Annual Report 2013

JPMorgan Emerging Markets Investment Trust plc

Annual Report & Accounts for the year ended 30th June 2013

J.P.Morgan
Asset Management

Features

Contents

Objective

Capital growth from emerging markets worldwide.

Investment Policies

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

Further details on investment policies and risk management are given in the Directors' Report on page 18.

Benchmark

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

Capital Structure

At 30th June 2013 the Company's issued share capital comprised 122,193,233 Ordinary shares of 25p each, including 2,839,417 shares held in Treasury, and 10,170,292 Subscription shares of 1p each.

Continuation Vote

At the Annual General Meeting held on 14th November 2011 an ordinary resolution of the shareholders approved the continuation of the Company until the Annual General Meeting in November 2014.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM' or the 'Manager') to manage its assets.

AIC

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

Website

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

Financial Results

Total returns (includes dividends reinvested)

+11.6%
Portfolio return net of fees and expenses[1,2]
(2012: -11.5%)

+6.4%
Benchmark[3]
(2012: -14.0%)

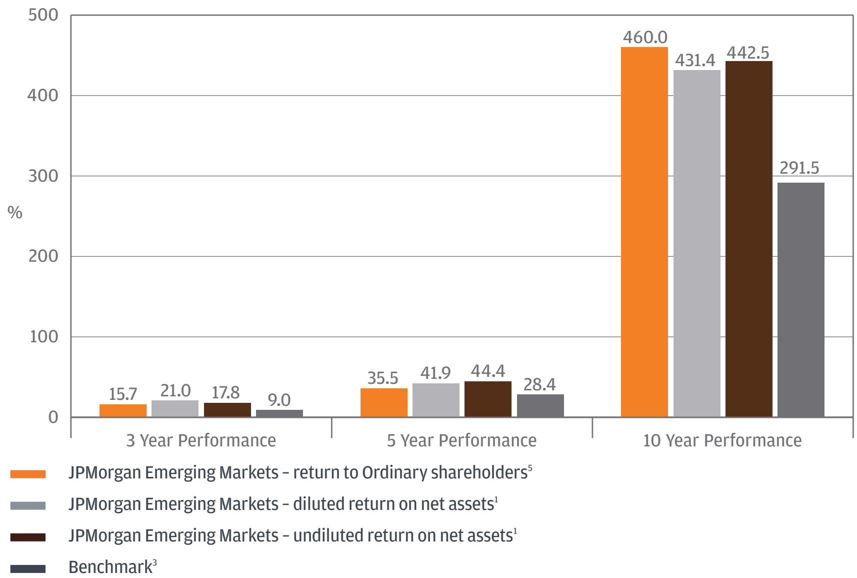
+12.0%
Fully diluted return on net assets[1,4]
(2012: -10.4%)

+7.6%
Return to Ordinary shareholders[5]
(2012: -10.5%)

5.5p
Dividend
(2012: 4.5p)

Long Term Performance

For periods ended 30th June 2013



A glossary of terms and definitions is provided on page 67.

[1]Source: J.P. Morgan.

[2]Return on net assets, net of management fees and administration expenses, but excluding both the effect of Subscription shares which have been converted during the year and the dilutive impact of Subscription shares in issue at the year end.

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

[4]Return on net assets calculated using the diluted net asset value, which assumes that all outstanding Subscription shares were converted into Ordinary shares at the year end. Further details are given in the Chairman's Statement.

[5]Source: Morningstar.

Chairman's Statement

I am very pleased to report that the Company performed strongly in the year to 30th June 2013, again outperforming its benchmark index, the MSCI Emerging Markets Index. As I have explained in previous years, following the successful issue of Subscription shares in 2009, we report our net asset value on a diluted basis to reflect the potential dilution to net asset value assuming full conversion of the Subscription shares to Ordinary shares. Until expiry of the Subscription shares in July 2014, this can give a somewhat misleading impression of the Company's underlying portfolio performance. Once again, I would emphasise that it is not the basis on which we judge the performance of the Manager, which we continue to do excluding the dilution effect of the Subscription shares, which was –1.6% during the year.

The Company's objective is to outperform the MSCI Emerging Markets Index in sterling terms over time on a total return basis. Our Manager delivers on this commitment by a particular focus on bottom-up stock selection rather than a top-down asset allocation across markets. I would characterise our Manager's investment style as one of quality growth investing, meaning he is looking for well managed companies with a good market position which are capable of positive cash flow generation and the ability to support rising dividend payments to shareholders over time. This means that he is likely to be underweight cyclical or resource stocks in favour of consumer growth stocks in the portfolio. Our longer term record suggests he has been successful in this approach.

Accordingly, I can report that the portfolio return net of fees and expenses was +11.6% before adjustments, against a return of +6.4% from the benchmark. Allowing for the dilution effect of those Subscription shares that were actually exercised in the year, this adjusts to a rise in net asset value of 10.0%. The return on a fully diluted basis was +12.0% (this apparently odd figure results from the fact that the potential dilution from the remaining shares is now less than the potential dilution at the end of the last financial year, because a significant proportion of the subscriptions shares were converted during the year).

This outperformance was driven by active stock selection, as the Manager details in his report, continuing the source of added value in the Manager's performance over many years. It also gives rise to a non-offsetable performance fee payment due to the Manager of £3.2 million; this sum, together with the non-offsetable fee of £1.8 million brought forward from the previous financial year, is now payable as there has been a positive movement in the net asset value over the financial year. Shareholders will recall that we only pay out when the net asset value of the Company is rising so as to align the interests of the Manager with shareholders.

We continue to monitor closely the share price and therefore the fluctuations in the discount of our share price to their diluted net asset value. The Ordinary share price rose 6.7% through the year, from 531.5p to 567.0p at the year end. The Subscription shares increased 2% over the year, from 75.0p to 76.5p. The discount on the Ordinary shares, calculated on the fully diluted net asset value, ranged between 6.5% and 12.2%, averaging 9.6% through the year. A total of 2,669,417 shares were repurchased into Treasury during the year and a further 56,705 shares have been repurchased since the year end. The discount has widened out over the summer as emerging markets have been out of favour and we have held off from intervening actively when markets are unfavourable, but there has been no change in our approach to managing the discount.

The Board's policy on discount management is that it is prepared to take action to ensure that the fully diluted discount does not touch or exceed 10% for an extended period, but only if the discount is out of line with our peer group and market conditions are orderly. We are prepared to buy shares in at discounts of between 8% and 10% in order to achieve this, subject to those caveats.

Income after expenses rose by more than 15% and we are proposing to pay an increased dividend of 5.5p. Our investment policy is aimed at maximising capital growth and does not focus on income. We have however embarked on a more progressive approach to the dividend and are pleased to be able to raise it again which we hope recognises some shareholders' concerns. However, given that the Company's objective is to achieve capital growth, it remains the case that dividends may fluctuate from year to year according to our income position.

The Board continues to take seriously its governance obligations and we comply fully with the AIC Code of Corporate Governance and the UK Corporate Governance Code. During the year under review, the Board engaged an independent external consultant to conduct an evaluation of the Board, its committees and individual Directors. His report confirmed that the Board has an appropriate mix of skills and experience and that it functions well. It also made recommendations for succession planning.

David Gamble has indicated his intention to retire from the Board at the conclusion of the 2014 AGM. In order to ensure appropriate succession planning and continuity, Sarah Arkle was appointed a Director with effect from 1st September 2013. Sarah is a very experienced investment professional, having previously held a number of senior positions within Threadneedle Asset Management where she worked from 1983 until 2011. She is also is a Non-Executive Director of Foreign & Colonial Investment Trust plc, Henderson Group plc and a member of the Newnham College Cambridge Investment Committee.

We continue to monitor the performance of our Manager, JPMorgan Asset Management ('JPMAM'), through the Management Engagement Committee. We remain fully satisfied with the Manager's performance, not only in terms of investment performance but also in terms of risk management, administration, controls and compliance.

Significant regulatory change is currently taking place with the implementation of the Alternative Investment Fund Managers Directive ('AIFMD'). The Company must comply with the AIFMD no later than July 2014. We are taking advice on this matter, but the Board has agreed in principle to appoint JPMAM as its "AIFM". Existing Directors' duties will remain but there will be additional reporting requirements and the Company will be obliged to appoint a depositary to oversee the Company's custody and cash management operations. We will be in a position to give more information on this matter in the next half year report to be published in February 2014.

Emerging markets have had a difficult few months and their underperformance against developed markets has moved them to a valuation discount. Short term volatility may persist for a while but we are confident that the long term argument in favour of emerging markets remains intact and we continue to anticipate longer term outperformance.

Alan Saunders
Chairman

4th October 2013

Investment Manager's Report

Results

The investment outcomes experienced over the last year – moderate gains in your Company's share price and in the value of its portfolio – hint at subdued, even dull market conditions. But in emerging markets, this is never the case; as the commentary below explains, investor confidence ebbed and flowed with its usual vigour and markets rose and fell significantly during the year. The results your Company achieved are summarised on page 2, while the table on page 5 shows the various effects of fees and dilution factors in more detail. As the investment manager, the decisions we make determine the gross return from the portfolio, which was 13.1%. As shareholders, of course, you are likely to look primarily at the fully diluted return on net assets after costs (12.0%), and the return on the share price, which was lower, at 7.6%, because the discount to net asset value widened by several percentage points during the financial year; the emerging markets benchmark index returned 6.4% over the same period.

As in prior years, these results were the result of stock selection, as shown in the table on page 5; our positioning at the country level contributed nothing, while cash detracted from returns during a year in which markets rose. Since we manage the portfolio by making decisions about individual securities rather than countries or industries, it is natural, but at the same time encouraging, to see that stock selection continues to be the main driver of investment performance.

Markets during the year

Investor sentiment can turn on a sixpence. Emerging markets rose consistently for the first seven months of the Company's financial year, but headed south in February and have barely paused since; by the end of June only modest gains remained. Since the end of the Company's financial year in June, markets have risen slightly in sterling terms, but remain lower than at the end of 2012. This may seem all the more surprising given the perky performance of developed equity markets, which have begun to anticipate a recovery, at last, from the economic downturn which began with the financial crisis five years ago.

Two broad themes underlay the recent weakness in emerging markets. In the first quarter of 2013 continued softness in some commodity prices had a meaningful effect on emerging markets, some of which are large producers of primary commodities. During the last year, almost 30% of the total corporate profits earned by companies in the MSCI index were generated in the energy and materials sectors; not surprisingly, therefore, weaker commodity prices provide a headwind for the overall growth of earnings in the asset class. We have argued for some time that producers of primary commodities were in that uncomfortable phase of the cycle in which revenues are flat or down, while costs continue to rise; as a result we held little exposure in the portfolio to these areas.

The second and more difficult trend for the asset class has been, paradoxically, that very sense of optimism and hope of recovery in the developed world (especially the United States) that has boosted stock markets there. Since the onset of the financial crisis in 2008, very low interest rates in Europe and the US have driven investors to pursue higher returns by moving away from the world's core markets to riskier places, including emerging markets. If economic recovery in the developed world really sets in, it must lead eventually to the gradual normalisation of interest rates. Once bond markets in the US offer a reasonable return, the incentive for investors to put money elsewhere will decline. Thinking ahead, one can see two ramifications for emerging

Performance attribution for the year ended 30th June 2013

	%	%
Contributions to total returns		
Benchmark		6.4
Asset allocation	0.1	
Stock selection	8.6	
Gearing/cash	-0.2	
Currency	-1.8	
Investment Manager contribution		6.7
Portfolio return		13.1
Management fee/ Other expenses	-1.2	
Performance fee	-0.5	
Share buy-back/issuance	0.2	
Portfolio return net of fees and expenses		11.6
Exercise of Subscription shares during the year	-1.6	
Undiluted return on net assets		10.0
Dilution effect of potential exercise of remaining Subscription shares	2.0	
Diluted return on net assets		12.0
Impact of change in discount	-4.4	
Return to Ordinary shareholders		7.6

Source: Xamin/Datastream/Morningstar.
All figures are on a total return basis.

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

A glossary of terms and definitions is provided on page 67.

markets; first, the cessation and perhaps reversal of those flows of capital. That will present a challenge for those countries which need to attract external capital to fund a current account deficit and so the second outcome will be that where capital is needed, better terms must be offered to attract it – either through increased interest rates, or an adjustment in the foreign exchange rate. This will have consequences for businesses in the real world, not just for the valuations of their shares.

In reality, no normalisation of interest rates has even begun yet; but the mere hint from the US Federal Reserve that this might occur eventually was enough to send emerging markets into a decline, with exchange rates acting as the main mechanism for adjustment. Meaningful currency devaluations have been seen in countries like India, South Africa, Brazil, and Turkey, while the most immune to these risks have been Asian economies with large external surpluses: Taiwan, China and Korea. Strange though it may seem, this currency weakness appears to me a much better path than that which emerging markets travelled almost 20 years ago in the build-up to the Asian crisis, when there were some clear similarities to today's situation. In the mid-1990s, fixed and therefore inflexible exchange rates extended the cycle for several more years, precisely because markets could not adjust. Without market forces acting to price money effectively, firms allowed debt to build up further, often in foreign currencies; and so the crunch, when it came, was far worse. Today, companies in emerging markets are better financed and overall dependency on foreign capital is much lower, while the ability to adjust through floating exchange rates is more widespread. Taken together, this suggests that emerging markets are rather less at risk than was the case then. And finally and importantly, valuations are much lower; so markets have already made a much greater allowance for risks in the price of stocks.

The portfolio

We had a mix of successes and failures this year. I look at the impact that individual stocks have on the value of the portfolio (both positive and negative) in two ways. First, there is the actual return from the investment; but its effect on the portfolio is also a function of how much money we had invested in it to begin with; I care more about the return, since this is what we are always trying to assess in the first place, though of course it is also good if we can maximise the effect of our best ideas. The three top contributors to performance this year (International Personal Finance, Magnit and Mahindra & Mahindra Financial Services) all doubled in value and I regard these as successes, though none were the result of decisions initiated this year; the Company already owned all these stocks a year ago. The worst stock (African Bank Investments) fell 60%, because it became evident that the business had misread the credit cycle in South Africa and profits declined sharply under the impact of rising bad debt; we misjudged this, and did not see the problems coming, though we believe that there is scope for recovery in the future. Apart from this, though, we had few outcomes that could be categorised as extreme; our investment in Wumart Stores, for example, which hurt performance this year, fell in value by 4%, yet because it was a reasonably large investment it still featured as one of the bigger negatives. To my mind, this is an example of noise rather than anything more meaningful; stocks do not proceed in a smooth linear manner and it would be very unusual for us to react to this kind of outcome unless our view of the business and its strengths and opportunities had changed very significantly.

