	612	55	—	55
Gross return/(loss)		**19,495**	**(151,439)**	**(131,944)**	**15,955**	**321,743**	**337,698**
Management fee	5	(866)	(3,463)	(4,329)	(815)	(3,260)	(4,075)
Other administrative expenses	6	(835)	48	(787)	(685)	(48)	(733)
Net return/(loss) before finance costs and taxation		**17,794**	**(154,854)**	**(137,060)**	**14,455**	**318,435**	**332,890**
Finance costs	7	(651)	(2,607)	(3,258)	(385)	(1,539)	(1,924)
Net return/(loss) before taxation		**17,143**	**(157,461)**	**(140,318)**	**14,070**	**316,896**	**330,966**
Taxation	8	(2,943)	(326)	(3,269)	(2,385)	—	(2,385)
Net return/(loss) after taxation		**14,200**	**(157,787)**	**(143,587)**	**11,685**	**316,896**	**328,581**
Return/(loss) per share	**9**	**7.42p**	**(82.45)p**	**(75.03)p**	**5.97p**	**161.80p**	**166.77p**

The dividends payable in respect of the year ended 31st December 2022 amount to 7.25p (2021: 7.0p) per share, costing £13,746,000 (2021: £13,604,000). Details of dividends paid and proposed are given in note 10 on page 78.

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

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

The net return/(loss) after taxation represents the profit/(loss) for the year and also the total comprehensive income.

The notes on pages 73 to 90 form an integral part of these financial statements.

Statement of Changes in Equity

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st December 2020	**14,082**	**151,850**	**8,151**	**1,006,007**	**31,432**	**1,211,522**
Repurchase of shares into Treasury	—	—	—	(30,751)	—	(30,751)
Net return	—	—	—	316,896	11,685	328,581
Dividends paid in the year (note 10)	—	—	—	—	(13,232)	(13,232)
At 31st December 2021	**14,082**	**151,850**	**8,151**	**1,292,152**	**29,885**	**1,496,120**
Repurchase of shares into Treasury	—	—	—	(35,032)	—	(35,032)
Net (loss)/return	—	—	—	(157,787)	14,200	(143,587)
Dividends paid in the year (note 10)	—	—	—	—	(13,418)	(13,418)
At 31st December 2022	**14,082**	**151,850**	**8,151**	**1,099,333**	**30,667**	**1,304,083**

The notes on pages 73 to 90 form an integral part of these financial statements.

Statement of Financial Position

At 31st December 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	**1,381,109**	**1,568,739**
Current assets	12		
Debtors		938	701
Cash and cash equivalents		34,884	28,355
		35,822	29,056
Current liabilities			
Creditors: amounts falling due within one year	13	(30,083)	(28,205)
Net current assets		**5,739**	**851**
Total assets less current liabilities		**1,386,848**	**1,569,590**
Creditors: amounts falling due after more than one year	14	(82,765)	(73,470)
Net assets		**1,304,083**	**1,496,120**
Capital and reserves			
Called up share capital	15	14,082	14,082
Share premium	16	151,850	151,850
Capital redemption reserve	16	8,151	8,151
Capital reserves	16	1,099,333	1,292,152
Revenue reserve	16	30,667	29,885
Total shareholders' funds		**1,304,083**	**1,496,120**
Net asset value per share – debt at par	17	**690.3p**	**771.9p**

The financial statements on pages 70 to 72 were approved and authorised for issue by the Directors on 30th March 2023 and signed on their behalf by:

Claire Binyon
Director

The notes on pages 73 to 90 form an integral part of these financial statements.

The Company's registration number is 15543.

Statement of Cash Flows

For the year ended 31st December 2022

	Notes	2022 £'000	2021 £'000
Net cash outflow from operations before dividends and interest	18	(2,444)	(7,079)
Dividends received		16,413	13,093
Interest received		481	55
Overseas tax recovered		167	240
Loan interest paid		(906)	(679)
Private placement interest paid		(2,035)	(1,214)
Net cash inflow from operating activities		**11,676**	**4,416**
Purchases of investments		(496,876)	(722,307)
Sales of investments		540,264	744,691
Settlement of foreign currency contracts		—	22
Net cash inflow from investing activities		**43,388**	**22,406**
Dividends paid	10	(13,418)	(13,232)
Repayment of bank loan		(78,558)	(25,325)
Draw down of bank loan		78,596	—
Draw down of private placement loan		—	25,643
Repurchase of shares into Treasury		(35,036)	(30,747)
Net cash outflow from financing activities		**(48,416)**	**(43,661)**
Increase/(decrease) in cash and cash equivalents		**6,648**	**(16,839)**
Cash and cash equivalents at start of year		28,355	43,360
Unrealised loss on foreign currency cash and cash equivalents		(119)	1,834
Cash and cash equivalents at end of year		**34,884**	**28,355**
Cash and cash equivalents consist of:			
Cash and short term deposits		1,079	36
Cash held in JPMorgan US Dollar Liquidity Fund		33,805	28,319
Total		**34,884**	**28,355**

Reconciliation of net debt

	As at 31st December 2021 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st December 2022 £'000
Cash and cash equivalents				
Cash	36	1,043	—	1,079
Cash equivalents	28,319	5,605	(119)	33,805
	28,355	6,648	(119)	34,884
Borrowings				
Debt due within one year	(27,396)	(38)	(1,662)	(29,096)
Debt due after one year	(73,470)	—	(9,295)	(82,765)
	(100,866)	(38)	(10,957)	(111,861)
Net debt	**(72,511)**	**6,610**	**(11,076)**	**(76,977)**

Other non-cash charges relate to amortisation adjustment on borrowings and foreign exchange gains/(losses).

