JPMorgan Asian Investment Trust plc

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

J.P.Morgan
Asset Management

Your Company

Objective

Total return, primarily from investing in equities quoted on the stock markets of Asia, excluding Japan.

Investment Policies

- To have a diversified portfolio of Asian stocks.
- To have a portfolio comprising around 50 to 80 investments.
- To use borrowings to gear the portfolio within a range of 10% net cash to 20% geared in normal market conditions.

Dividend Policy

From the 1st October 2016, the Company implemented a dividend policy under which it aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equivalent to 1% of the Company's cum-income net asset value ('NAV') on the last business day of each financial quarter, being the end of December, March, June and September. These dividends are paid from a combination of the revenue and capital reserves and will fluctuate in line with any rise or fall in the Company's net assets. There was no change to the investment policies of the Company following the change in dividend policy.

Benchmark

MSCI AC Asia ex Japan Index with net dividends reinvested, expressed in sterling terms.

Capital Structure

At 30th September 2018, the Company's issued share capital comprised 94,081,493 shares of 25p each, excluding shares held in Treasury.

Discount Management

In normal market circumstances the Company will use its buyback powers in order to ensure that, as far as possible, its ordinary shares trade at a discount no wider than 8% to 10% relative to their cum-income Net Asset Value ('NAV') per share.

Continuation Resolution

In accordance with the Company's Articles of Association, the Directors are required to propose a resolution that the Company continue as an investment trust at the Annual General Meeting in 2020 and every third year thereafter.

Management Company

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

FCA regulation of 'non-mainstream pooled investments'

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

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

NOTE: THIS DOCUMENT 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 adviser authorised under the Financial Services and Markets Act 2000. If you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in JPMorgan Asian Investment Trust plc, please forward this document, together with the accompanying documents, immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Strategic Report

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2018	2017	3 Year Cumulative	5 Year Cumulative
Return to shareholders[1]	+2.9%	+29.8%	+85.3%	+88.8%
Return on net assets[2]	+7.3%	+21.5%	+84.1%	+89.4%
Benchmark return[3]	+4.4%	+18.8%	+68.9%	+71.3%
Net asset return outperformance against benchmark return[3]	+2.9%	+2.7%	+15.2%	+18.1%
Annual dividend[4]	15.7p	13.9p		

[1] Source: Morningstar.

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

[3] Source: MSCI. The Company's benchmark is the MSCI AC Asia ex Japan Index with net dividends reinvested, expressed in sterling terms.

[4] As of 1st October 2016, the Company adopted a new distribution policy. Further details can be found on pages 5 and 19.

A glossary of terms and alternative performance measures is provided on pages 77 and 78.

SUMMARY OF RESULTS

	2018	2017	% change
Total returns for the year ended 30th September			
Return to shareholders[1]	+2.9%	+29.8%	
Return on net assets[2]	+7.3%	+21.5%	
Benchmark return[3]	+4.4%	+18.8%	
Net asset value, share price and discount at 30th September			
Shareholders' funds (£'000)	364,306	353,167	+3.2[4]
Net asset value per share	387.2p	375.4p	+3.1[4]
Share price	340.5p	345.5p	-1.4[4]
Share price discount to net asset value per share	12.1%	8.0%	
Net cash	0.3%	1.2%	
Ongoing charges	0.75%	0.73%	

[1] Source: Morningstar.

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

[3] Source: MSCI. The Company's benchmark is the MSCI AC Asia ex Japan Index with net dividends reinvested, expressed in sterling terms.

[4] % change, excluding dividends paid.

A glossary of terms and alternative performance measures is provided on pages 77 and 78.

Bronwyn Curtis OBE
Chairman

Performance

I am pleased to report that in the year to 30th September 2018 the Company's return on net assets was +7.3%, representing an outperformance of 2.9 percentage points over the benchmark, the MSCI AC Asia ex Japan Index, which returned +4.4% in sterling terms. This represents the fourth year in succession in which your Company's NAV has beaten the benchmark index. This turnaround in performance has been acknowledged within the industry, with the Company recently being awarded best Asia Pacific Equities Investment Trust at the 20th Investment Week Investment Company Awards 2018.

The return to shareholders was a more modest +2.9%, reflecting the effect of a widening of the discount over the year from 8.0% to 12.1%.