Readers of past reports will know that it takes a lot to make us change the portfolio significantly; a long term outlook, with its inevitable result of low turnover, remains

Investment Manager's Report continued

the basis of our investment approach. This year we changed roughly 15% of the portfolio by value, a rate of change which, while occasionally mistaken for inactivity, has nevertheless produced results over the long term which are summarised on page 8. If you look at the new stocks which we bought this year, you might be forgiven for seeing no obvious pattern at work, though in reality we are always looking for strong well-managed businesses with a good opportunity ahead of them. We added very few new stocks this year, but they included Lojas Renner, a Brazilian fashion retailer, ITC, the dominant tobacco company in India, Holcim Indonesia, the locally listed subsidiary of the Swiss cement producer and Tata Consultancy Services, India's biggest provider of software services. Most of the changes to the portfolio, though, were increases and decreases in the size of positions already in the portfolio. The overall effect of these transactions on the geographic allocation of the portfolio is set out in a table on page 12.

Looking forward

Given that our approach is driven by consideration of individual stocks and takes a long term view, macroeconomic considerations are often secondary in our assessment of investments. Yet most of the questions we receive about the asset class start from a broad economic and financial perspective. In view of this, it seems appropriate to conclude by offering some thoughts about the general outlook for emerging markets. We customarily consider prospective returns by isolating individual components of return: profit growth, dividends, valuation change and currency change. As noted above, valuations should be a source of comfort when considering what may happen in the future; emerging markets stocks are not expensively priced relative to profits or book value; if anything, the risk may be that valuations increase, so this is a positive factor when we look ahead. As mentioned above, emerging market currencies have weakened this year; and this must reduce the risk of this factor being a big negative in the future. That leaves earnings and dividends. While these are influenced by economic cycles, there is no evidence that GDP growth per se determines equity returns; much more important is the return on capital in real terms that companies can produce and the rate at which they increase that capital. This is so obviously an individual outcome in each company that it becomes somewhat meaningless to talk about aggregate numbers embracing a huge variety of industries and countries. One could go further and assert that all we really care about, as managers of your portfolio, is what happens to the earnings, dividends and valuations of the stocks that it owns and whether, collectively, they produce an outcome that is both satisfactory in absolute terms and better than the average outcome for the asset class. To do that, we need to think about what companies can achieve in future and try to consider all the risks which might diminish their value.

It seems axiomatic to me that the benchmark should not be the place to start from when thinking about this: the index shows how the world was yesterday and if one looks at the index as it was constituted ten years ago, it was clearly not a good guide to the best investments over the ensuing decade; the same will be true for the next decade. We are not seeking to invest in today's opportunity, but in tomorrow's.

Today, your portfolio contains some very large companies which are prominent in the benchmark, but only because they are highly competitive businesses whose shares stand at prices that we think will allow a good return in the future; in some industries, scale is a major determinant of competitive advantage and so big companies can also give the best returns: a business like Taiwan Semiconductor is not easily replicated, as various unsuccessful attempts to do so indicate. In other instances, size need not be an indicator of maturity; AIA is one of the biggest insurance companies in Asia, with strong market positions in many countries, but it operates in an industry that still has enormous long term potential for growth; the protection gap for health insurance alone in Asia is estimated to exceed USD 100 billion over the remainder of this decade, and AIA is well placed to serve this rapidly growing market.

Alongside such large industry leaders, however, your portfolio also has the flexibility to invest in small businesses where we see real potential. International Personal Finance, first purchased in the depths of the financial crisis early in 2009, was one of the smallest companies by value that I have bought in the last few years; yet it was also the largest individual contributor to investment performance in the portfolio over the last four years. Other examples of stocks that have given a good return irrespective of their size as businesses include Cafe de Coral, the leading fast food business in Hong Kong, or Convenience Retail Asia, which is one of the less liquid positions in the portfolio, but has doubled in value since we acquired it. Looking even further back, I can think of several investments made between ten and fifteen years ago in companies whose market value at the time was less than a billion pounds; the important point is that they were not originally important benchmark constituents, even if they subsequently became such. So we will continue to think about investments from the perspective of potential reward and the risks that go with that, rather than start from the benchmark.

Our objective remains a simple one: to find businesses that can grow and translate that growth into appreciation in the value of the portfolio. The effort and skill of our investment team is concentrated on this goal for one simple reason: in the long term, the value of your Company's portfolio will be driven by the growth of the businesses it owns and especially by the growth in their profits and dividends. The ten year record summarised on page 10 provides an interesting historical perspective on how we have fared in the past. It shows how the revenue received by the portfolio (the dividends paid by companies in the portfolio, plus some interest on cash) has developed; it has increased approximately six times over the decade. Because the number of shares issued by the Company has increased, the revenue received for each individual share in the Company has increased at a slower rate, but has still grown over five times; the net asset value per share reflects this growth closely and has increased by a similar rate over the decade. During the last ten years, dividends for the index as a whole grew less than four times. Simply put, the outperformance achieved by your portfolio during the last decade is attributable to the fact that the companies we have invested in have, collectively, grown faster than the asset class as a whole.

In the future, our challenge is to repeat the trend of the last decade by finding investments that can do the same again. I am confident that the resources applied to the management of your Company's portfolio today are larger and better than they were ten years ago; with markets at reasonable valuations and the whole gamut of the developing world to look at, I believe that we can continue to meet this challenge as before.

Austin Forey
Investment Manager 4th October 2013

Summary of Results

	2013	2012	% change
Total returns for the year ended 30th June			
Return to Ordinary shareholders[1]	**+7.6%**	-10.5%	
Portfolio return net of fees and expenses[2]	**+11.6%**	-11.5%	
Undiluted return on net assets[2]	**+10.0%**	-11.6%	
Fully diluted return on net assets[2]	**+12.0%**	-10.4%	
Benchmark[3]	**+6.4%**	-14.0%	
Net asset value, share price and discount at 30th June			
Shareholders' funds (£'000)	**785,778**	691,931	+13.6
Undiluted net asset value per Ordinary share	**658.4p**	602.9p	+9.2
Diluted net asset value per Ordinary share	**649.3p**	584.1p	+11.2
Ordinary share price	**567.0p**	531.5p	+6.7
Ordinary share price discount to diluted net asset value per Ordinary share[4]	**11.8%**	9.1%	
Ordinary shares in issue (excluding shares held in Treasury)	**119,353,816**	114,762,153	
Subscription share price	**76.5p**	75.0p	+2.0
Subscription shares in issue	**10,170,292**	17,431,372	
Revenue for the year ended 30th June			
Gross revenue (£'000)	**18,487**	16,480	+12.2
Net revenue attributable to Ordinary shareholders (£'000)	**8,137**	7,273	+11.9
Revenue return per Ordinary share – undiluted	**6.77p**	6.36p	+6.4
Revenue return per Ordinary share – diluted	**6.73p**	6.22p	+8.2
Dividend per Ordinary share	**5.50p**	4.5p	+16.7
Gearing/(net cash) at 30th June[5]	**(4.2)%**	(3.7)%	
Ongoing charges[6]	**1.14%**	1.18%	

A glossary of terms and definitions is provided on page 67.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

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

[4]Capital only. Source: Bloomberg.

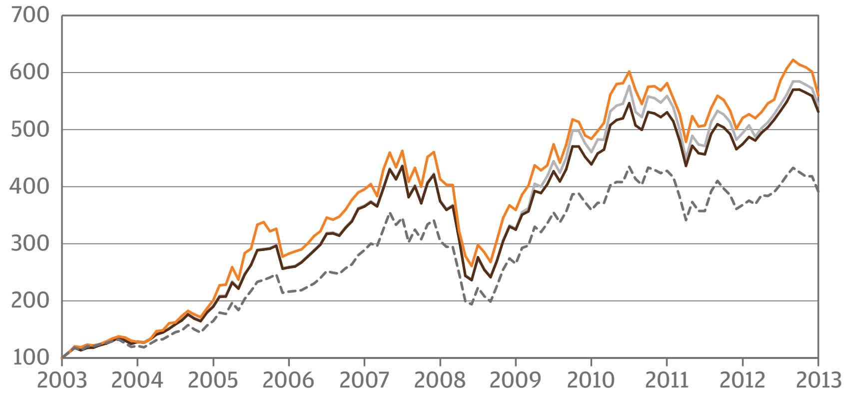
[5]Gearing represents the excess amount above shareholders' funds of total assets (including net current assets/liabilities) less cash/cash equivalents, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position. The figure for 2012 has been restated to include net current assets.

[6]Management fee and all other operating expenses, excluding interest and performance fee payable, expressed as a percentage of the average of daily net assets during the year. The Ongoing charges is calculated in accordance with guidance issued by the Association of Investment Companies. The Ongoing charges including the performance fee payable was 1.77% (2012: 1.18%).

Performance

Ten Year Performance

Figures have been rebased to 100 at 30th June 2003

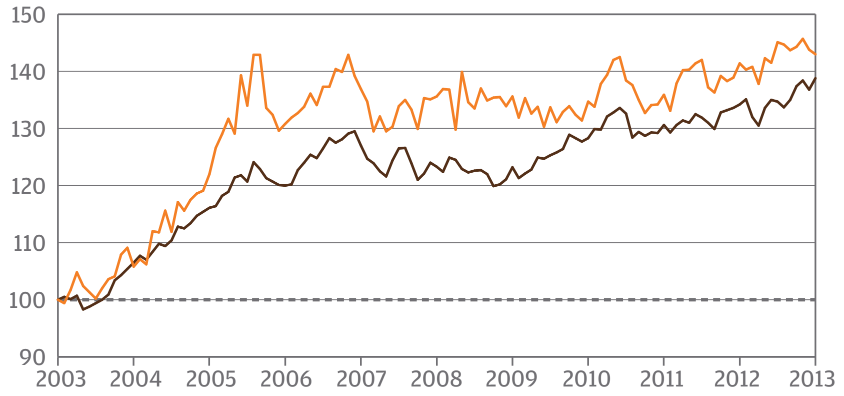


Source: Morningstar.

- JPMorgan Emerging Markets – share price total return.
- JPMorgan Emerging Markets – diluted net asset value total return.
- JPMorgan Emerging Markets – undiluted net asset value total return.
- Benchmark.

Performance Relative to Benchmark

Figures have been rebased to 100 at 30th June 2003



Source: Morningstar.

- JPMorgan Emerging Markets – share price total return.
- JPMorgan Emerging Markets – undiluted net asset value total return.
- Benchmark – represented by the horizontal line.

Ten Year Financial Record

At 30th June	2003	2004	2005[1]	2006	2007	2008	2009	2010	2011	2012	2013
Shareholders' funds (£m)	115.9	148.4	222.2	360.9	508.0	518.4	448.2	631.9	785.1	691.9	**785.8**
Undiluted net asset value per Ordinary share (p)	128.5	164.5	246.3	327.2	460.5	470.0	406.3	568.3	686.4	602.9	**658.4**
Diluted net asset value per Ordinary share (p)[2]	128.5	164.5	246.3	327.2	460.5	470.0	406.3	544.9	655.7	584.1	**649.3**
Ordinary share price (p)	107.5	137.8	216.0	299.0	416.5	433.5	374.0	500.0	597.5	531.5	**567.0**
Discount (%)	16.3	16.2	12.3	8.6	9.6	7.8	7.9	8.2	8.8	9.1	**11.8**
Subscription share price (p)[3]	–	–	–	–	–	–	39.5	76.3	135.0	75.0	**76.5**
Gearing/(net cash) (%)	(0.3)	(4.2)	(5.0)	(0.2)	0.8	(4.7)	(0.8)	(1.7)	(5.2)	(3.7)	**(4.2)**
Year ended 30th June											
Gross revenue attributable to shareholders (£'000)	3,013	4,474	5,435	8,488	8,055	9,456	11,344	12,335	15,912	16,480	**18,487**
Diluted revenue return per Ordinary share (p)[4]	0.69	2.47	2.87	4.30	1.96	2.59	4.43	4.47	5.26	6.22	**6.73**
Dividend per Ordinary share (p)	–	–	2.45	3.65	2.00	2.00	3.20	3.20	3.50	4.50	**5.50**
Ongoing charges (%)[5]	1.57	1.40	1.31	1.28	1.24	1.25	1.05	1.17	1.15	1.18	**1.14**
Rebased to 100 at 30th June 2003											
Ordinary share price total return[6]	100.0	128.1	200.9	282.7	395.5	413.4	359.4	483.9	581.4	520.6	**560.0**
Undiluted net asset value total return[6]	100.0	129.0	191.2	259.5	366.9	375.8	326.5	460.7	558.9	494.1	**542.5**
Diluted net asset value total return[6]	100.0	128.0	189.8	258.5	365.4	374.4	324.8	439.1	530.3	474.7	**531.4**
Benchmark[7]	100.0	121.1	164.7	216.2	289.0	304.9	265.0	359.2	427.8	368.1	**391.5**

A glossary of terms and definitions is provided on page 67.

[1]Figures have been restated to reflect changes in accounting policy regarding dividends payable. Such dividends are now included in the accounts in the year in which they are paid. Years prior to 2005 have not been restated.

[2]The diluted net asset value per Ordinary share calculated at 30th June 2010 onwards assumes that all outstanding Subscription shares were converted into Ordinary shares at the year end. There were no dilutive potential Ordinary shares in issue at 30th June 2009 and prior years.

[3]For details on Subscription shares see page 66.

[4]The returns per Ordinary share for the year ended 30th June 2010 onwards have been adjusted for the effect of the dilutive Subscription shares. There were no dilutive potential Ordinary shares in issue at 30th June 2009 and prior years.

[5]Management fee and all other operating expenses, excluding interest and performance fee payable, expressed as a percentage of the average of daily net assets during the year. The Ongoing charges is calculated in accordance with guidance issued by the Association of Investment Companies. The Ongoing charges including the performance fee payable was 1.77% (2012: 1.18%) (2009 and prior years: the average of the opening and closing net assets).

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

[7]Source: Morningstar/Datastream.