The notes on pages 73 to 90 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31st December 2022

1. Accounting policies

(a) General information and basis of accounting

The Company is a closed-ended investment company incorporated in the UK. The address of its registered office is at 60 Victoria Embankment, London, EC4Y 0JP.

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value, in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in July 2022.

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

The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Board has, in particular, considered the impact of market volatility since the Covid-19 outbreak, the ongoing conflict between Ukraine and Russia, and does not believe the Company's going concern status is affected. The Company's assets, the vast majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly under all stress test scenarios reviewed by the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Directors have also assessed the ability of the Company to repay the amount drawn down under its revolving credit facility, which expires in August 2025, and are satisfied as to its ability to do so on account of the ability of the Company to raise new finance via loans or share issuances, or alternatively through the realisation of investments in the Company's highly liquid quoted securities. This review also took into consideration the principal and emerging risks described on pages 42 to 44, including the outlook for the US economy, US equity markets and for investment trusts. Furthermore, the Directors are satisfied that the Company's key third party service providers have in place appropriate business continuity plans to ensure their operational resilience and the performance of these service providers is reviewed at least annually by the Management Engagement Committee. Accordingly, the financial statements have been prepared on the going concern basis as it is the Directors' reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

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

(b) Valuation of investments

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

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

Accordingly, upon initial recognition the investments are designated by the Company as held at fair value through profit or loss. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchases which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value through profit or loss, which are quoted bid prices for investments traded in active markets.

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

(c) Accounting for reserves

Capital reserve – realised gains and losses

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

Capital reserve – investment holding gains and losses

Increases and decreases in the valuation of investments held at the year end including the related foreign exchange gains and losses, unrealised gains and losses on forward foreign currency contracts included in the Statement of Comprehensive Income and recognised in capital reserves within 'Investment holding gains and losses'.

Notes to the Financial Statements

1. Accounting policies (continued)

(c) Accounting for reserves (continued)

Share premium

Amounts received in excess of the par value of issued shares are held in Share premium.

Capital redemption reserve

Par value of shares repurchased and cancelled by the Company are transferred from Called up share capital to the Capital redemption reserve.

Revenue reserve

Net revenue return after taxation for the year is accounted for in the Revenue reserve.

(d) Income

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

Overseas dividends are included gross of any withholding tax.

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

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

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

Deposit interest receivable is taken to revenue on an accruals basis.

(e) Expenses

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

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

(f) Finance costs

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

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

(g) Financial instruments

Cash and cash equivalents may comprise cash including demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Liquidity funds are considered cash equivalents as they are held for cash management purposes as an alternative to cash. The Liquidity fund portfolio consists of short dated deposits and commercial paper, a maturity profile of less than three months and low volatility net asset value.

Forward foreign currency contracts are included in the Statement of Financial Position as derivative financial instruments and are carried at fair value, which is the cost of closing out those contracts. Changes in the fair value of derivative financial instruments are recognised in the Statement of Comprehensive Income as capital.

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

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

(h) Taxation

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

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

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

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

A deferred tax asset has not been recognised in respect of surplus management expenses as the Company is unlikely to have sufficient future taxable revenue to offset against these.

(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) Functional currency

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

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

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

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

(k) Dividends payable

Final dividends are included in the financial statements once approved by shareholders and interim dividends are included in the financial statements in the year in which they are paid.

(l) Repurchase of shares into Treasury

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

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

2. Significant accounting judgements and key sources of estimation uncertainty

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

Except for the functional and presentation currency as noted in note 1(j) above, the Directors do not believe that any other significant accounting judgements 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. The Directors do not consider there to be any sources of key estimation uncertainty.

Notes to the Financial Statements

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

	2022 £'000	2021 £'000
Realised gains on sale of investments	76,859	143,534
Net change in unrealised (losses)/gains on investments	(221,031)	179,267
Other capital charges	(11)	(11)
Total capital (losses)/gains on investments held at fair value through profit or loss	**(144,183)**	**322,790**

Included within gains and losses on investments is a net amount of £1,194,000 (2021:£177,000) of capital dividends received from Real Estate Investment Trusts (REITs).

4. Income

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Income from investments:						
Overseas Dividends[1]	18,883	1,063	19,946	15,900	—	15,900
Overseas Dividends	**18,883**	**1,063**	**19,946**	**15,900**	**—**	**15,900**
Interest receivable						
Deposit interest	1	—	1	55	—	55
Income from liquidity stocks	611	—	611	—	—	—
	612	—	612	55	—	55
Total income	**19,495**	**1,063**	**20,558**	**15,955**	**—**	**15,955**

[1] Includes £2,757,000 (2021: £836,000) of special dividends classified as Revenue and £1,063,000 (2021: £nil) of special dividend classified as capital.