The vast majority of the NAV outperformance in the year was attributable to stock selection with notable contributions from holdings in China and Korea. The Investment Managers' report below gives more detail on the positioning of the portfolio, the stocks we own, actions taken during the year, together with their views on the outlook for the region.

Investment Management Team

On 1st August 2018, the Board announced the appointment of Robert Lloyd, as an investment manager of the Company, alongside Ayaz Ebrahim and Richard Titherington. Robert, an experienced investment manager within JPMAM's Emerging Markets and Asia Pacific ('EMAP') equities team, is based in Hong Kong. Before being formally appointed, Robert had worked alongside Mr Ebrahim on stock selection ideas for the Company for a number of years, and Directors have been impressed with his stock knowledge and overall contribution to the performance of the Company.

Discount Management

The Company's new dividend policy is, I believe, now well established and understood by investors. This policy aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equivalent to 1% of the Company's NAV on the last business day of each financial quarter, being the end of December, March, June and September. These dividends are paid from a combination of net revenue and capital reserves. The policy is not accompanied by a change in the investment policy of the Company. The Board taking the view that any demand placed on the investment managers to seek a higher income yield from the portfolio may come at the expense of the total returns available to shareholders. Shareholders are further reminded that the dividend payments are based upon a percentage of net assets, so the actual amount of the dividends paid to shareholders will reflect the quantum of the Company's net assets at the particular quarter end; the quantum being subject to market fluctuations.

Since its introduction, I have been pleased to see some tightening of the discount driven by new demand, not in the form of the artificial and often short-lived demand created by share buy-backs, but rather from a new constituency of investors. These investors include a large number of smaller shareholders, often investing through on-line investment platforms and I welcome them as owners of the Company.

The new dividend policy combined with improved and more resilient performance from the investment managers make an investment in the Company an appealing way of gaining exposure to the exciting growth prospects to be found in Asia, in what is a crowded market place for investment funds. However appealing yield and performance attributes cannot insulate the Company's shares from broader market volatility.

As the investment managers make clear in their report, the latter part of our financial year saw increasing volatility and market weakness in Asia. At the same time, and closer to home, UK equity markets, including the market for investment trust companies, have been more challenging and the discount to NAV at which the Company's and many of its peers shares trade has increased.

Your Board will continue to monitor the Company's discount, both its absolute level and volatility, and will review all aspects of the Company's offering to shareholders to include the marketing of the Company's shares in an effort to maintain and enhance investor interest in the Company's shares.

Gearing

The Company has had a multi-currency loan facility in place with Scotiabank since December 2016 for £40 million, with the option of further increasing the facility to £60 million. This facility was intended to provide the Manager with the ability to gear the portfolio in periods when they believe this leverage will enhance shareholder returns.

Following a long period in which the Company was not geared, it has become clear that while the Manager may look to gear in the future, the extent of any gearing and the frequency with which it may be deployed suggested that it would be prudent to reduce the size of the Company's loan facility. The facility, which was reduced to £10 million in May 2018, allows the Manager to apply modest gearing when conditions warrant such a move but with lower commitment fee payments when the facility is unused. The Company was not geared at the end of the reporting period.

Regulation

The Company became subject to considerable new regulation from the EU this year, to include the Packaged Retail and Insurance-based Investment Products ('PRIIPS') and the Markets in Financial Instruments Directive II ('MiFID II') regulations, which came into force on 1st January and 3rd January 2018, respectively. Further regulation effective from 25th May 2018 brought data protection legislation in line across Europe.

The PRIIPS regulation requires managers, who are deemed to be the manufacturer of investment products (which includes investment trusts), to prepare a Key Information Document ('KID') in respect of their products. The Company's KID can be located on its website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are tightly prescribed by regulation. The figures in the KID may not reflect future returns for the Company and anticipated performance returns cannot be guaranteed. It is recommended that the KID is not considered in isolation but is read in conjunction with other documents published by the Company and its Manager.

The original MiFID EU regulation came into force in 2007. Its original focus has been extended through the introduction of MiFID II, which aims to supplement the existing regulation covering trading and reporting requirements. MiFID II has improved the transparency around research costs that had been paid by clients. I am pleased to report that such costs are now absorbed by JPMAM.