Ten Largest Equity Investments

at 30th June

Company	Country	2013 Valuation £'000	2013 Valuation %[1]	2012 Valuation £'000	2012 Valuation %[1]
Housing Development Finance Housing Development Finance provides housing finance in India. The company provides long-term housing loans to low and middle income individuals and corporations. The company also provides construction finance to real estate developers, and lease financing facilities to companies and development authorities for infrastructure and other assets.	India	**29,978**	**3.8**	23,154	3.3
Taiwan Semiconductor Manufacturing Taiwan Semiconductor Manufacturing Company Ltd. manufactures integrated circuits based on its proprietary designs. The company offers a comprehensive set of integrated circuit fabrication processes to manufacture CMOS logic, mixed-mode, volatile and non-volatile memory and BiCMOS chips. Taiwan Semiconductor is an affiliate of Philips Electronics N.V.	Taiwan	**25,073**	**3.2**	18,489	2.7
International Personal Finance[2] International Personal Finance offers small, unsecured cash loans made and collected by agents, face to face with the customer. The company operates in the developing markets of Central and Eastern Europe and Mexico, providing the underserved segment of the consumer credit market with access to cash loans.	United Kingdom	**22,181**	**2.8**	13,144	1.9
Magnit[2] Magnit retails food. The company operates a chain of discount supermarkets.	Russia	**20,580**	**2.6**	13,862	2.0
Hyundai Motor Hyundai Motor Company manufactures, sells, and exports passenger cars, trucks, and commercial vehicles. The company also sells various auto parts and operates auto repair service centers throughout South Korea. Hyundai Motor provides financial services through its subsidiaries.	South Korea	**19,202**	**2.5**	15,337	2.2
Ultrapar Participações Ultrapar Participacoes S.A. is a Brazilian holding company. The company's holdings include a gas distribution company, a petrochemical company, and a petrochemical and gas storage and transportation company.	Brazil	**19,075**	**2.4**	17,177	2.5
AIA[2] AIA Group Ltd. offers insurance and financial services. The company writes life insurance for individuals and businesses, accident and health insurance, retirement planning, and wealth management services.	Hong Kong	**17,551**	**2.2**	13,732	2.0
China Mobile[2] China Mobile Limited, through its subsidiaries, provides cellular telecommunications and related services in the People's Republic of China and Hong Kong SAR.	Hong Kong	**16,538**	**2.1**	8,603	1.2
Tata Consultancy Services[3] Tata Consultancy Services, a division of Tata Sons Limited, is a global IT services organisation that provides a comprehensive range of IT services to its clients in diverse industries. The company, caters to finance and banking, insurance, telecommunication, transportation, retail, manufacturing, pharmaceutical, and utility industries.	India	**16,321**	**2.1**	–	–
WEG[2] WEG S.A. manufactures and distributes industrial machinery. The company's products include electric motors, power and distribution transformers, large motors, DC motors, generators, drives, programmable controllers, electric panels and electrical components. WEG also offers technical assistance and repair services for its products.	Brazil	**16,172**	**2.1**	9,318	1.3
Total		**202,671**	**25.8**		

[1]Based on total assets less current liabilities of £785.8m (2012: £693.7m).
[2]Not included in the ten largest equity investments at 30th June 2012.
[3]Not held in the portfolio at 30th June 2012.

At 30th June 2012, the value of the ten largest equity investments amounted to £173.4m representing 25.0% of total assets less current liabilities.

Portfolio Analyses

Geographic	30th June 2013 Portfolio %	30th June 2013 Benchmark %	30th June 2012 Portfolio %	30th June 2012 Benchmark %
East Asia	**27.8**	**47.5**	31.3	46.2
Latin America	**25.2**	**20.3**	26.0	22.1
South Asia	**21.6**	**15.0**	16.8	13.7
Europe/Middle East/Africa	**21.6**	**17.2**	21.8	18.0
Total equities	**96.2**	**100.0**	95.9	100.0
Liquidity fund	**3.6**	**–**	3.6	–
Net current assets	**0.2**	**–**	0.5	–
Total	**100.0**	**100.0**	100.0	100.0

Based on total assets less current liabilities of £785.8m (2012: £693.7m).

Sector	30th June 2013 Portfolio %	30th June 2013 Benchmark %	30th June 2012 Portfolio %	30th June 2012 Benchmark %
Financials	**32.0**	**27.6**	31.9	24.8
Consumer Staples	**21.8**	**9.4**	18.8	8.5
Information Technology	**10.9**	**14.7**	9.3	13.8
Industrials	**10.0**	**6.3**	7.8	6.8
Consumer Discretionary	**8.6**	**8.3**	10.8	7.8
Energy	**5.2**	**11.4**	5.7	12.7
Telecommunication Services	**3.5**	**7.9**	3.8	8.2
Materials	**3.3**	**9.5**	7.0	12.4
Health Care	**0.9**	**1.5**	0.8	1.1
Utilities	**–**	**3.4**	–	3.9
Total equities	**96.2**	**100.0**	95.9	100.0
Liquidity fund	**3.6**	**–**	3.6	–
Net current assets	**0.2**	**–**	0.5	–
Total	**100.0**	**100.0**	100.0	100.0

Based on total assets less current liabilities of £785.8m (2012: £693.7m).

Investment Activity

during the year ended 30th June 2013

	Value at 30th June 2012 £'000	% of portfolio	Purchases £'000	Sales £'000	Changes in value £'000	Value at 30th June 2013 £'000	% of portfolio
China and Hong Kong	140,378	20.3	16,611	(24,776)	9,442	**141,655**	**18.1**
Brazil	116,949	16.9	26,781	(9,176)	(3,630)	**130,924**	**16.7**
India	79,913	11.6	33,403	(12,512)	19,592	**120,396**	**15.4**
South Africa	93,038	13.5	17,817	(6,241)	(8,888)	**95,726**	**12.2**
Mexico	46,688	6.8	1,533	(13,053)	14,197	**49,365**	**6.3**
Taiwan	33,971	4.9	3,767	(3,307)	11,258	**45,689**	**5.8**
Indonesia	26,605	3.9	7,501	–	3,401	**37,507**	**4.8**
South Korea	42,457	6.2	3,503	(15,849)	758	**30,869**	**3.9**
Russia	22,673	3.3	–	(3,817)	11,462	**30,318**	**3.9**
United Kingdom	13,144	1.9	199	(3,727)	12,565	**22,181**	**2.8**
Turkey	20,327	2.9	–	(2,621)	3,803	**21,509**	**2.8**
Malaysia	10,104	1.5	–	–	1,902	**12,006**	**1.5**
Argentina	5,941	0.9	3,080	–	1,342	**10,363**	**1.3**
Chile	10,990	1.6	–	(2,606)	(1,287)	**7,097**	**0.9**
Pakistan	31	–	–	–	17	**48**	**–**
Egypt	1,594	0.2	–	(1,631)	37	**–**	**–**
Total equity investments	664,803	96.4	114,195	(99,316)	75,971	**755,653**	**96.4**
Liquidity fund	25,200	3.6	97,918	(95,218)	322	**28,222**	**3.6**
Total investments	690,003	100.0	212,113	(194,534)	76,293	**783,875**	**100.0**

List of Investments

at 30th June 2013

Company	Valuation £'000
China and Hong Kong	
AIA	17,551
China Mobile	16,538
Jardine Matheson	16,019
Ping An Insurance	14,934
Wumart Stores	13,801
Tsingtao Brewery	12,922
China Merchants Bank	10,689
Sun Art Retail Group	8,928
Cafe De Coral	8,241
Tingyi	6,735
Hang Lung Properties	6,379
Convenience Retail Asia	5,290
H.K. Aircraft Engineering	3,628
	141,655
Brazil	
Ultrapar Participações	19,075
WEG	16,172
Companhia de Bebidas das Americas[1]	15,976
Vale[1]	12,782
Cielo	12,636
Petroleo Brasileiro[1]	11,372
Itau Unibanco	10,624
Companhia de Concessões Rodoviárias	9,939
TOTVS	7,452
Lojas Renner	6,999
Marcopolo	7,897
	130,924

Company	Valuation £'000
India	
Housing Development Finance	29,978
Tata Consultancy Services	16,321
Mahindra & Mahindra Financial Service	14,548
Yes Bank	12,818
ITC	12,466
United Breweries	11,459
Infosys Technologies[1]	13,311
ACC	6,305
Ambuja Cements	3,190
	120,396
South Africa	
Capitec Bank	13,741
Discovery	11,411
Bidvest Group	10,989
MTN	10,902
Clicks	9,650
Shoprite Holdings	8,603
RMB	7,676
Massmart	7,016
Tiger Brands	6,768
African Bank Investments	5,438
Mr Price	3,532
	95,726
Mexico	
Grupo Financiero Banorte	14,734
Compartamos	14,643
Wal-Mart De Mexico	12,120
Grupo Aeroportuario del Sureste[1]	7,868
	49,365

Company	Valuation £'000
Taiwan	
Taiwan Semiconductor Manufacturing[1]	25,073
Delta Electronics	11,156
President Chain Store	9,460
	45,689
Indonesia	
Astra International	12,223
Bank Rakyat Indonesia	11,973
Unilever Indonesia	8,267
Holcim	3,484
Hero Supermarket	1,560
	37,507
South Korea	
Hyundai Motor	19,202
Hyundai Mobis	7,879
Shinsegae Food	3,788
	30,869
Russia	
Magnit	20,580
Sberbank	9,738
	30,318
United Kingdom	
International Personal Finance	22,181
	22,181

Company	Valuation £'000
Turkey	
Turkiye Garanti Bankasi	15,113
KOC	6,396
	21,509
Malayasia	
Top Glove	6,656
British American Tobacco Malaysia	5,350
	12,006
Argentina	
Tenaris[1]	10,363
	10,363
Chile	
Banco Santander-Chile[1]	7,097
	7,097
Pakistan	
BRR Guardian Modaraba	48
	48
Total equity investments	**755,653**
Liquidity fund	
JPMorgan US Dollar Liquidity Fund[2]	28,222
Total investments	**783,875**

[1]Includes ADRs/GDRs/ADSs/BDRs.

[2]Managed by JPMorgan Asset Management.

Board of Directors

Alan Saunders §†‡

(Chairman of the Board and of the Nomination Committee and Remuneration Committee)

A Director since May 2002.

Last reappointed to the Board: 2012.

Remuneration: £35,000.

An Independent Investment Consultant with Allenbridge Epic Investment Solutions Limited. Mr Saunders was formerly Chief Economist at Royal Dutch Shell and also held senior investment roles in both Lazards and the Private Banking Division of UBS A.G. He is currently independent investment adviser to Dorset County Council Pension Scheme, an independent trustee of two private sector pension schemes, a Non-Executive Director of CBRE Global Investors and a member of the with-profits committee and investment strategy committee of Lloyds Bank Insurance.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,000 Ordinary shares.

David Gamble *§†‡

(Senior Independent Director)

A Director since April 2006.

Last reappointed to the Board: 2012.

Remuneration: £26,500.

Formerly Chief Executive of British Airways Pension Investment Management, a Director of F&C Emerging Markets Investment Trust plc and New Star Asset Management Group plc. Mr Gamble is currently a Director and trustee of IBM (UK) Pension Trust, member of the investment committee of the BBC Pension Trust Limited and a Director of two other investment trusts and a number of other companies.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 3,781 Ordinary shares, 756 Subscription shares.

Anatole Kaletsky *§†‡

A Director since September 2003.

Last reappointed to the Board: 2012.

Remuneration: £24,000.

Chief Economist of Gavekal Research, a Hong Kong based company which provides economic analysis and asset management services to financial institutions around the world. Formerly Editor at Large at The Times of London.

Connections with Manager: Mr. Kaletsky is a founding partner and Chief Economist of Gavekal Research, whose clients include JPMorgan.

Shared directorships with other Directors: None.

Shareholding in Company: 4,203 Ordinary shares, 840 Subscription shares.

Percy Mistry *§†‡

A Director since January 2009.

Last reappointed to the Board: 2012.

Remuneration: £24,000.

Chairman of The Oxford International Group which comprises companies engaged in investment banking, asset management, private equity investment and strategic financial and economic services to governments and multinational companies in emerging market countries. He was previously CEO of Synergy Power Corporation, a director of ICICI and non-executive chairman of D.C. Gardner. He was also an advisory member of the Forum on Debt and Development and has held several senior positions with the World Bank.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 10,000 Ordinary shares.

Nigel Kenny *§†‡

(Chairman of the Audit Committee)

A Director since September 2008.

Last reappointed to the Board: 2012.

Remuneration: £29,000.

A founding partner of emerging markets private equity company Sabre Capital. He is currently an independent non-executive director of UC Rusal Ltd, the world's largest producer of aluminium and alumina products, and a non-executive director of First City Monument Bank Plc, a bank listed on the Nigerian stock exchange. He was previously an independent non-executive director of PartyGaming Plc. Between 1992 and 2002 Mr Kenny held a number of senior positions at Standard Chartered Bank, including Group Head of Operations, Corporate and Institutional Banking and Finance Director. Prior to that he spent 14 years with Chase Manhattan Bank. He is a chartered accountant.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 3,500 Ordinary shares.

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

Directors' Report

The Directors present their report and audited financial statements for the year ended 30th June 2013.

Business Review

Business of the Company

The Company carries on business as an investment trust and was approved by HM Revenue and Customs as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 ('Section 1158') for the year ended 30th June 2012. In the opinion of the Directors, the Company has subsequently conducted its affairs so that it should continue to qualify as an investment trust under HM Revenue & Customs' qualifying rules.

Approval in previous years is subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 2 and 3, and in the Investment Manager's Report on pages 4 to 7.

Objective

The Company's objective is to achieve capital growth from emerging markets worldwide.

Investment Policies and Risk Management

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

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

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

The Board has set no minimum or maximum limits on the number of investments in the portfolio but it is a relatively concentrated portfolio consisting typically of between 60 and 90 investments. The assets are managed by an investment manager based in London who is supported by a 50 strong emerging markets equity team.

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

Investment Restrictions and Guidelines

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

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

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

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

Performance

In the year to 30th June 2013, the Company produced a total return to Ordinary shareholders of 7.6% and an undiluted total return on net assets of 10.0%. This compares with the return on the Company's benchmark index of 6.4%. At 30th June 2013, the value of the Company's investment portfolio (including liquidity fund holdings) was £783.9 million. The Investment Manager's Report on pages 4 to 7 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross total return for the year amounted to £95.0 million (2012: £79.9 million loss) and net total return after deducting management fee, performance fee, other administrative expenses, finance costs and taxation amounted to £81.4 million (2012: £90.9 million loss). Distributable income for the year amounted to £8.1 million (2012: £7.3 million).

The Directors recommend a final dividend of 5.5p per share payable on 25th November 2013 to holders on the register at the close of business on 25th October 2013. This distribution will amount to £6.6 million. The revenue reserve after payment of the final dividend will amount to £9.4 million (2012: £8.2 million).

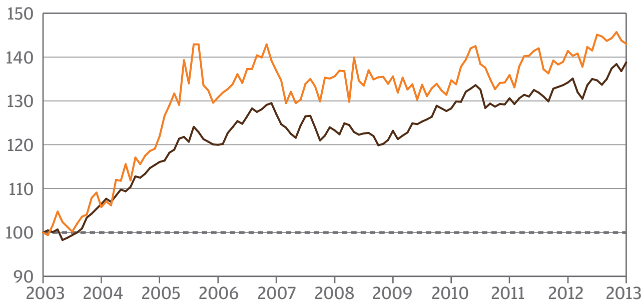
Key Performance Indicators ('KPIs')

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

- **Performance against the benchmark index**
  This is the most important KPI by which performance is judged. Information on the Company's performance is given in the Chairman's Statement and the Investment Manager's Report.