5. Management fee

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Management fee	866	3,463	4,329	815	3,260	4,075

Details of the management fee are given in the Directors' Report on page 48.

6. Other administrative expenses

	2022 £'000	2021 £'000
Administration expenses	390	342
Directors' fees[1]	205	214
Depository fees[2]	148	143
Auditor's remuneration for audit services	44	34
	787	**733**

[1] Full disclosure is given in the Directors' Remuneration Report on pages 51 to 53. Excludes taxable directors expenses which are included within administration expenses.

[2] Includes £nil (2021: £2,000) irrecoverable VAT.

7. Finance costs

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Bank loan and overdraft interest	214	858	1,072	111	443	554
Private placement loan interest	409	1,637	2,046	271	1,082	1,353
Loan arrangement fees	28	112	140	3	14	17
	651	**2,607**	**3,258**	**385**	**1,539**	**1,924**

8. Taxation

(a) Analysis of tax charge for the year

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Overseas withholding tax	2,943	326	3,269	2,385	—	2,385
Total tax charge for the year	**2,943**	**326**	**3,269**	**2,385**	**—**	**2,385**

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

The tax charge for the year is higher (2021: lower) than the Company's applicable rate of corporation tax of 19% (2021: 19%).

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

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Net return/(loss) before taxation	17,143	(157,461)	(140,318)	14,070	316,896	330,966
Net return/(loss) before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2021: 19%)	3,257	(29,917)	(26,660)	2,673	60,210	62,883
Effects of:						
Non taxable overseas dividends	(3,252)	—	(3,252)	(2,714)	—	(2,714)
Non taxable capital losses/(gains)	—	28,773	28,773	—	(61,131)	(61,131)
Overseas withholding tax	2,943	—	2,943	2,385	—	2,385
Income tax timing difference	(2)	—	(2)	46	—	46
Unrelieved expenses	47	1,347	1,394	48	921	969
Double taxation relief expensed	(50)	—	(50)	(53)	—	(53)
Disallowed interest and amount	—	123	123	—	—	—
Total tax charge for the year	**2,943**	**326**	**3,269**	**2,385**	**—**	**2,385**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £26,477,000 (2021: £25,270,000) based on a prospective corporation tax rate of 25% (2021: 25%). 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 105,910,000 (2021: 101,082,000) 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/(loss) per share

	2022 £'000	2021 £'000
Revenue return	14,200	11,685
Capital (loss)/return	(157,787)	316,896
Total (loss)/return	**(143,587)**	**328,581**
Weighted average number of shares in issue during the year	191,374,674	195,855,208
Revenue return per share	7.42p	5.97p
Capital (loss)/return per share	(82.45)p	161.80p
Total (loss)/return per share	**(75.03)p**	**166.77p**

The total return per share represents both basic and diluted return per share as the Company has no dilutive shares.

10. Dividends

(a) Dividends paid and proposed/declared

	2022 £'000	2021 £'000
Dividends paid		
2021 Final dividend of 4.50p (2020: 4.25p)	8,646	8,350
2022 Interim dividend of 2.50p (2021: 2.50p)	4,772	4,882
Total dividends paid in the year	**13,418**	**13,232**
Dividends declared		
2022 Final dividend of 4.75p (2021: 4.50p)	8,974	8,722

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

The dividend proposed in respect of the year ended 31st December 2021 amounted to £8,722,000. However, the amount paid amounted to £8,646,000 due to shares repurchased after the balance sheet date but prior to the share register record date.

In accordance with the accounting policy of the Company, the dividend declared in respect of the year ended 31st December 2022, will be reflected in the financial statements for the year ending 31st December 2023.

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

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year, shown below.

The revenue available for distribution by way of dividend for the year is £14,200,000 (2021: £11,685,000).

	2022 £'000	2021 £'000
2022 Interim dividend of 2.5p (2021: 2.50p)	4,772	4,882
2022 Final dividend of 4.75p (2021: 4.50p)	8,974	8,722
Total	**13,746**	**13,604**

The revenue reserve after payment of the final dividend will amount to £21,693,000 (2021: £21,163,000).

11. Investments

	2022 £'000	2021 £'000
Opening book cost	1,090,743	969,554
Opening investment holding gains	477,996	298,729
Opening valuation	1,568,739	1,268,283
Movements in the year:		
Purchases at cost	496,797	722,372
Sales proceeds	(540,255)	(744,717)
(Losses)/gains on investments	(144,172)	322,801
Closing valuation	**1,381,109**	**1,568,739**
Closing book cost	1,124,144	1,090,743
Closing investment holding gains	256,965	477,996
Total investments held at fair value through profit or loss	**1,381,109**	**1,568,739**

The Company received £540,225,000 (2021: £744,717,000) from investments sold in the year. The book cost of these investments when they were purchased was £463,396,000 (2021: £601,183,000). 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 £77,000 (2021: £146,000) and on sales during the year amounted to £159,000 (2021: £121,000). These costs comprise mainly brokerage commission.