Performance Relative to Benchmark Index

Figures have been rebased to 100 at 30th June 2003



Source: Morningstar.

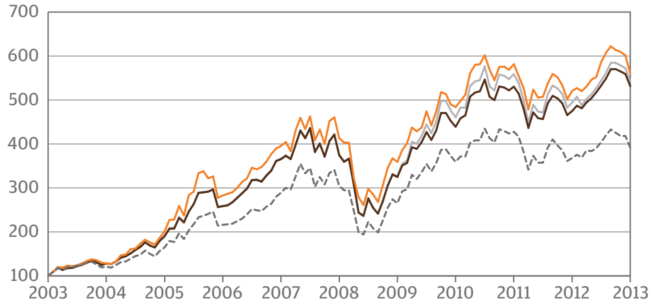
JPMorgan Emerging Markets – share price total return.

JPMorgan Emerging Markets – undiluted net asset value total return.

Benchmark – represented by the horizontal line.

Ten Year Performance

Figures have been rebased to 100 at 30th June 2003



Source: Morningstar.

JPMorgan Emerging Markets – share price total return.

JPMorgan Emerging Markets – diluted net asset value total return.

JPMorgan Emerging Markets – undiluted net asset value total return.

Benchmark.

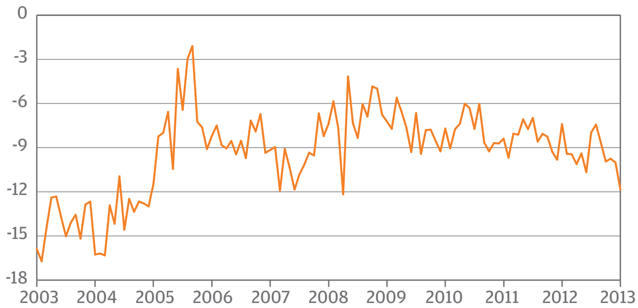
- **Performance against the Company's peers**
  The principal objective is to achieve capital growth relative to the benchmark. However, the Board also monitors the performance relative to a broad range of competitor funds.

- **Performance attribution**
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. Details of the attribution analysis for the year ended 30th June 2013 are given in the Investment Manager's Report on page 5.

- **Share price discount to net asset value ('NAV') per share**
  The Board has a share repurchase policy which seeks to address imbalances in supply of and demand for the Company's shares within the market. This helps to reduce the volatility and absolute level of the discount to NAV per share at which the Company's shares trade in relation to its peers in the sector. In the year to 30th June 2013, the Company's shares traded at a discount to the diluted net asset value per share of between 6.5% and 12.2%.

Directors' Report continued

Discount Performance



Source: Datastream (month end data).

JPMorgan Emerging Markets – share price discount to diluted net asset value per Ordinary share.

- **Ongoing charges**
  The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs and performance fee payable, expressed as a percentage of the average of the daily net assets during the year. The ongoing charges for the year ended 30th June 2013 were 1.14% (2012: 1.18%). The Board reviews each year an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers.

Share Capital

The Directors have, on behalf of the Company, the authority both to repurchase shares in the market for cancellation and to issue new shares for cash on behalf of the Company.

A total of 2,669,417 shares were repurchased into Treasury during the year under review, for a total consideration of £15,496,000. The Company did not allot any new shares for cash other than on the conversion of Subscription shares. Since the year end a further 46,705 shares have been repurchased into Treasury.

Resolutions to renew the authorities to issue new shares and to repurchase shares for cancellation will be put to shareholders for approval at the Annual General Meeting.

The full text of these Resolutions is set out in the Notice of Meeting on pages 59 and 60.

During the year the Company issued 7,261,080 Ordinary shares for a total consideration of £33,424,000 on the conversion of Subscription shares. Since the year end, a further 5,021 Ordinary shares have been issued for a total consideration of £27,000.

Subscription Shares

On 11th June 2009 the Company issued 22,059,783 Subscription shares as a bonus issue to Ordinary shareholders on the basis of one Subscription share for every five Ordinary shares held. Each Subscription share confers the right (but not the obligation) to subscribe for one Ordinary share on any business day during the period from 1st August 2009 to 31st July 2014 (both dates inclusive) when the rights under the Subscription shares will lapse. The Subscription shares may be exercised between 1st August 2012 and 31st July 2014 at a price of 543 pence.

Further details on the Subscription shares, including the apportionments for capital gains tax purposes and how they may be exercised, can be found on page 66 of this report and on the Company's website at www.jpmemergingmarkets.co.uk

Principal Risks

With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company. These key risks fall broadly under the following categories:

- Investment Underperformance: An inappropriate investment strategy, for example asset allocation, the level of gearing or the degree of portfolio risk, could lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments and through a set of investment restrictions and guidelines which are monitored and reported on by the Manager. JPMAM provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Manager, who attends all Board meetings, and reviews data which show statistical measures of the Company's risk profile.
- Political, Economic and Governance: Administrative risks, such as the imposition of restrictions on the free movement of capital. These risks are discussed by the Board on a regular basis.
- Loss of Investment Team or Investment Manager: A sudden departure of the investment manager or several members of the investment management team could result in a short-term deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and

the adoption of a team based approach, as well as special efforts to retain key personnel.

- Discount: A disproportionate widening of the discount relative to the Company's peers could result in loss of value for shareholders. The Board regularly discusses discount policy and has set parameters for the Manager and the Company's broker to follow.
- Change of Corporate Control of the Manager: The Board holds regular meetings with senior representatives of JPMAM in order to obtain assurance that the Manager continues to demonstrate a high degree of commitment to its investment trusts business through the provision of significant resources.
- Accounting, Legal and Regulatory: In order to qualify as an investment trust, the Company must comply with Section 1158. Details of the Company's approval are given under 'Business of the Company' on page 18. Should the Company breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by JPMAM and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules and Disclosure and Transparency Rules ('DTRs'). A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, JPMAM, and its professional advisers to ensure compliance with the Companies Act and the UKLA Listing Rules and DTRs.
- Corporate Governance and Shareholder Relations: Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance report on pages 25 to 30.
- Operational: Disruption to, or failure of, JPMAM's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by JPMAM and its associates and the key elements designed to provide effective internal control are included within the Risk Management and Internal Control section of the Corporate Governance report on page 29.
- Financial: The financial risks faced by the Company include market price risk, interest rate risk and credit risk. Further details are disclosed in note 22 on pages 51 to 57.

Future Developments

The future development of the Company is much dependent upon the success of the Company's investment strategy in the light of economic and equity market developments in the countries in which it invests. The Investment Manager discusses the outlook in his report on pages 6 and 7.

Management of the Company

The Manager and Company Secretary is JPMorgan Asset Management (UK) Limited ('JPMAM'). JPMAM, is employed under a contract terminable in one year's notice unless notice is given as a result of poor investment performance, in which case the contract can be terminated on six months' notice. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

JPMAM is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides banking, dealing and custodian services to the Company.

Management and Performance Fees

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

In addition the Manager receives a performance fee equivalent to 10% of any outperformance of the Company's net asset value ('NAV') per share (on an undiluted total return basis) over the Company's benchmark index, the MSCI Emerging Markets Index with net dividends reinvested, in sterling terms, over the period since the last performance fee was earned.
The performance fee is calculated at the end of the Company's financial year and charged to its capital account in the annual financial statements. However, an estimate is accrued on a monthly basis and reflected in the Company's published NAV per share.

Directors' Report continued

The amount of performance fee earned and paid to the Manager each year is subject to the following conditions:

- Any performance fee earned in a given year is divided into two categories; that which can be offset ('offsetable') by underperformance in future years; and that which cannot ('non-offsetable').
- The 'non-offsetable' fee that can be earned in any one year is capped at 0.75% of the Company's average monthly total assets less current liabilities for the year. In a year when the Company produces a negative NAV total return per share, the 'non-offsetable' fee earned in that year is provided for but not paid. In a year when the Company produces a positive NAV total return per share, the Company will pay to the Manager all 'non-offsetable' fees earned in that year and those accrued from previous years, subject to the restriction below.
- The maximum fee that can be paid to JPMAM in any one year is capped at 0.75% of the Company's average monthly total assets less current liabilities for the year.
- The 'offsetable' fee is uncapped and equal to any fees earned in excess of the 0.75% cap. Until paid (i.e. in a year when the NAV total return per share is zero or positive), these fees are capable of being absorbed by any underperformance in a subsequent year.
- The performance fee outperformance calculation restarts at the end of a period when outperformance of the benchmark has been achieved and a performance fee earned.

At 30th June 2013, a cumulative non-offsetable performance fee of £3,211,000 had been earned. This amount, together with the cumulative non-offsetable performance fee of £1,786,000 brought forward from the previous financial year, gives a total fee of £4,997,000, which is now payable.

Going Concern

The Directors believe that having considered the Company's investment objective (see page 18), risk management policies (see pages 51 to 57), capital management policies and procedures (see page 58), the nature of the portfolio and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Payment Policy

It is the Company's policy to obtain the best terms for all business and therefore there are no standard payment terms. In general the Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by those terms. As at 30th June 2013, the Company had no outstanding trade creditors (2012: none).

Directors

The Directors of the Company who held office at the end of the year, together with their beneficial interests in the Company's share capital, are given below:

	30th June 2013		1st July 2012	
Directors	Ordinary Shares	Subscription Shares	Ordinary Shares	Subscription Shares
David Gamble	3,781	756	3,781	756
Anatole Kaletsky	4,203	840	4,203	840
Nigel Kenny	3,500	–	3,500	–
Percy Mistry	10,000	–	8,000	5,000
Alan Saunders	6,000	–	6,000	–

There have been no changes in these holdings reported since the year end.

Sarah Arkle was appointed a Director with effect from 1st September 2013.

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

Director Indemnification and Insurance

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

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

Disclosure of information to Auditors

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

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

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

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

Independent Auditors

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

Annual General Meeting

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

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

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

The Directors will seek renewal of the authority at the AGM to issue up to 5,965,141 new Ordinary shares for cash up to an aggregate nominal amount of £1,491,285 such amount being equivalent to 5% of the present issued ordinary share capital (excluding Treasury shares) as at the last practicable date before the publication of this document. This authority will expire at the conclusion of the AGM of the Company in 2014 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 participants purchasing shares through the JPMorgan savings products and also to other investors when the Directors consider that it is in the best interests of shareholders to do so. As such issues are only made at prices greater than the net asset value (the 'NAV'), they increase the NAV per share and spread the Company's administrative expenses, other than the management fee which is charged on the value of the Company's assets, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies.

The Company currently holds 2,896,122 shares in the capital of the Company in Treasury. The full text of the resolutions is set out in the Notice of Annual General Meeting on page 59.

(ii) Authority to repurchase the Company's shares for cancellation (resolution 13)

The authority to repurchase up to 14.99% of the Company's issued Ordinary share capital and up to 14.99% of the Company's issued Subscription shares, granted by shareholders at the 2012 AGM will expire on 11th May 2014, unless renewed prior to that time. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as in the case of the Ordinary shares, the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining Ordinary shares.

Resolution 13 gives the Company authority to repurchase its own issued Ordinary shares and Subscription 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: (i) 17,883,494 Ordinary shares; and (ii) 1,523,669 Subscription shares, representing approximately 14.99% of the Company's issued Ordinary shares and issued Subscription shares, as at 3rd October 2013 (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 AGM it is the Company's current intention to hold in Treasury any shares it may repurchase pursuant to the authority granted to it for possible re-issue at a premium to NAV. This policy is kept under review by the Board.

As at 3rd October 2013 (being the latest practicable date prior to the publication of this document), there were no warrants or options over Ordinary shares in the capital of the Company,

Directors' Report continued

other than the 10,164,574 Subscription shares in issue (each of which gives the holder thereof the right to subscribe for one new Ordinary share) which represent 8.5% of the Company's issued Ordinary share capital. If the authority to repurchase the Company's Ordinary shares was exercised in full (and the authority to repurchase Subscription shares not exercised at all) then the Subscription shares would represent 10.0% of the Company's issued Ordinary share capital.

The full text of the resolution is set out in the Notice of Annual General Meeting on pages 59 and 60. Repurchases of Ordinary shares will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares as and when market conditions are appropriate.

(iii) Adoption of new Articles of Association (resolution 14)

Subscription Share proposals

Resolution 14 is a special resolution that will, if passed, replace the Company's existing articles of association (the 'Existing Articles') with new articles (the 'New Articles'). The only material changes that will be effected by the adoption of the New Articles relate to the Company's Subscription shares, which have a final exercise date of 31st July 2014. The adoption of the New Articles is conditional on the passing by Subscription shareholders of the special resolution to be proposed at the Subscription shareholder General Meeting, which will be held immediately after the AGM.

Whilst the Subscription shares are currently 'in the money', there is no guarantee that this will remain the case during the period prior to 31st July 2014 and that all the Subscription Share Rights will be exercised. If some Subscription Share Rights remain unexercised after the final exercise date, the Existing Articles require the appointment of a Final Subscription Trustee, who will act on behalf of the Subscription shareholders (if any) who have not exercised their Subscription Share Rights. If, in the opinion of the Final Subscription Trustee, the net proceeds of the sale after the deduction of all costs and expenses incurred by the trustee (including its fees) will exceed the costs of exercising the Subscription Share Rights, the Final Subscription Trustee shall exercise all the outstanding Subscription Share Rights within 14 days of the final exercise date and sell the resulting Ordinary shares in the market. In those circumstances, the Final Subscription Trustee would distribute the net proceeds of the sale to the former Subscription shareholders entitled thereto on a pro rata basis, provided that entitlements to less than £5 would be retained for the benefit of the Company.

As at 3rd October 2013 (being the latest practicable date prior to the publication of this document) the closing mid-market price of an Ordinary share was 562p compared to the exercise price of the Subscription shares of 543p and 10,164,574 Subscription shares were in issue.

It is not possible at the date of this document to know whether or not the Final Subscription Trustee, if one is required, will exercise the outstanding Subscription Share Rights after the Final Subscription Date, as described above. If the Final Subscription Trustee does not do so, all of the outstanding Subscription Share Rights will lapse at the end of the 14 day period in which the Final Subscription Trustee is able to act and any Subscription shares in respect of which the Subscription Share Rights have not been exercised before that date will remain in issue. The outstanding Subscription shares will have no voting or dividend rights and the only remaining right attaching to those shares would be the entitlement, on a winding-up of the Company, to their nominal value of 1p per share.

Notwithstanding that the outstanding Subscription shares would no longer have any purpose or meaningful rights, HM Revenue & Customs has indicated that it will regard the outstanding Subscription shares as Ordinary share capital for the purposes of Section 1119 of the Corporation Tax Act 2010 because the Subscription shares do not confer any entitlement to a dividend at a fixed rate. Accordingly, in order to maintain the Company's UK investment trust status, it would be necessary for the Company to maintain the existing listing of the outstanding Subscription shares on the Official List and to trade on the main market for listed securities of the London Stock Exchange.

Since the outstanding Subscription shares would have no purpose or meaningful rights the Board is proposing to adopt the New Articles, which would provide for a mechanism to allow for the outstanding Subscription shares to be converted into Deferred shares and then repurchased for a nominal amount and cancelled. This would avoid the need to maintain a listing for the outstanding Subscription shares and would ensure that, following the repurchase and cancellation of the Deferred shares, the Company's issued share capital would comprise only Ordinary shares.

The Deferred shares will have the same rights that the Subscription shares will have following the lapse of the Subscription Share Rights but will also confer an entitlement to a dividend at a fixed rate of 0.001% of their nominal value so that they are not treated as Ordinary share capital for the purpose of the investment trust eligibility conditions and accordingly there would be no requirement for the Deferred shares to be listed.

In addition, the rights attaching to the Deferred shares will enable the Company to repurchase all of the Deferred shares which arise after the lapse of the Subscription Share Rights for an aggregate consideration of one penny for all the Deferred shares so repurchased. If any of the outstanding Subscription shares are converted into Deferred shares following the final exercise date, the Company intends to repurchase all of the Deferred shares immediately and the Deferred shares will then be treated as cancelled in accordance with Section 706 of the Companies Act 2006 without the requirement for any further resolution or consent. The Company shall not be obliged to issue share certificates to the Deferred shareholders (if any) in respect of the Deferred shares or account to any Deferred shareholder for the repurchase moneys in respect of such Deferred shares.

The effect of these changes is to ensure that, following the lapse of the Subscription Share Rights, the Company's share capital is simplified and will consist solely of Ordinary shares.

In addition, the New Articles provide the Final Subscription Trustee (if required) with the flexibility to exercise some but not all of the Subscription Share Rights that remain outstanding after the final exercise date. This amendment is intended to maximise the potential for the holders of those Subscription Share Rights to receive some return, on a pro rata basis, even if the Final Subscription Trustee decides that it is unable to place all of the Ordinary shares that would arise if all of the outstanding Subscription Share Rights were exercised.

Finally, a new provision is included in the New Articles that will give the Company the ability, in lieu of going through the Final Subscription Trustee procedure, to make a payment to the Subscription shareholders equal to the Board's best estimate of the amount which would be received by Subscription shareholders were such procedures to be followed.

These proposals require the approval of Ordinary shareholders by special resolution (resolution 14 to be proposed at the AGM) and Subscription shareholders, also by special resolution (to be proposed at the Subscription share General Meeting, which will be held immediately after the AGM).

The differences between the Existing Articles and the New Articles are set out in the Appendix on pages 64 to 65. A copy of the New Articles, together with a mark up showing the changes to the Existing Articles, is available for inspection at the Company's registered office from the date of this document until the date of the AGM and copies will also be available for inspection at the AGM and the Subscription shareholder General Meeting.

Recommendation

The Board considers that resolutions 11 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 27,484 Ordinary shares representing approximately 0.02% of the voting rights of the Company.

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 32, indicates how the Company has applied the principles of good governance of the Financial Reporting Council UK Corporate Governance Code (the 'UK Corporate Governance Code') and the AIC's Code of Corporate Governance, (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

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

Role of the Board

A management agreement between the Company and JPMAM sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administrative and some marketing services. All other matters are reserved

Directors' Report continued

for the approval of the Board. A formal schedule of matters reserved to the Board for decision has been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements.

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

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

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

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

Board Composition

The Board, chaired by Alan Saunders, consists of six non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 16 and 17.

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

Tenure

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

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

Induction and Training

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

Meetings and Committees

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

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

Director	Board Meetings Attended	Audit Committee Meetings Attended	Management Engagement Committee Meetings Attended	Remuneration Committee Meetings Attended	Nomination Committee Meetings Attended
David Gamble	5	2	1	1	1
Anatole Kaletsky	5	2	1	1	1
Nigel Kenny	5	2	1	1	1
Percy Mistry	5	2	1	1	1
Alan Saunders[1]	5	2	1	1	1

[1]Ceased to be a member of the Audit Committee on 30th October 2009. Mr Saunders now attends by invitation.

Board Committees

Nomination Committee

The Nomination Committee, chaired by Alan Saunders, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender. An independent third party, Trust Associates, were employed to conduct the search for a new Director, which resulted in the appointment of Sarah Arkle. Trust Associates have no connection with the Board or the Manager.

The Committee conducts an annual performance evaluation of the Board, its committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. In the year under review, the evaluations were undertaken by Stephenson & Co., an independent consultancy. Stephenson & Co., who have no connection with the Company or the Manager, produced a report at the conclusion of the process which was then discussed by the Committee. The evaluation of individual Directors is led by the Chairman. The Senior Independent Director leads the evaluation of the Chairman's performance.

Remuneration Committee

The Remuneration Committee, chaired by Alan Saunders, consists of all of the Directors and meets annually to review the levels of remuneration of the Chairman, the Chairman of the Audit Committee, the Senior Independent Director and other Directors. This takes into account the level of fees paid to the directors of the Company's peers and within the investment trust industry generally to ensure that high quality people are attracted and retained. Recommendations are made to the Board as and when appropriate.

Audit Committee

The Audit Committee, chaired by Nigel Kenny and whose membership is set out on pages 16 and 17, meets at least twice each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. At least one member of the Committee has recent and relevant financial experience.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual accounts and the Company's compliance with the UK Corporate Governance Code. It reviews the terms of the management agreement and examines the effectiveness of the Company's internal control systems, receives information from the Manager's Compliance department and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. The Audit Committee has reviewed the independence and objectivity of the auditors and is satisfied that the auditors are independent. The Audit Committee also has the primary responsibility for making recommendations to the Board on the reappointment and the removal of external auditors. During the year, the Committee put the external audit out to tender. Following a thorough review process, it was decided to reappoint PricewaterhouseCoopers as the Company's independent external auditors.

Representatives of the Company's auditors attend the Audit Committee meeting at which the draft annual report and accounts are considered. Having reviewed the performance of the external auditors, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The Board reviews and approves any non-audit services provided by the independent auditors and assesses the impact of any non-audit work on the ability of the auditor to remain independent. The only non-audit work carried out by the auditors this year was in relation to their subsidiary company's work on the Company's tax return in Pakistan. The Board has resolved that such non-audit work does not impact on the independence of the auditors. Details of the auditors' fees paid for audit and non-audit services are disclosed in note 5 on page 41.

Directors' Report continued

The Directors' statement on the Company's system of internal control is set out below.

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

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

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

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders quarterly each year by way of the annual report and accounts, the half year report and two interim management statements. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares.

All shareholders have the opportunity, and are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet shareholders and answer their questions. In addition, a presentation is given by the Investment Manager who reviews the Company's performance. The Company's brokers, the Investment Manager and JPMAM hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 69.

The Company's Annual Report and Accounts is published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 69.

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

Section 992 Companies Act 2006

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

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

Voting Rights in the Company's shares
Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of Annual General Meeting on page 61.

Environmental Matters, Social and Community Issues
Information on environmental matters, social and community issues is set out on page 30. The Company has no employees.

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

Shareholders	Ordinary shares	%
Lazard Asset Management LLC	28,079,113	23.4
City of London Investment Management Company	11,863,552	9.9
Royal Skandia	6,089,708	5.0
Sarasin & Partners LLP	5,232,073	4.3
JPMorgan Asset Management Holdings Inc.	4,697,689	3.9

On 12th September 2013, City of London Investment Management Company disclosed that their holding was 13,084,623 shares (10.97%). No further changes to these holdings had been notified as at the date of this report.

The Company is also aware that approximately 8.4% of the Company's total voting rights are held by individuals through savings products managed by JPMAM and registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under certain circumstances JPMAM has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

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

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

Risk Management and Internal Control

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by JPMAM and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by JPMAM and its associates, including the operating controls established by them, to ensure that they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 20 to 21). 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 Turnbull guidance. The Company does not have an internal audit function of its own, but relies on the internal audit department of JPMAM. This arrangement is kept under review.

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

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

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

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

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

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

- reviews the terms of the management agreement and receives regular reports from JPMAM's Compliance department;
- reviews reports on the internal controls and the operations of its custodian, JPMorgan Chase Bank, which is itself independently reviewed; and

Directors' Report continued

- reviews every six months an independent report on the risk management and internal controls and the operations of JPMAM.

By the means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 30th June 2013 and to the date of approval of this Annual Report and Accounts.

During the course of its review of the system of risk management and internal control, the Board has not identified or been advised of any failings or weaknesses which it has determined to be significant.

Corporate Governance and Voting Policy

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

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

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

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

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

Social & Environmental

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

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our detailed approach to how we implement the principles is available on request. JPMAM is also a signatory to Carbon Disclosure Project. JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

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

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Company Secretary
4th October 2013

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Section 421 of the Companies Act 2006. An ordinary resolution to approve this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The auditors' opinion is included in their report on page 33.

Directors' Remuneration[1]

Directors' Name	2013 £	2012 £
Alan Saunders (Chairman)	**35,000**	32,000
David Gamble	**26,500**	24,500
Anatole Kaletsky	**24,000**	22,000
Nigel Kenny	**29,000**	27,000
Percy Mistry	**24,000**	22,000
Total	**138,500**	127,500

[1]Audited information.

No amounts (2012: nil) were paid to third parties for making available the services of Directors.

In the year under review, Directors' fees were paid at the following rates: Chairman £35,000; Audit Committee Chairman £29,000; Senior Independent Director: £26,500; and other Directors £24,000. Fees were last increased with effect from 1st July 2012.

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

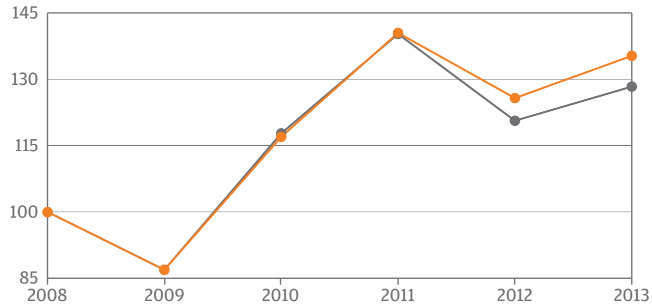
The Remuneration Committee reviews fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on information provided by the Company Secretary, JPMAM, and industry research on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The Directors' fees are not performance related and 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. The Articles stipulate that aggregate fees must not exceed £175,000 per annum. Any increase in this amount requires both Board and shareholder approval.

Details of the Board's policy on tenure are set out on page 26.

The Company does not operate any type of incentive 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 paid compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in connection with attending the Company's business.

A graph showing the Company's share price total return compared with the return on its benchmark index, the MSCI Emerging Markets Index (in sterling terms), over the last five years is shown below:

Five Year Share Price and Benchmark Total Return to 30th June 2013



Source: Morningstar/Datastream.

Ordinary share price total return.

Benchmark.

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Company Secretary

4th October 2013

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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.

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

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

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

For and on behalf of the Board
Alan Saunders,
Chairman

4th October 2013

Independent Auditors' Report

To the members of JPMorgan Emerging Markets Investment Trust plc

We have audited the financial statements of JPMorgan Emerging Markets Investment Trust plc for the year ended 30th June 2013 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 32, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report & Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30th June 2013 and of its net return and cash flows 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 22, in relation to going concern;
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

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

4th October 2013

Notes:

(a) The maintenance and integrity of the JPMorgan Emerging Markets Investment Trust plc website (www.jpmemergingmarkets.co.uk) is the responsibility of JPMAM: the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income Statement

for the year ended 30th June 2013

	Notes	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Gains/(losses) on investments held at fair value through profit or loss	2	**–**	**76,287**	**76,287**	–	(95,669)	(95,669)
Net foreign currency gains/(losses)		**–**	**191**	**191**	–	(673)	(673)
Income from investments	3	**18,484**	**–**	**18,484**	16,477	–	16,477
Other interest receivable and similar income	3	**3**	**–**	**3**	3	–	3
Gross return/(loss)		**18,487**	**76,478**	**94,965**	16,480	(96,342)	(79,862)
Management fee	4	**(7,835)**	**–**	**(7,835)**	(7,070)	–	(7,070)
Performance fee	4	**–**	**(3,211)**	**(3,211)**	–	(1,786)	(1,786)
Other administrative expenses	5	**(1,140)**	**–**	**(1,140)**	(1,164)	–	(1,164)
Net return/(loss) on ordinary activities before finance costs and taxation		**9,512**	**73,267**	**82,779**	8,246	(98,128)	(89,882)
Finance costs	6	**–**	**–**	**–**	(3)	–	(3)
Net return/(loss) on ordinary activities before taxation		**9,512**	**73,267**	**82,779**	8,243	(98,128)	(89,885)
Taxation	7	**(1,375)**	**–**	**(1,375)**	(970)	–	(970)
Net return/(loss) on ordinary activities after taxation		**8,137**	**73,267**	**81,404**	7,273	(98,128)	(90,855)
Return/(loss) per Ordinary share – undiluted	9	**6.77p**	**60.93p**	**67.70p**	6.36p	(85.77)p	(79.41)p
Return/(loss) per Ordinary share – diluted	9	**6.73p**	**60.59p**	**67.32p**	6.22p	(83.94)p	(77.72)p

A dividend of 5.5p (2012: 4.5p) per Ordinary share has been proposed in respect of the year ended 30th June 2013, totalling £6,564,000 (2012: £5,164,000). Further details are given in note 8(a) on page 43.

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 Total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.

The accompanying notes on pages 38 to 58 form an integral part of these accounts.

Reconciliation of Movements in Shareholders' Funds

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30th June 2011	28,771	86,781	1,665	69,939	587,825	10,079	**785,060**
Repurchase of shares into Treasury	–	–	–	–	(877)	–	**(877)**
Exercise of Subscription shares into Ordinary shares	(6)	6	–	–	–	–	**–**
Issue of Ordinary shares on exercise of Subscription shares	142	2,465	–	–	–	–	**2,607**
Net (loss)/return on ordinary activities	–	–	–	–	(98,128)	7,273	**(90,855)**
Dividends appropriated in the year	–	–	–	–	–	(4,004)	**(4,004)**
At 30th June 2012	28,907	89,252	1,665	69,939	488,820	13,348	**691,931**
Repurchase of shares into Treasury	–	–	–	–	(15,496)	–	**(15,496)**
Exercise of Subscription shares into Ordinary shares	(72)	72	–	–	–	–	**–**
Issue of Ordinary shares on exercise of Subscription shares	1,815	31,609	–	–	–	–	**33,424**
Net return on ordinary activities	–	–	–	–	73,267	8,137	**81,404**
Dividends appropriated in the year	–	–	–	–	–	(5,485)	**(5,485)**
At 30th June 2013	30,650	120,933	1,665	69,939	546,591	16,000	**785,778**

The accompanying notes on pages 38 to 58 form an integral part of these accounts.