12. Current assets

	2022 £'000	2021 £'000
Debtors		
Securities sold awaiting settlement	—	20
Dividends and interest receivable	853	625
Other debtors	85	56
	938	**701**

The Directors consider that the carrying amount of debtors approximates to their fair value.

Cash and cash equivalents

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

The carrying amount of these represents their fair value.

13. Current liabilities

	2022 £'000	2021 £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	—	79
Repurchases of Company's own shares awaiting settlement	—	4
Bank loan – ING Bank	—	27,396
Bank loan – Mizuho Bank	29,096	—
Bank Loan interest and fees payable	314	8
Private placement loan interest payable	562	551
Other creditors and accruals	111	167
	30,083	**28,205**

Notes to the Financial Statements

13. Current liabilities (continued)

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

The bank loan with ING Bank was a three year revolving credit facility which expired on 16th August 2022. It bore an interest rate of the US$ Secured Overnight Financing Rate (SOFR) rate for the period over which the loan was drawn plus a margin of 0.925%. On 12th August 2022, a new £80 million three year revolving credit facility, expiring on 12th August 2025, (including an option to expand the facility by a further £20 million) with Mizuho Bank Ltd was arranged. The facility may be drawn down in Sterling or US dollars and has an interest rate of a margin plus a compounded reference rate based on Sterling Overnight Index Average (SONIA). In addition, there is a committment fee payable of 0.343% per annum on the undrawn amount of the facility available. The facility is also subject to loan covenants. At the year end, the sterling equivalent of £29.1 million (US$35 million) was drawn down on the facility.

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

	2022 £'000	2021 £'000
US$65 million 2.55% Private Placement Feb 2031	53,723	47,679
US$35 million 2.32% Private Placement Oct 2032	29,042	25,791
	82,765	**73,470**

The private placement of US$65 million fixed-rate 11 year unsecured notes (the 'Notes') issued on 27th February 2020 at a fixed annualised coupon of 2.55%, will mature on 27th February 2031, and pay interest semi-annually.

On 7th October 2021, the Company announced that it had received funds from a private placement of US$35 million fixed-rate 11 year unsecured notes (the 'Notes') at a fixed annualised coupon of 2.32%. The Notes, which will mature on 7th October 2032, pay interest semi-annually.

15. Called up share capital

	2022		2021	
	Number of shares	£'000	Number of shares	£'000
Authorised ordinary shares allotted and fully paid:				
Opening balance of Ordinary shares excluding shares held in Treasury	193,822,176	9,691	198,574,855	9,929
Repurchase of Ordinary shares into Treasury	(4,904,366)	(245)	(4,752,679)	(238)
Closing balance of Ordinary shares of 5p each excluding shares held in Treasury	188,917,810	9,446	193,822,176	9,691
Shares held in Treasury	92,716,100	4,636	87,811,734	4,391
Closing Balance of shares of 5p each including shares held in Treasury	**281,633,910**	**14,082**	**281,633,910**	**14,082**

During the year, 4,904,366 shares of 5p were repurchased from the market into Treasury at an average price of 7.14p per share, for a total net consideration of £ 35,032,000.

Further details of transactions in the Company's shares are given in the Strategic Report on page 49.

16. Capital and reserves

For the year ended 31st December 2022	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves[1] Gains and losses on sales of investments £'000	Capital reserves[1] Investment holding gains and losses £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	14,082	151,850	8,151	810,329	481,823	29,885	1,496,120
Net foreign currency gains on cash and cash equivalents	—	—	—	2,598	—	—	2,598
Realised gains on sale of investments	—	—	—	76,859	—	—	76,859
Net change in unrealised gains and losses on investments	—	—	—	—	(221,031)	—	(221,031)
Repurchase of shares into Treasury	—	—	—	(35,032)	—	—	(35,032)
Transfer of foreign currency gains from prior periods on loans repaid	—	—	—	1,510	(1,510)	—	—
Realised currency losses on repayment of loans	—	—	—	(2,944)	—	—	(2,944)
Unrealised losses on loans and private placements	—	—	—	—	(7,973)	—	(7,973)
Management fee and finance costs charged to capital	—	—	—	(6,070)	—	—	(6,070)
Other capital credits/(charges)	—	—	—	37	—	—	37
Capital Special Dividend received	—	—	—	1,063	—	—	—
Dividends paid in the year	—	—	—	—	—	(13,418)	(13,418)
WHT Charged on Capital Special Dividends	—	—	—	(326)	—	—	—
Retained revenue for the year	—	—	—	—	—	14,200	14,200
Closing balance	**14,082**	**151,850**	**8,151**	**848,024**	**251,309**	**30,667**	**1,304,083**