Balance Sheet

at 30th June 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investments held at fair value through profit or loss		**755,653**	664,803
Investment in liquidity fund held at fair value through profit or loss		**28,222**	25,200
Total investments	10	**783,875**	690,003
Current assets			
Debtors	11	**2,181**	1,674
Cash and short term deposits		**4,950**	2,492
		7,131	4,166
Creditors: amounts falling due within one year	12	**(5,228)**	(452)
Net current assets		**1,903**	3,714
Total assets less current liabilities		**785,778**	693,717
Provision for liabilities and charges	13		
Performance fees		**–**	(1,786)
Net assets		**785,778**	691,931
Capital and reserves			
Called up share capital	14	**30,650**	28,907
Share premium	15	**120,933**	89,252
Capital redemption reserve	15	**1,665**	1,665
Other reserve	15	**69,939**	69,939
Capital reserves	15	**546,591**	488,820
Revenue reserve	15	**16,000**	13,348
Total shareholders' funds		**785,778**	691,931
Net asset value per Ordinary share	16		
Undiluted		**658.4p**	602.9p
Diluted		**649.3p**	584.1p

The accounts on pages 34 to 58 were approved and authorised for issue by the Directors on 4th October 2013 and were signed on their behalf by:

Alan Saunders
Director

The accompanying notes on pages 38 to 58 form an integral part of these accounts.

Company registration number: 2618994.

Cash Flow Statement

for the year ended 30th June 2013

	Notes	2013 £'000	2012 £'000
Net cash inflow from operating activities	17	**6,774**	5,916
Returns on investments and servicing of finance			
Interest paid		**–**	(3)
Net cash outflow from returns on investments and servicing of finance		**–**	(3)
Taxation			
Taxation recovered		**110**	8
Capital expenditure and financial investment			
Purchases of investments		**(211,639)**	(162,438)
Sales of investments		**194,603**	143,692
Other capital charges		**(24)**	(86)
Net cash outflow from capital expenditure and financial investment		**(17,060)**	(18,832)
Dividend paid		**(5,485)**	(4,004)
Net cash outflow before financing		**(15,661)**	(16,915)
Financing			
Issue of Ordinary shares on exercise of Subscription shares		**33,424**	2,607
Repurchase of shares into Treasury		**(15,496)**	(877)
Net cash inflow from financing		**17,928**	1,730
Increase/(decrease) in cash in the year	18	**2,267**	(15,185)

The accompanying notes on pages 38 to 58 form an integral part of these accounts.

Notes to the Accounts

for the year ended 30th June 2013

1. Accounting policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP') 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 January 2009.

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

The accounts have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of investments at fair value through profit or loss.

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

(b) Valuation of investments

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

(c) Accounting for reserves

Gains and losses on sales of investments including the related foreign exchange gains and losses, realised gains and losses on foreign currency, management fee and finance costs allocated to capital and any other capital charges, are included in the Income Statement and dealt with in capital reserves within 'Gains and losses on sales of investments'. Increases and decreases in the valuation of investments held at the year end including the related foreign exchange gains and losses, are included in the Income Statement and dealt with in capital reserves within 'Holding gains and losses on investment'.

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

(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.

UK dividends are included net of tax credits. Overseas dividends are included gross of any withholding tax.

Interest receivable on deposits is taken to revenue on an accruals basis.

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.

Special dividends are recognised on an ex-dividend basis and are treated as a capital item or an income item depending on the facts and circumstances of each dividend.

(e) Expenses

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

- Performance related fees are allocated 100% to capital.
- Expenses incidental to the purchase of an investment are included within the cost of the investment and those incidental to the sale are deducted from the sales proceeds. These expenses are commonly referred to as transaction costs and include items such as stamp duty and brokerage commissions. Details of transaction costs are given in note 10 on page 45.
- Subscription shares' issue costs are charged to share premium.

(f) Finance costs

Finance costs are accounted for on an accruals basis and in accordance with the provisions of FRS 25 'Financial Instruments: Presentation' and FRS 26 'Financial Instruments: Measurement'.

Finance costs are allocated wholly to revenue.

(g) Financial instruments

Cash and short term deposits may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

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

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in profit or loss using the effective interest rate method.

Short term forward currency contracts are classified as derivative financial instruments and the net unrealised gain or loss is included in debtors or creditors respectively.

(h) Foreign currency

In accordance with FRS 23: 'The effects of changes in Foreign Currency Exchange Rates' the Company is required to nominate a functional currency, being the currency in which the Company predominantly 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 the functional currency to be sterling. Sterling is also the currency in which the accounts are presented.

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

Any gain or loss arising on monetary assets from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature. Gains and losses on investments arising from a change in exchange rates are included in the Income Statement within 'Gains or losses on investments held at fair value through profit or loss' and charged or credited to capital reserves.

Notes to the Accounts continued

1. Accounting policies continued

(i) Taxation

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

Deferred taxation is accounted for in accordance with FRS 19: 'Deferred Tax'.

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

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

(j) Dividends

In accordance with FRS 21: 'Events after the Balance Sheet Date', dividends are included in the accounts in the year in which they are approved by shareholders.

(k) Value Added Tax ('VAT')

Irrecoverable VAT is included in the expense on which it has been suffered. VAT recoverable is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

	2013 £'000	2012 £'000
2. Gains/(losses) on investments held at fair value through profit or loss		
Gains on sales of investments held at fair value through profit or loss based on historical cost	**36,352**	25,272
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	**(33,578)**	(37,274)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	**2,774**	(12,002)
Net change in investment holding gains and losses	**73,519**	(83,582)
Other capital charges	**(6)**	(85)
Total gains/(losses) on investments held at fair value through profit or loss	**76,287**	(95,669)

	2013 £'000	2012 £'000
3. Income		
Income from investments		
Dividends from investments listed in the UK	**178**	391
Dividends from liquidity fund	**75**	81
Dividends from investments listed overseas	**17,648**	15,899
Scrip dividends	**583**	106
	18,484	16,477
Other interest receivable and similar income		
Deposit interest	**3**	3
Total income	**18,487**	16,480

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
4. Management fee and performance fee						
Management fee	**7,835**	**–**	**7,835**	7,070	–	7,070
Performance fee	**–**	**3,211**	**3,211**	–	1,786	1,786
	7,835	**3,211**	**11,046**	7,070	1,786	8,856

Details of the management fee and performance fee are given in the Directors' Report on pages 21 and 22.

	2013 £'000	2012 £'000
5. Other administrative expenses		
Other administration expenses	**802**	829
Directors' fees[1]	**139**	128
Savings scheme costs[2]	**171**	179
Auditors' remuneration – for audit services[3]	**27**	27
Auditors' remuneration – for non-audit services	**1**	1
	1,140	1,164

[1]Full disclosure is given in the Directors' Remuneration Report on page 31.

[2]Paid to JPMAM for the marketing and administration of savings scheme products.

[3]Includes £nil (2012: £2,000) irrecoverable VAT.

Notes to the Accounts continued

	2013 £'000	2012 £'000
6. Finance costs		
Overdraft interest	–	3

7. Taxation

(a) Analysis of tax charge in the year

	2013			2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax for the year	–	–	–	–	–	–
Overseas withholding tax	1,375	–	1,375	970	–	970
Current tax charge for the year	1,375	–	1,375	970	–	970

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2012: higher) than the UK corporation tax rate chargeable for the year of 23.75% (2012: 25.5%). The factors affecting the current tax charge for the year are as follows:

	2013			2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) on ordinary activities before taxation	9,512	73,267	82,779	8,243	(98,128)	(89,885)
Net return/(loss) on ordinary activities before taxation multiplied by the applicable rate of corporation tax of 23.75% (2012: 25.5%)	2,259	17,401	19,660	2,102	(25,022)	(22,920)
Effects of:						
Non taxable capital (returns)/losses	–	(18,164)	(18,164)	–	24,563	24,563
Non taxable UK dividends	(42)	–	(42)	(100)	–	(100)
Non taxable scrip dividends	(138)	–	(138)	(27)	–	(27)
Non taxable overseas dividends	(3,688)	–	(3,688)	(3,377)	–	(3,377)
Tax attributable to expenses and finance costs charged to capital	(763)	763	–	(455)	455	–
Timing differences relating to the receipt of dividends	(18)	–	(18)	56	–	56
Overseas withholding tax	1,375	–	1,375	970	–	970
Expenses not allowable for tax purposes	–	–	–	–	4	4
Unrelieved expenses and charges	2,427	–	2,427	2,436	–	2,436
Brought forward excess expenses utilised	(37)	–	(37)	(635)	–	(635)
Current tax charge for the year	1,375	–	1,375	970	–	970

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £8,049,000 (2012: £5,996,000) based on a prospective corporation tax rate of 23%. The reduction in the standard rate of corporation tax was substantively enacted on 3rd July 2013 and is effective from 1st April 2013. The Government has also enacted future reductions in the main rate of tax down to 21% by 1st April 2014 and 20% by 1st April 2015. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

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 deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

	2013 £'000	2012 £'000
(a) Dividends paid and proposed		
Dividend paid		
2012 Final dividend of 4.5p (2011: 3.5p)[1]	**5,485**	4,004
Dividend proposed		
Final dividend proposed of 5.5p (2012: 4.5p)	**6,564**	5,164

[1]The final dividend declared in respect of the year ended 30th June 2012 amounted to £5,164,000 (2012: £4,003,000). However, the amount paid amounted to £5,485,000 (2012: £4,004,000) due to shares issued after the balance sheet date but prior to the share register record date.

The final dividend proposed in respect of the year ended 30th June 2013 is subject to approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the accounts for the year ending 30th June 2014.

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

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

	2013 £'000	2012 £'000
Final dividend proposed of 5.5p (2012: 4.5p)	**6,564**	5,164

The revenue available for distribution by way of dividend for the year is £8,137,000 (2012: £7,273,000).

Notes to the Accounts continued

	2013 £'000	2012 £'000
9. Return/(loss) per Ordinary share		
Return/(loss) per Ordinary share is based on the following:		
Revenue return	**8,137**	7,273
Capital return/(loss)	**73,267**	(98,128)
Total return/(loss)	**81,404**	(90,855)
Weighted average number of Ordinary shares in issue during the year used for the purpose of the undiluted calculation	**120,244,581**	114,405,899
Weighted average number of Ordinary shares in issue during the year used for the purpose of the diluted calculation	**120,915,895**	116,905,369
Undiluted		
Revenue return per share	**6.77p**	6.36p
Capital return/(loss) per share	**60.93p**	(85.77)p
Total return/(loss) per share	**67.70p**	(79.41)p
Diluted		
Revenue return per share	**6.73p**	6.22p
Capital return/(loss) per share	**60.59p**	(83.94)p
Total return/(loss) per share	**67.32p**	(77.72)p

The diluted return per Ordinary share represents the return on ordinary activities after taxation divided by the weighted average number of Ordinary shares in issue during the year as adjusted in accordance with the requirements of Financial Reporting Standard 22 'Earnings per share'.

	2013 £'000	2012 £'000
10. Investments		
Investments listed on a recognised stock exchange	**755,653**	664,803
Investment in liquidity fund	**28,222**	25,200
	783,875	690,003
Opening book cost	**431,936**	388,005
Opening investment holding gains	**258,067**	378,923
Opening valuation	**690,003**	766,928
Movements in the year:		
Purchases at cost	**212,113**	162,352
Sales - proceeds	**(194,534)**	(143,693)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	**2,774**	(12,002)
Net change in investment holding gains and losses	**73,519**	(83,582)
	783,875	690,003
Closing book cost	**485,867**	431,936
Closing investment holding gains	**298,008**	258,067
Total investments held at fair value	**783,875**	690,003

Transaction costs on purchases during the year amounted to £299,000 (2012: £328,000) and on sales during the year amounted to £248,000 (2012: £195,000). These costs comprise brokerage commission.

During the year, prior year investment holding gains of £33,578,000 (2012: £37,274,000) have been transferred to gains and losses on sales of investment as disclosed in notes 2 and 15.

Notes to the Accounts continued

	2013 £'000	2012 £'000
11. Debtors		
Securities sold awaiting settlement	–	69
Overseas tax recoverable	**64**	18
Dividends and interest receivable	**2,056**	1,536
Other debtors	**61**	51
	2,181	1,674

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

Cash and short term deposits

Cash and short term deposits comprises bank balances and short term deposits. The carrying amount of these represents their fair value. Cash balances in excess of a predetermined amount are placed on short term deposit at market rates of interest.

	2013 £'000	2012 £'000
12. Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	–	109
Performance fee payable	**4,997**	–
Other creditors and accruals	**231**	343
	5,228	452

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

	2013 £'000	2012 £'000
13. Provisions for liabilities and charges		
Performance fee provision brought forward at the beginning of the year	**1,786**	–
Performance fee charge	**3,211**	1,786[1]
Amount realised in the year	**(4,997)**	–
	–	1,786

[1]The prior years balance of £1,786,000 was carried forward until paid in full or absorbed by any under performance in subsequent years. The payment in any one year is effectively capped at 2% of the Company's average total assets less current liabilities and accordingly payment of any outstanding balance will be determined by the under/over performance of the Company in future periods but it is unlikely to take more than three years. Any provision is not discounted.

Further details of the performance fee can be found in the Directors' Report on page 22.

	2013 £'000	2012 £'000
14. Called up share capital		
Issued and fully paid share capital:		
Ordinary shares of 25p each		
Opening balance of 114,762,153 (2012: 114,365,583) shares	**28,691**	28,591
Repurchase of 2,669,417 (2012: 170,000) shares into Treasury	**(667)**	(42)
Issue of 7,261,080 (2012: 566,570) Ordinary shares on conversion of Subscription shares	**1,815**	142
Sub total	**29,839**	28,691
2,839,417 (2012: 170,000) shares held in Treasury	**709**	42
Closing balance[1]	**30,548**	28,733
Subscription shares of 1p each:		
Opening balance of 17,431,372 (2012: 17,997,942) shares[2]	**174**	180
Conversion of 7,261,080 (2012: 566,570) shares into Ordinary shares	**(72)**	(6)
Closing balance[2]	**102**	174
Total called up share capital	**30,650**	28,907

[1]Represented by 122,193,233 (2012: 114,932,153) Ordinary shares of 25p each, including 2,839,417 (2012: 170,000) shares held in Treasury.

[2]Represented by 10,170,292 (2012: 17,431,372) Subscription shares of 1p each. The Subscription shares were issued as a bonus issue to the Ordinary shareholders on 11th June 2009 on the basis of one Subscription share for every five Ordinary shares held. Each Subscription share confers the right (but not the obligation) to subscribe for one Ordinary share upon exercise of the Subscription share rights and on the payment of the Subscription price, as set out below.

(a) If exercised on any day between and including 1st August 2009 and 31st July 2010 – 422 pence.

(b) If exercised on any day between and including 1st August 2010 and 31st July 2012 – 460 pence.

(c) If exercised on any day between and including 1st August 2012 and 31st July 2014 – 543 pence.

During the year, holders of 7,233,495 and 27,585 Subscription shares exercised their right to convert those shares into Ordinary shares at a price of 460 pence and 543 pence respectively, giving a total consideration of £33,424,000.

During the year 2,669,417 shares were repurchased into Treasury for a total consideration of £15,496,000.

Notes to the Accounts continued

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve[1] £'000	Capital reserves: Gains and losses on sales of investments £'000	Capital reserves: Holding gains and losses on investments £'000	Revenue reserve £'000
15. Reserves							
Opening balance	28,907	89,252	1,665	69,939	230,752	258,068	13,348
Realised foreign currency gains on cash and short term deposits	–	–	–	–	191	–	–
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	2,774	–	–
Net change in investment holding gains and losses	–	–	–	–	–	73,519	–
Transfer on disposal of investments	–	–	–	–	33,578	(33,578)	–
Performance fee for the year	–	–	–	–	(3,211)	–	–
Repurchase of shares into Treasury	–	–	–	–	(15,496)	–	–
Exercise of Subscription shares into Ordinary shares	(72)	72	–	–	–	–	–
Issue of Ordinary shares on exercise of Subscription shares	1,815	31,609	–	–	–	–	–
Other capital charges	–	–	–	–	(6)	–	–
Dividends appropriated in the year	–	–	–	–	–	–	(5,485)
Retained revenue for the year	–	–	–	–	–	–	8,137
Closing balance	**30,650**	**120,933**	**1,665**	**69,939**	**248,582**	**298,009**	**16,000**

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

	2013	2012
16. Net asset value per Ordinary share		
Undiluted		
Ordinary shareholders funds (£'000)	**785,778**	691,931
Number of Ordinary shares in issue	**119,353,816**	114,762,153
Net asset value per Ordinary share (pence)	**658.4**	602.9
Diluted		
Ordinary shareholders funds assuming exercise of Subscription shares (£'000)	**841,003**	772,115
Number of potential Ordinary shares in issue	**129,524,108**	132,193,525
Net asset value per Ordinary share (pence)	**649.3**	584.1

The diluted net asset value per Ordinary share assumes that all outstanding Subscription shares were converted into Ordinary shares at the prevailing price of 543p at the year end.

	2013 £'000	2012 £'000
17. Reconciliation of net return/(loss) on ordinary activities before finance costs and taxation to net cash inflow from operating activities		
Total return/(loss) on ordinary activities before finance costs and taxation	**82,779**	(89,882)
Less capital (return)/loss before finance costs and taxation	**(73,267)**	98,128
Scrip dividends received as income	**(583)**	(106)
(Increase)/decrease in dividends and interest receivable	**(520)**	625
(Increase)/decrease in other debtors	**(10)**	14
(Decrease)/increase in accrued expenses	**(94)**	74
Performance fee paid	**–**	(1,941)
Overseas withholding tax	**(1,531)**	(996)
Net cash inflow from operating activities	**6,774**	5,916

	At 30th June 2012 £'000	Cash flow £'000	Exchange movements £'000	At 30th June 2013 £'000
18. Analysis of changes in net funds				
Cash and short term deposits	2,492	2,267	191	**4,950**

19. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments at the balance sheet date (2012: £nil).

Notes to the Accounts continued

20. Transactions with JPMorgan

Details of the management contract are set out in the Directors' Report on page 21. The terms make allowance for the exclusion of management charges on investments held in funds on which JPMorgan Asset Management ('JPMAM') earns a management fee. The fee payable to JPMAM for the year was £7,835,000 (2012: £7,070,000) of which £nil (2012: £nil) was outstanding at the year end.

Under the terms of the performance fee agreement, a non-offsetable performance fee totalling £4,997,000 (2012: £1,786,000 payable) is payable in respect of the current year and prior years respectively. There was nil outstanding at the year end.

Expenses amounting to £171,000 (2012: £166,000) excluding VAT were payable to JPMAM for the marketing and administration of savings scheme products of which £nil (2012: £nil) was outstanding at the year end.

Included in other administration expenses in note 5 on page 41 are safe custody fees payable to JPMorgan Chase amounting to £487,000 (2012: £476,000) of which £135,000 (2012: £225,000) was outstanding at the year end.

JPMAM carries out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities for the year was £58,000 (2012: £71,000) of which £nil (2012: £nil) was outstanding at the year end.

Handling charges incurred on dealing transactions amounting to £6,000 (2012: £69,000) were payable to JPMorgan Chase of which £1,000 (2012: £19,000) was outstanding at the year end.

The Company holds units in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMAM. At the year end, the Company's investment in this fund amounted to £28,222,000 (2012: £25,200,000) and represented 3.6% (2012: 3.6%) of the Company's investment portfolio. During the year, the Company made purchases of units amounting to £97.9 million (2012: £57.8 million) and sales amounting to £95.2 million (2012: £56.2 million). Income amounting to £75,000 (2012: £81,000) was receivable from this investment for the year.

At the year end, a bank balance of £4,950,000 (2012: £2,492,000) was held with JPMorgan Chase. Interest amounting to £3,000 (2012: £3,000) was receivable by the Company from JPMorgan Chase for the year of which £nil (2012: £nil) was outstanding at the year end.

21. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 29 that are held at fair value comprise its investment portfolio and derivative financial instruments comprising forward foreign currency contracts.

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

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

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 38.

The following tables set out the fair value measurements using the FRS 29 hierarchy at 30th June:

	2013 Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments	755,653	–	–	755,653
Liquidity funds	28,222	–	–	28,222
Total	783,875	–	–	783,875

There were no transfers between Levels 1, 2 or 3 during the year.

	2012 Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments	664,803	–	–	664,803
Liquidity funds	25,200	–	–	25,200
Total	690,003	–	–	690,003

There were no transfers between Levels 1, 2 or 3 during the year.

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

As an investment trust company, the Company invests in equities and other securities for the long term so as to achieve its stated investment objective. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends. These risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company Secretary, in close co-operation with the Board and the Manager, co-ordinates the Company's risk management strategy.

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 financial instruments may comprise the following:

- investments in equity shares of overseas companies and a US Dollar liquidity fund which are held in accordance with the Company's investment objective;
- short term debtors, creditors and cash arising directly from its operations; and
- short term forward currency contracts for the purpose of settling short term liabilities.

Notes to the Accounts continued

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

(a) Market risk

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

(i) Currency risk

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

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least 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. Income denominated in foreign currencies is converted to sterling on receipt. The Company may use short term forward currency contracts to manage working capital requirements. It is currently not the Company's policy to hedge against foreign currency risk.

Foreign currency exposure

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

	2013							
	US Dollars £'000	Hong Kong Dollars £'000	Indian Rupees £'000	South African Rands £'000	Brazilian Real £'000	Mexican Pesos £'000	Other £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	28,222	–	–	–	–	–	–	28,222
Net current assets	1,550	588	659	169	126	1	3,927	7,020
Foreign currency exposure on net monetary items	29,772	588	659	169	126	1	3,927	35,242
Investments held at fair value through profit or loss that are equities	145,626	125,636	111,638	95,726	90,794	41,497	122,554	733,471
Total net foreign currency exposure	175,398	126,224	112,297	95,895	90,920	41,498	126,481	768,713

The above year end amounts are not representative of the exposure to foreign currency risk during the year. Investments held at fair value through profit or loss that are monetary items comprise the holding in the JPMorgan US Dollar Liquidity Fund which has fluctuated between £6,648,000 and £61,364,000 during the year.

	2012							
	US Dollars £'000	Hong Kong Dollars £'000	Indian Rupees £'000	South African Rands £'000	Brazilian Real £'000	South Korean Won £'000	Other £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	25,200	–	–	–	–	–	–	25,200
Net current assets	330	1,563	392	122	406	–	1,141	3,954
Foreign currency exposure on net monetary items	25,530	1,563	392	122	406	–	1,141	29,154
Investments held at fair value through profit or loss that are equities	136,573	131,404	70,646	93,038	67,575	42,457	109,966	651,659
Total net foreign currency exposure	162,103	132,967	71,038	93,160	67,981	42,457	111,107	680,813

The above year end amounts are not representative of the exposure to foreign currency risk during the year. Investments held at fair value through profit or loss that are monetary items comprise the holding in the JPMorgan US Dollar Liquidity Fund which fluctuated between £6,647,742 and £61,364,223 during the year.

Foreign currency sensitivity

The following tables illustrate the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2012: 10%) appreciation or depreciation in sterling against the US Dollar, Hong Kong Dollar, Indian Rupee, Brazilian Real, South African Rand, South Korean Won and other currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

If sterling had weakened by 10% this would have had the following effect:

	2013 £'000	2012 £'000
Income statement return after taxation		
Revenue return	**1,811**	1,609
Capital return	**3,524**	2,915
Total return after taxation for the year	**5,335**	4,524
Net assets	**5,335**	4,524

Notes to the Accounts continued

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

(a) Market risk continued

(i) Currency risk continued

Foreign currency sensitivity continued

Conversely if sterling had strengthened by 10% this would have had the following effect:

	2013 £'000	2012 £'000
Income statement return after taxation		
Revenue return	**(1,811)**	(1,609)
Capital return	**(3,524)**	(2,915)
Total return after taxation for the year	**(5,335)**	(4,524)
Net assets	**(5,335)**	(4,524)

In the opinion of the Directors, the above sensitivity analysis is not representative of the whole of the current or comparative year due to fluctuations in the Company's investment in the JPMorgan US Dollar Liquidity Fund as shown above.

(ii) Interest rate risk

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

Management of interest rate risk

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

Interest rate exposure

The exposure of financial assets and liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below.

	2013 £'000	2012 £'000
Exposure to floating interest rates:		
Cash and short term deposits	**4,950**	2,492
JPMorgan US Dollar Liquidity Fund	**28,222**	25,200
Total exposure	**33,172**	27,692

Interest receivable on cash balances is at a margin below LIBOR.

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

The exposure to floating interest rates has fluctuated during the year as follows:

	2013 £'000	2012 £'000
Maximum credit exposure to floating rates – net cash and liquidity fund balances	**40,324**	47,278
Minimum credit exposure to floating rates – net cash and liquidity fund balances	**17,712**	22,982

Interest rate sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets to a 1% (2012: 1%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary currency financial instruments held at the balance sheet date and the income receivable in foreign currency, with all other variables held constant.

	2013		2012	
	1% Increase in rate £'000	1% Decrease in rate £'000	1% Increase in rate £'000	1% Decrease in rate £'000
Income statement return after taxation				
Revenue return	**332**	**(332)**	277	(277)
Capital return	**–**	**–**	–	–
Total return after taxation for the year	**332**	**(332)**	277	(277)
Net assets	**332**	**(332)**	277	(277)

In the opinion of the Directors, the above sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuation in the level of cash balances and investment in the JPMorgan US Dollar Liquidity Fund.

(iii) Other price risk

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

Management of other price risk

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

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

	2013 £'000	2012 £'000
Equity investments held at fair value through profit or loss	**755,653**	664,803

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

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 11 to 15. This shows that the investments' value is in a broad spread of countries with no concentration of exposure to any one country. It should also be noted that an investment may not be wholly exposed to the economic conditions in its country of domicile or of listing.

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

(a) Market risk continued

(iii) Other price risk continued

Other price risk sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets to an increase or decrease of 10% (2012: 10%) in the fair value of the Company's equities. 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 and adjusting for change in the management fee, but with all other variables held constant.

	2013		2012	
	10% Increase in fair value £'000	10% Decrease in fair value £'000	10% Increase in fair value £'000	10% Decrease in fair value £'000
Income statement – return after taxation				
Revenue return	(756)	756	(665)	665
Capital return	75,565	(75,565)	66,480	(66,480)
Total return after taxation for the year and net assets	74,809	(74,809)	65,815	(65,815)

(b) Liquidity risk

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

Management of the risk

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

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:

	2013		2012	
	Three months or less £'000	Total £'000	Three months or less £'000	Total £'000
Creditors: amounts falling due within one year				
Performance fee payable	4,997	4,997	–	–
Other creditors and accruals	231	231	343	343
Securities purchased awaiting settlement	–	–	109	109
	5,228	5,228	452	452

(c) Credit risk

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

Management of credit risk

Portfolio dealing

The Company invests in markets that operate DVP (Delivery Versus Payment) 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

Counterparties are subject to daily credit analysis by the Manager and trades can only be placed with counterparties that have a minimum rating of A1/P1 from Standard & Poor's and Moody's respectively.

Exposure to JPMorgan Chase

JPMorgan Chase is the custodian of the Company's assets. The custody agreement grants a general lien over the securities credited to the securities account. 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. However, no absolute guarantee can be given to investors on the protection of all assets of the Company.

Credit risk exposure

The amounts shown in the balance sheet under investment in liquidity fund, debtors and cash and short term deposits represent the maximum exposure to credit risk at the current and comparative year end.

The liquidity fund has a AAA (2012: AAA) credit rating.

Cash and short term deposits comprises balances held at banks that have a minimum rating of A1/P1 (2012: A1/P1) from Standard & Poor's and Moody's respectively.

There have been no (2012: nil) securities on loan at any time during the year.

(d) Fair values of financial assets and financial liabilities

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

Notes to the Accounts continued

23. Capital management policies and procedures

The Company's capital comprises the following:

	2013 £'000	2012 £'000
Equity		
Share capital	**30,650**	28,907
Reserves	**755,128**	663,024
Total capital	**785,778**	691,931

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise capital return to shareholders.

The Board's policy is to employ gearing when the Manager believes it to be appropriate to do so. Gearing will be in the range of 10% net cash to 20% geared in normal market conditions, at the discretion of the Manager. Gearing for this purpose is defined as Total Assets (including net current assets/liabilities) less cash/cash equivalents and excluding bank loans, expressed as a percentage of net assets.