For the year ended 31st December 2021	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves[1] Gains and losses on sales of investments £'000	Capital reserves[1] Investment holding gains and losses £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	14,082	151,850	8,151	700,938	305,069	31,432	1,211,522
Net foreign currency losses on cash and cash equivalents	—	—	—	(475)	—	—	(475)
Unrealised FX losses on foreign currency loan	—	—	—	—	(1)	—	(1)
Realised gains on sale of investments	—	—	—	143,534	—	—	143,534
Net change in unrealised gains and losses on investments	—	—	—	—	179,267	—	179,267
Repurchase of shares into Treasury	—	—	—	(30,751)	—	—	(30,751)
Transfer re loans repaid in period	—	—	—	1,661	(1,661)	—	—
Realised currency gains on repayment of loans	—	—	—	280	—	—	280
Unrealised losses on loans	—	—	—	—	(851)	—	(851)
Management fee and finance costs charged to capital	—	—	—	(4,799)	—	—	(4,799)
Other capital charges	—	—	—	(59)	—	—	(59)
Dividends paid in the year	—	—	—	—	—	(13,232)	(13,232)
Retained revenue for the year	—	—	—	—	—	11,685	11,685
Closing balance	**14,082**	**151,850**	**8,151**	**810,329**	**481,823**	**29,885**	**1,496,120**

[1] These reserves form the distributable reserves of the Company and may be used to fund distributions to investors in accordance with the Articles of Association of the Company. The Company normally uses the realised capital reserve to fund share buybacks and the revenue reserve for dividend distributions.

Notes to the Financial Statements

17. Net asset value per share

The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the year end follow. These were calculated using 188,917,810 (2021: 193,822,176) Ordinary shares in issue at the year end (excluding Treasury shares).

	2022 Net asset value attributable		2021 Net asset value attributable	
	£'000	pence	£'000	pence
Net asset value - debt at par	**1,304,083**	**690.3**	**1,496,120**	**771.9**
Add: amortised cost of US$65 million 2.55% Private Placement Feb 2031	53,723	28.4	47,679	24.6
Less: fair value of US$65 million 2.55% Private Placement Feb 2031	(45,913)	(24.3)	(49,359)	(25.5)
Add: amortised cost of US$35 million 2.32% Private Placement Oct 2032	29,042	15.4	25,791	13.3
Less: fair value of US$35 million 2.32% Private Placement Oct 2032	(23,522)	(12.5)	(25,756)	(13.3)
Net asset value - debt at fair value	**1,317,413**	**697.3**	**1,494,475**	**771.0**

18. Reconciliation of net (losses)/return before finance costs and taxation to net cash outflow from operations before dividends and interest

	2022 £'000	2021 £'000
Net (losses)/return before finance costs and taxation	(137,060)	332,890
Losses/(gains) on investments held at fair value	144,183	(322,790)
Net foreign currency losses	8,319	1,047
Increase in accrued income and other debtors	(257)	(208)
(Decrease)/increase in accrued expenses	(56)	61
Amortisation of private placement issue costs	40	16
Overseas withholding tax	(3,436)	(2,616)
Dividends received	(16,413)	(13,093)
Interest received	(481)	(55)
Realised losses on foreign exchange transactions	(1,022)	(1,246)
Exchange gain/(loss) on liquidity funds	3,739	(1,085)
Net cash outflow from operations before dividends and interest	**(2,444)**	**(7,079)**

19. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2021: same).

20. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 48. The management fee payable to the Manager for the year was £4,329,000 (2021: £4,075,000) of which £nil (2021: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 76 are safe custody fees amounting to £12,000 (2021: £13,000) payable to JPMorgan Chase Bank N.A. of which £2,000 (2021: £2,000) was outstanding at the year end.

Handling charges on dealing transactions amounting to £11,000 (2021: £11,000) were payable to JPMorgan Chase Bank N.A during the year of which £3,000 (2021: £3,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities Limited for the year was £nil (2021: £nil) of which £nil (2021: £nil) was outstanding at the year end.

The Company also holds cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMF. At the year end this was valued at £33.8 million (2021: £28.3 million). Income amounting to £611,000 (2021: £55,000) was receivable during the year of which £131,000 (2021: £nil) was outstanding at the year end.

At the year end, total cash of £1,079,000 (2021: £36,000) was held with JPMorgan Chase Bank N.A. A net amount of interest of £1,000 (2021: £nil) was receivable by the Company during the year from JPMorgan Chase of which £nil (2021: £nil) was outstanding at the year end.

Full details of Directors' remuneration can be found on page 51 and in note 6 on page 76.

21. Disclosures regarding financial instruments measured at fair value

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

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

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

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

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

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 73.

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

	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	1,381,109	—	1,568,739	—
Total	**1,381,109**	**—**	**1,568,739**	**—**

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

Notes to the Financial Statements

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

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

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

The Directors' policy for managing these risks is set out below.

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

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

- investments in US equity shares, which are held in accordance with the Company's investment objective;
- cash held within a liquidity fund;
- short term debtors, creditors and cash arising directly from its operations;
- bank loans, the purpose of which is to finance the Company's operations; and
- forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the Company's investment activities. No forward currency contracts were held during the year.

(a) Market risk

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

(i) Currency risk

The majority of the Company's assets and income are denominated in US dollars. Sterling is the Company's functional currency and the currency in which it reports. As a result, movements in exchange rates will affect the sterling value of those items.

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least five occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. The Manager may use forward currency contracts to mitigate currency risk as required.

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

Foreign currency exposure

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

Where the Company's equity investments (which are not monetary items) are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2022		2021	
	US Dollar £'000	Total £'000	US Dollar £'000	Total £'000
Current assets: Cash and debtors	34,655	34,655	28,987	28,987
Current liabilities (excluding bank loans)	(876)	(876)	(764)	(764)
Bank loan and private placements	(111,861)	(111,861)	(100,866)	(100,866)
Foreign currency exposure on net monetary items	(78,082)	(78,082)	(72,643)	(72,643)
Investments held at fair value through profit or loss	1,381,109	1,381,109	1,568,739	1,568,739
Total net foreign currency exposure	**1,303,027**	**1,303,027**	**1,496,096**	**1,496,096**

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

Foreign currency sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets, financial liabilities and equity investments and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments and equity investments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2021: 10%) appreciation or depreciation in sterling against the US Dollar which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2022		2021	
	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(1,950)	1,950	(1,596)	1,596
Capital return	(130,303)	130,303	(149,610)	149,610
Total return after taxation for the year	(132,253)	132,253	(151,206)	151,206
Net assets	**(132,253)**	**132,253**	**(151,206)**	**151,206**

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

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the liquidity fund. The Company's exposure to floating interest rates, giving cash flow interest rate risk when rates are reset, is as follows:

	2022 £'000	2021 £'000
Exposure to floating interest rates		
Cash and short term deposits	1,079	36
JPMorgan US Dollar Liquidity Fund	33,805	28,319
Bank loan	(29,096)	(27,396)
Net exposure	**5,788**	**959**

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

Notes to the Financial Statements

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Cash deposits are held with the custodian, JPMorgan Chase Bank, N.A which is AA rated.

The target interest earned on the JPMorgan US Dollar Liquidity LVNAV Fund, a AAA rated money market fund, is the 7 day US dollar London Interbank Bid Rate.

Details of the bank loans are given in note 13 on pages 79 and 80.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 4.0% (2021: 1.0%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date, with all other variables held constant.

	2022		2021	
	4% increase in rate £'000	4% decrease in rate £'000	1% increase in rate £'000	1% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	1,163	(1,163)	229	(229)
Capital return	(931)	931	(219)	219
Total return after taxation	232	(232)	10	(10)
Net assets	**232**	**(232)**	**10**	**(10)**

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

The Company's portfolio is not directly exposed to interest rate risk.

(iii) Other price risk

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

Management of other price risk

The Board considers on a regular basis the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objectives and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Other price risk exposure

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

	2023 £'000	2022 £'000
Investments held at fair value through profit or loss	1,381,109	1,568,739

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

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2021: 10%) in the market values. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities, adjusting for changes in the management fee but with all other variables held constant.

	2022		2021	
	10% increase in fair value £'000	10% decrease fair value £'000	10% increase fair value £'000	10% decrease fair value £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(69)	69	(78)	78
Capital return	137,835	(137,835)	156,560	(156,560)
Total return after taxation	137,766	(137,766)	156,482	(156,482)
Net assets	**137,766**	**(137,766)**	**156,482**	**(156,482)**

(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.

A lack of liquidity in the portfolio may make it difficult for the Company to realise assets at or near their purported value in the event of a forced sale.

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, cash held and the borrowing facilities provides for additional funding flexibility. The financial liabilities of the Company at the balance sheet date are shown in notes 13 and 14.

Notes to the Financial Statements

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

(b) Liquidity risk (continued)

Liquidity risk exposure

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

	2022			
	Three months or less £'000	More than three months but less than one year £'000	One year or more £'000	Total £'000
Creditors				
Other creditors and accruals	111	—	—	111
Bank loan – Mizuho Bank, including interest	29,463	—	—	29,463
US$65 million 2.55% Private Placement Feb 2031	745	1,038	63,912	65,695
US$35 million 2.32% Private Placement Oct 2032	323	509	35,021	35,853
	30,642	**1,547**	**98,933**	**131,122**

	2021			
	Three months or less £'000	More than three months but no more than one year £'000	More than one year £'000	Total £'000
Creditors				
Other creditors and accruals	167	—	—	167
Securities purchased awaiting settlement	79	—	—	79
Repurchases of Company's own shares awaiting settlement	4	—	—	4
Unrealised FX losses on foreign currency loan	1	—	—	1
Bank loan – ING Bank, including interest	107	27,525	—	27,632
US$65 million 2.55% Private Placement Feb 2031	706	898	56,460	58,064
US$35 million 2.32% Private Placement Oct 2032	287	451	31,640	32,378
	1,351	**28,874**	**88,100**	**118,325**

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

(c) Credit risk

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

Management of credit risk

Portfolio dealing

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

Cash and cash equivalents

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

Exposure to JPMorgan Chase

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

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

Credit risk exposure

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

(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 private placements which the Company has in issue. The fair value of those private placements has been calculated using discounted cash flow techniques using the yield on a similarly dated treasury note plus a margin based on the US Broad Market AA 10-15 year spread.