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

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

Notice of Annual General Meeting

Notice is hereby given that the twenty second Annual General Meeting of JPMorgan Emerging Markets Investment Trust plc will be held at Holborn Bars, 138-142 Holborn, London EC1N 2NQ on Monday, 18th November 2013 at 3.00 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th June 2013.
2. To approve the Directors' Remuneration Report for the year ended 30th June 2013.
3. To approve a final dividend of 5.5p per share.
4. To reappoint Sarah Arkle a Director of the Company.
5. To reappoint David Gamble as a Director of the Company.
6. To reappoint Anatole Kaletsky as a Director of the Company.
7. To reappoint Nigel Kenny as a Director of the Company.
8. To reappoint Percy Mistry as a Director of the Company.
9. To reappoint Alan Saunders as a Director of the Company.
10. To reappoint PricewaterhouseCoopers LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

11. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £1,491,285, representing approximately 5% of the Company's issued Ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2014 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

12. THAT subject to the passing of Resolution 11 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 to 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 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, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £1,491,285 representing approximately 5% of the issued Ordinary share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 11 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuant of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

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

    PROVIDED ALWAYS THAT

    (i) the maximum number of Ordinary shares and Subscription shares hereby authorised to be purchased shall be 17,883,494 and 1,523,669 respectively, or if less, that number of Ordinary shares or Subscription shares which is equal to 14.99% of the issued share capital of the relevant share class as at the date of the passing of this Resolution;

    (ii) the minimum price which may be paid for an Ordinary share or Subscription share shall be 25 pence and 1 pence respectively;

Notice of Annual General Meeting continued

(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 of that class of 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 May 2015 unless the authority is renewed at the Company's Annual General Meeting in 2014 or at any other general meeting prior to such time; and

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

Adoption of New Articles of Association – Special Resolution

14. THAT the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Company Secretary

11th October 2013

Notes

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

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person. If you attend the Meeting in person, your proxy appointment will automatically be terminated.
3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form no later than 3.00 p.m. two business days prior to the Meeting (i.e. excluding weekends and bank holidays).
4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.00 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 6.00 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.

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

   Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
10. Under sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmemergingmarkets.co.uk.
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
15. As an alternative to completing a hard copy Form of Proxy/Voting Instruction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
16. As at 3rd October 2013 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 122,198,951 Ordinary shares (of which 2,896,122 shares are held in Treasury), carrying one vote each and 10,164,574 Subscription shares with no voting rights. Therefore the total voting rights in the Company are 119,302,829.

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.

Notice of Separate General Meeting

Notice is hereby given that a separate General Meeting of the holders of Subscription shares of 1p each in the capital of the Company ('Subscription shares') will be held at Holborn Bars, 138-142 Holborn, London EC1N 2NQ commencing at 3.20 p.m. on Monday, 18th November 2013 (or, if later, as soon as reasonably practicable following the conclusion or adjournment of the annual general meeting of the Company convened for the same day and place) for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution, namely:

Special Resolution

Adoption of new articles of association

THAT this meeting of the holders of Subscription shares hereby sanctions and consents to every alteration, modification, variation or abrogation of the special rights, privileges and restrictions attaching to the Subscription shares to be effected by the passing and implementation of resolution 14 of the Company set out in the notice of annual general meeting of the Company contained in the annual report of the Company dated 11th October 2013, a copy of which marked 'A' signed by the chairman of the meeting for the purpose of identification is produced to the meeting.

By order of the Board
JPMorgan Asset Management (UK) Limited,
Company Secretary

11th October 2013

Notes: These notes should be read in conjunction with the notes on the reverse of the [YELLOW] Form of Proxy.

1 Only holders of Subscription shares are entitled to attend and vote at the meeting. Holders of Ordinary shares are not entitled to attend and vote at the meeting unless they also hold Subscription shares. A Subscription shareholder may appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company. A Subscription shareholder may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. If a Subscription shareholder wishes to appoint more than one proxy and so requires additional proxy forms, the shareholder should contact the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, West Sussex BN99 6DA.

2 A [YELLOW] Form of Proxy is enclosed for use by Subscription shareholders. To be valid, the Form of Proxy and any power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited with the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, West Sussex BN99 6DA, as soon as possible and, in any event, by no later than 3.20 p.m. on Thursday, 14th November 2013. Amended instructions must also be received by the Company's Registrars by the deadline for receipt of Forms of Proxy. As an alternative to completing a hard copy Form of Proxy, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed on the [YELLOW] Form of Proxy). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites. Completion and return of a Form of Proxy (including online) will not preclude an Ordinary shareholder from attending and voting at the meeting if he or she wishes to do so.

3 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (SI 2001/3755) (the CREST Regulations), the Company has specified that only those Subscription shareholders entered on the register of members of the Company as at 6.00 p.m. on Thursday, 14th November 2013 or, if the meeting is adjourned, on the register of members as at 6.00 p.m. two business days prior to the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of Subscription shares registered in their name at that time. Changes to the register of members after 6.00 p.m. on Thursday, 14th November 2013 or, if the meeting is adjourned, after 6.00 p.m. two business days prior to the adjourned meeting will be disregarded in determining the rights of any person to attend and vote at the meeting or adjourned meeting (as the case may be).

4 In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

5 Holders of Subscription shares held through the Plans are entitled to attend and vote at the meeting if the [LILAC] Voting Direction Form, which is enclosed with this document, is correctly completed and returned in accordance with the instructions printed thereon.

6 Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 Companies Act 2006 (a Nominated Person) should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person, as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

7 Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter).The only exception to this is where the Company expressly requests a response from a Nominated Person.

8 As at 3rd October 2013, being the last business day prior to the printing of this Notice, the Company's issued Subscription share capital consisted of 10,164,574 Subscription shares carrying one vote each at separate class meetings of the Subscription shareholders.

9 Terms used in this notice shall have the same meaning as in the Company's annual report dated 11th October 2013 unless otherwise defined.

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

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

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

Appendix

Changes incorporated in the New Articles

Paragraph 9A(8)(m) shall be deleted and replaced with the following:

'Within seven days following the Final Subscription Date the Company shall appoint a trustee (the Final Subscription Trustee) who, provided that in such trustee's opinion the net proceeds of sale after deduction of all costs and expenses incurred by, and any fee payable to, such trustee will exceed the costs of exercising the Subscription Share Rights, shall within the period of 14 days following the Final Subscription Date, either:

(i) exercise all (or such proportion as it may in its absolute direction determine) the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised on the Final Subscription Date and sell in the market the Ordinary shares resulting from such exercise; or

(ii) (if it appears to the Final Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription shareholders) accept any offer available to Subscription shareholders for the purchase of the outstanding Subscription shares (or such proportion of such Subscription shares as the Final Subscription Trustee may in its absolute direction determine).

The Final Subscription Trustee shall distribute pro rata the proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other fees, costs and expenses to the persons entitled thereto (being, regardless of whether the Final Subscription Trustee has exercised all or only a proportion of unexercised Subscription Share Rights or has accepted any offer for the purchase of all or only a proportion of the outstanding Subscription shares, all holders of the Subscription shares outstanding immediately prior to such exercise or acceptance) at the risk of such persons within 56 days of the Final Subscription Date, provided that entitlements of under £5.00 shall be retained for the benefit of the Company. If the Final Subscription Trustee shall not exercise the Subscription Share Rights within the period of 14 days following the Final Subscription Date as set out in this paragraph 9A(8)(m) (and such trustee's decision in respect thereof shall be final and binding on all holders of outstanding Subscription shares), all Subscription Share Rights shall lapse. Where the Final Subscription Trustee exercises some but not all of such Subscription Share Rights or sells some but not all such Subscription shares in accordance with this paragraph, any Subscription Share Rights which are not so exercised and all Subscription Share Rights attaching to Subscription shares not so sold shall immediately lapse.'

A new paragraph 9A(8)(n) shall be inserted as set out below, with subsequent paragraphs renumbered:

'The Company shall, in its discretion, as an alternative to the procedures in paragraphs 9A(8) or 9A(m) above have the right to make a payment to the holder of each outstanding Subscription share of an amount equal to the Board's best estimate of the amount which would be received by Subscription shareholders were such procedures to be followed and upon making such payment the Subscription Share Rights shall lapse.'

A new paragraph 9A(8)(o) shall be inserted as set out below, with subsequent paragraphs renumbered:

'Where the Subscription Share Rights attaching to any Subscription shares have lapsed in accordance with the provisions of the New Articles, such Subscription shares will be reclassified as Deferred shares.'

Paragraph 9A(9) shall be deleted and replaced with the following:

'(a) The Deferred shares arising as a result of a conversion by means of consolidation and subdivision as provided in paragraph 9A(8)(q)(iii) above, or otherwise on the lapse of Subscription Share Rights, shall: (i) on a return of assets in a winding up entitle the holder only to the repayment of the amounts paid up on such shares after repayment of the capital paid up on the Ordinary shares, the capital paid up on the Subscription shares plus the payment of £5,000 on each Ordinary share; (ii) entitle the holder to a dividend at a fixed rate of 0.001% of the total nominal amount thereof payable on the date following six months after the date on which they arise, to the holders of Deferred shares on the Register at that date, but shall confer no other right to share in the profits of the Company; and (iii) not entitle the holder to receive notice of or to attend or vote at any general meeting of the Company, and such conversion or reclassification shall be deemed to confer irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof, to such person as the Company may determine as custodian thereof and to cancel and/ or purchase the same (in accordance with the provisions of the Act) without making any payment to or obtaining the sanction of the holder thereof and pending such transfer and/or cancellation and/or purchase to retain the certificate for such Ordinary shares.

(b) The Company may at its option at any time after the creation of any Deferred shares redeem all or any of the Deferred shares then in issue, at a price not exceeding one pence for all the Deferred shares redeemed, at any time upon giving the registered holder(s) of such share or shares not less than 14 days' previous notice in writing of its intention so to do, fixing a time and place for their redemption.

(c) If and whenever the Company shall determine to redeem pursuant to the foregoing paragraph less than the total of the Deferred shares then outstanding, those to be redeemed shall be selected by the drawing of lots. At the time and place so fixed, each such registered holder shall be bound to surrender to the Company the certificate for their Deferred shares or Ordinary shares which are to be redeemed in order that such shares may be cancelled.'

Details of Subscription Shares

On 11th June 2009 the Company issued Subscription shares as a bonus issue to the Ordinary shareholders on the basis of one Subscription share for every five Ordinary shares held. Each Subscription share confers the right (but not the obligation) to subscribe for one Ordinary shares on any business day during the period from 1st August 2009 to 31st July 2014, after which the rights under the Subscription shares will lapse.

For the purposes of UK taxation, the issue of Subscription shares is treated as a reorganisation of the Company's share capital. Whereas such reorganisations do not trigger a chargeable disposal for the purposes of the taxation of capital gains, they do require shareholders to reallocate the base costs of their Ordinary shares between Ordinary shares and Subscription shares received.

At the close of business on 11th June 2009 the middle market prices of the Company's Ordinary shares and Subscription shares were as follows:

Ordinary shares	392p
Subscription shares	57p

Accordingly, an individual investor who, on 11th June 2009, held five Ordinary shares (or a multiple thereof) would have received a bonus issue of one Subscription share (or the relevant multiple thereof) and would apportion the base cost of such holding 97.17% to the five Ordinary shares and 2.83% to the Subscription shares.

The Subscription shares are exercisable between 1st August 2012 and 31st July 2014 at a price of 543 pence.

Notice of the exercise of the Subscription rights may be given at any time until 31st July 2014 and the Ordinary shares arising on conversion will be issued within ten business days of the first business day of the calendar month following the month in which the relevant notices are received by the registrars. For further details on how to exercise the Subscription share rights please refer to the Company's website at www.jpmemergingmarkets.co.uk or contact the Company Secretary on 020 7742 4000.

Glossary of Terms and Definitions

Portfolio return

Return on net assets, net of management fees and administration expenses, but excluding both the effect of Subscription shares which have been converted during the year and the dilutive impact of Subscription shares in issue at the year end.

Return to Ordinary shareholders/Unit holders

Total return to the Ordinary shareholder, or Unit holder, on a mid-market price to mid-market price basis, assuming that all dividends received were reinvested, without transaction costs, in the Ordinary shares of the Company at the time the shares were quoted ex-dividend.

Diluted net asset value ('NAV') per Ordinary share

The NAV per Ordinary share assuming that all outstanding Subscription shares were converted into Ordinary shares at the year end.

Diluted return on net assets

Return on the diluted 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 in the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

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

Undiluted return on net assets

Return on the undiluted 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 in the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

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

Benchmark return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested 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

Gearing represents the excess amount above shareholders' funds of total assets less cash/cash equivalents, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position.

Ongoing charges

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

Share price discount/premium to net asset value ('NAV')

If the share price of an investment trust is lower than the NAV per share, the Company's 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.

Performance attribution

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

Glossary of Terms and Definitions continued

Performance attribution definitions:

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

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

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

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

Management fee/other expenses
The payment of fees and expenses reduces the Company's net assets and therefore has a negative effect on relative performance.

Performance fee
The Company may be required to make provision for a performance fee payable under the terms of the performance fee agreement. This will reduce the Company's net assets and therefore have a negative effect on relative performance.

Exercise of Subscription shares
Measures the negative impact on the net asset value (NAV) per share arising from the exercise of Subscription shares into Ordinary shares at a price less than the NAV per share.

Subscription share dilution
Measures the dilutive impact on the net asset value (NAV) per share arising from the potential exercise of all the outstanding Subscription shares into Ordinary shares at a price less than the NAV per share.

Warning to shareholders – Boiler Room Scams

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you receive unsolicited investment advice or requests:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the FCA before getting involved by visiting **www.fca.org.uk/consumers**
- Report the matter to the FCA by calling **0800 111 6768**
- If the calls persist, hang up.

More detailed information on this can be found on the Money Advice Service website **www.moneyadviceservice.org.uk**

Information about the Company

Financial Calendar

Financial year end	30th June
Final results announced	September
Half year end	December
Half year results announced	February
Interim Management Statements announced	May and November
Final dividend on Ordinary shares paid	November
Subscription share exercise dates	1st August 2009 to 31st July 2014
Annual General Meeting	November

History

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

Company Numbers

Company registration number: 2618994

Ordinary Shares

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

Subscription Shares

London Stock Exchange number: B3V4X02
ISIN: GB00B3V4X029
Bloomberg code: JMGS

Market Information

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

The Company's Subscription share price is listed on the London Stock Exchange and quoted daily in the Financial Times and on the J.P. Morgan website at www.jpmemergingmarkets.co.uk, where the Subscription share price is updated every fifteen minutes during trading hours.

Website

www.jpmemergingmarkets.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

The Association of Investment Companies

A member of the AIC

Company's Registered Office

Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone: 020 7742 4000

For company secretarial and administrative matters, please contact Jonathan Latter.

Custodian

JPMorgan Chase Bank, N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Registrars

Equiniti Limited
Reference 1081
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2320

Calls to this number cost 8p per minute from a BT landline. Other providers' costs may vary. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday. The overseas helpline number is +44 (0)121 415 7047.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1081.

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

Independent Auditors

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

Brokers

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

Savings Product Administrators

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

J.P. Morgan Helpline
Freephone 0800 20 40 20 or +44 (0)20 7742 9995

Your telephone call may be recorded for your security

www.jpmemergingmarkets.co.uk