	2022		2021	
	Accounts value £m	Fair value £m	Accounts value £m	Fair value £m
US$65 million 2.55% Private Placement Feb 2031	53.7	45.9	47.7	49.4
US$35 million 2.32% Private Placement Oct 2032	29.0	23.5	25.8	25.8

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
Debt:		
Bank loan	29,096	27,396
US$65 million 2.55% Private Placement Feb 2031	53,723	47,679
US$35 million 2.32% Private Placement Oct 2032	29,042	25,791
	111,861	100,866
Equity:		
Equity share capital	14,082	14,082
Reserves	1,290,001	1,482,038
	1,304,083	1,496,120
Total debt and equity	**1,415,944**	**1,596,986**

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

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

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	1,381,109	1,568,739
Net assets	1,304,083	1,496,120
Gearing	**5.9%**	**4.9%**

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

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

24. Subsequent events

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

Regulatory Disclosures

Image: American highway with historical name Route 66.

Regulatory Disclosures

Alternative Investment Fund Managers Directive Disclosures

Leverage

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

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

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

	Gross Method	Commitment Method
Leverage exposure		
Maximum limit	200%	200%
Actual	109%	110%

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).

AIFMD Remuneration disclosures

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

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

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

Remuneration Policy

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

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

The Board reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. The Board last reviewed and adopted the Remuneration Policy that applied for the 2022 Performance Year in May 2022 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 2022 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 Asset Under Management ('AUM') weighted basis.

Due to the Firm's 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

Regulatory Disclosures

reliable. However, for context, the Management Company manages 25 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 44 sub-funds) as at 31st December 2022, with a combined AUM as at that date of £21.6 billion and £21.3 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (US$'000s)	21,662	14,069	35,731	146

The aggregate 2022 total remuneration paid to AIFMD Identified Staff was US$114,556,000 of which US$1,232,000 relates to Senior Management and US$113,324,000 relates to other Identified Staff[1].

[1] For 2022, the AIFMD identified staff disclosures includes employees of the companies to which portfolio management has been formally delegated in line with the latest ESMA guidance.

Securities Financing Transactions Regulation ('SFTR') Disclosures

The Company does not engage in Securities Financing Transactions – as defined in Article 3 of Regulation (EU) 2015/2365 Securities Financing Transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-selling back transactions or sell-buy back transactions and margin lending transactions – or Total Return Swaps. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 31st December 2022.

Shareholder Information

Image: Hardwood trees in the Appalachian Mountains near Asheville, North Carolina.

Notice of Annual General Meeting

Notice is hereby given that the one hundred and seventh Annual General Meeting of JPMorgan American Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 18th May 2023 at 2.30 p.m. for the following purposes:

1. To receive the Directors' Report, the Financial Statements and the Auditor's Report for the year ended 31st December 2022.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st December 2022.
4. To declare a final dividend on the ordinary shares of 4.75 pence per share.
5. To re-appoint Dr Kevin Carter as a Director of the Company.
6. To re-appoint Nadia Manzoor as a Director of the Company.
7. To re-appoint Robert Talbut as a Director of the Company.
8. To re-appoint Claire Binyon as a Director of the Company.
9. To appoint Pui Kei Yuen as a Director of the Company.
10. To appoint BDO LLP as Auditor to the Company and to authorise the Directors to determine BDO LLP's remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

11. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £921,828, representing approximately 10% of the Company's issued ordinary share capital as at the date of this Notice, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2024 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

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

12. THAT subject to the passing of Resolution 11 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 11 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of Treasury Shares for cash up to an aggregate nominal amount of £921,828, representing approximately 10% of the issued ordinary share capital as at the date of this Notice at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 11 above, save that the Company may before such expiry make offers, or agreements which would or might require equity securities to be allotted or Treasury Shares to be sold after such expiry and so that the Directors of the Company may allot equity securities or sell Treasury Shares in pursuant of such offers, or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

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

PROVIDED ALWAYS THAT

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

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

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

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

(v) the authority hereby conferred shall expire on 17th November 2024 unless the authority is renewed at the Company's Annual General Meeting in 2024 or at any other general meeting prior to such time; and

Notice of Annual General Meeting

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

Authority to hold general meetings – Special Resolution

14. THAT, a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

By order of the Board
Priyanka Vijay Anand,
for and on behalf of JPMorgan Funds Limited,
Company Secretary

31st March 2023

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 (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
6. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the meeting (the 'specified time'). If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of

determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the meeting or adjourned meeting.

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

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

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

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

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

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

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

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

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

Notice of Annual General Meeting

15. As an alternative to completing a hard copy Form of Proxy/Voting Instruction Card, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Instruction Card). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
16. As at 30th March 2023 (being the latest business day prior to the publication of this Report), the Company's issued share capital consists of 281,633,910 shares, including of 97,268,332 Treasury shares. Therefore the total voting rights in the Company are 184,365,578.

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

Alternative Performance Measure (APM)

Alternative Performance Measures (APMs) are numerical measures of current, historical or future financial performance, financial position or cash flow that are not GAAP measures. APMs are intended to supplement the information in the financial statements, providing useful industry-specific information that can assist shareholders to better understand the performance of the Company.

Where a measure is labelled as an APM, a definition and reconciliation to a GAAP measure is set out below.

Return to Shareholders (APM)

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

Total return calculation	Page	Year ended 31st December 2022	Year ended 31st December 2021	
Opening share price (p)	5	767.0	577.0	(a)
Closing share price (p)	5	685.0	767.0	(b)
Total dividend adjustment factor[1]		1.009221	1.010210	(c)
Adjusted closing share price (p) (d = b x c)		691.3	774.8	(d)
Total return to shareholders (e = (d / a) – 1)		**–9.9%**	**34.3%**	(e)

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

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

The Company's debt (including the private placements) is valued in the Statement of Financial Position (on page 71) at amortised cost, which is materially equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as 'Debt at Par Value'.

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

This fair value is explained in note 22(d) (on page 89) on the accounts. The difference between fair and par values of the debt is subtracted from the NAV to derive the NAV with debt at fair value, as shown in note 17 on page 82. The fair value of the combined US$100 million private placements has been calculated using discounted cash flow techniques, using the yield from similar dated treasury notes plus a margin based on the US Broad Market AA 10-15 year spread.

Total return calculation	Page	Year ended 31st December 2022	Year ended 31st December 2021	
Opening cum-income NAV per share with debt at fair value (p)	5	771.0	607.6	(a)
Closing cum-income NAV per share debt at fair value (p)	5	697.3	771.0	(b)
Total dividend adjustment factor[1]		1.009091	1.009824	(c)
Adjusted closing cum-income NAV per share (d = b x c)		703.6	778.6	(d)
Total return on net assets with debt at fair value (e = d / a – 1)		**–8.7%**	**28.1%**	(e)

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

Glossary of Terms and Alternative Performance Measures

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

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

Total return calculation	Page	Year ended 31st December 2022	Year ended 31st December 2021	
Opening cum-income NAV per share with debt at par value (p)	5	771.9	610.1	(a)
Closing cum-income NAV per share debt at par value (p)	5	690.3	771.9	(b)
Total dividend adjustment factor[1]		1.009065	1.009811	(c)
Adjusted closing cum-income NAV per share (d = b x c)		696.6	779.5	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**–9.8%**	**27.8%**	(e)

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

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 82 for detailed calculations of both the net asset value with debt at par and debt at fair value.

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	As at 31st December 2022	As at 31st December 2021	
Investments held at fair value through profit or loss	71	1,381,109	1,568,739	(a)
Net assets	71	1,304,083	1,496,120	(b)
Gearing/(net cash) (c = (a / b) – 1)		**5.9%**	**4.9%**	(c)

Ongoing charges ratio (APM)

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

Glossary of Terms and Alternative Performance Measures

Ongoing charges calculation	Page	Year ended 31st December 2022	Year ended 31st December 2021	
Management fee	70	4,329	4,075	
Other administrative expenses	70	787	733	
Total management fee and other administrative expenses		5,116	4,808	(a)
Average daily cum-income net assets		1,420,205	1,280,097	(b)
Ongoing charges ratio (c = a / b)		**0.36%**	**0.38%**	(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 5).

Portfolio Turnover

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

Performance attribution

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

Performance Attribution Definitions:

Allocation effect

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

Selection effect

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

Gearing

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

Management fee expenses

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

Technical differences

Arises primarily where there is a divergence in the total return calculations. This is due to different methodologies being used to calculate the total return set out in the attribution calculations. The Company's NAV total return is calculated by Morningstar and includes reinvestment of dividends paid by the Company. The JPMorgan Asset Management in-house attribution system calculates the return at a portfolio level and includes dividends receivable by the Company from the underlying stocks held in the portfolio during the period, on an ex-dividend basis.

Investing in JPMorgan American Investment Trust plc

You can invest in JPMorgan American Investment Trust plc through the following:

1. Via a third party provider

Third party providers include:

AJ Bell You Invest
Barclays Smart investor
Bestinvest
Charles Stanley Direct
Close brothers A.M. Self Directed Service
Fidelity Personal Investing
Freetrade
Halifax Share Dealing
Hargreaves Lansdown
iDealing
IG
interactive investor
iWeb
shareDeal active
Willis Owen
X-O.co.uk

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

2. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you 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 www.unbiased.co.uk.

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

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

FINANCIAL CALENDAR

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

History

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

Company Information

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

Market Information

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

Website

www.jpmamerican.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

For company secretarial and administrative matters, please contact Priyanka Vijay Anand.

Depositary

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London EC4V 4LA

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

Registrar

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

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

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1077.

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

Independent Auditor

Deloitte LLP (Statutory Auditor until 19th August 2022)
2 New Street Square
London EC4A 3ZB

BDO LLP (Statutory Auditor with effect from 19th August 2022)
55 Baker Street
London W1U 7EU

Broker

Stifel Nicolaus Europe Limited
4th floor, 150 Cheapside,
London EC2V 6ET

aic
The Association of Investment Companies
A member of the AIC

CONTACT

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GB A121 |03/23

J.P.Morgan
ASSET MANAGEMENT