Board of Directors

Following many years of service to the Company, Ronald Gould will retire as a Director and as Chairman of the Audit Committee at the conclusion of the forthcoming Annual General Meeting. Ronald has been a director since 2005 during which time his good judgement and advice has been of benefit to his fellow Directors and ultimately to shareholders in the Company. Dean Buckley will succeed Ronald in the role of Audit Committee Chairman and Senior Independent Director.

On 26th July 2018 the Company appointed Mrs June Aitken and Sir Richard Stagg to the Board. Mrs Aitken brings many years of experience in Asian equity markets to the Board, having previously held senior investment banking roles at HSBC and UBS. Sir Richard has vast experience of the region in which the Company invests. He is currently the Chairman of Rothschild in India and was previously ambassador to Afghanistan and High Commissioner to India.

All Directors, bar Mr Gould, will retire at the Company's 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.

Annual General Meeting

The Company's forthcoming Annual General Meeting will be held at 60 Victoria Embankment, London EC4Y 0JP on Tuesday, 5th February 2019 at 12.00 noon. In addition to the formal proceedings, shareholders will have the opportunity to meet with the investment management team, who will be presenting and will be available to respond to questions on the Company's portfolio, the investment team's strategy and the outlook for Asian markets. Following the Meeting there will be an opportunity for shareholders to meet the Board, investment management personnel and other Company advisers informally and I look forward to seeing as many of you as possible.

Outlook

There are a number of headwinds that may indicate a more muted environment for Asian equity markets over the forthcoming year, including concerns over tightening US monetary policy and fears of continued escalation of the US/China trade war. It is therefore prudent to expect a continuation of the volatility we have seen in markets in recent months. Despite these uncertainties, our investment managers believe Asian markets offer attractive valuations using both historic and relative measures and remain confident in their abilities to find quality companies in which to invest.

Bronwyn Curtis OBE
Chairman

11th December 2018

Ayaz Ebrahim
Investment Manager

Robert Lloyd
Investment Manager

Richard Titherington
Investment Manager

The year to 30th September 2018 was dominated by multiple geopolitical factors that unsettled global stock markets and gave rise to heightened macro-economic uncertainty, a slowdown in economic momentum and volatility. Despite the relative resilience of the economies that make up the region, Asia was not immune to these issues. Notably, however, with good stock selection it was still possible to achieve positive investment returns from the region over the year.

Against a demanding and unpredictable investment backdrop, we are pleased to have outperformed the Company's benchmark index: during the year under review, the Company's return on net assets was +7.3%, outperforming the MSCI AC Asia ex Japan Index, which delivered a +4.4% return in sterling terms. This is the fourth consecutive year in which we have outperformed Asian stock markets (as measured by the benchmark index), an achievement that stems primarily from our stock picking.

In this report, we discuss the market backdrop in broad terms as well as the impact made by specific markets, sectors and stocks. We also consider what could lie ahead for Asian equities in 2019.

Politics, personalities and policy – the year in context

Asian equities had ended 2017 in fine fettle, with markets reaching all-time highs. Global economies were growing, the US dollar was relatively weak, and China was flexing its muscles as a global economic superpower. Policy reforms were contributing towards positive sentiment and buoyant markets: initiatives such as India's landmark structural economic reforms, China's focus on deleveraging and its regulatory crackdown on non-banks, plus the US tax reform under the Trump administration all contributed.

The region started 2018 in similar fashion, only to see a sharp correction in February as rising inflation expectations triggered concerns that the US Federal Reserve would taper its quantitative easing programme more aggressively. The early months of 2018 also saw simmering global trade tensions escalate, resulting from President Trump's wide-ranging reforms. There was particular emphasis on the trading relationship between the US and China, which weighed on Asian equities and Chinese markets in particular. Demand for Chinese goods has fallen and, at the time of writing, this dispute is yet to be resolved. Fears remain that an all-out US-China trade war could ensue, which would be damaging for company earnings across the Asia region.

Over the course of 2018, the US economy continued to perform strongly but global markets become less synchronised. Asian equities resumed their weakening trend relative to US equities. Political instability in certain countries contributed to this, as did rising US interest rates and oil prices that spiraled-up to a four-year high in late September. A rising US dollar was also significant – as the premier global currency in which most international trade is conducted, a strong US dollar is frequently a headwind to Asian equities' performance, especially for those countries running current account deficits.

How have specific regions and stocks fared over the year?

In this section, we review how the countries where the Company invests most of its assets fared this year, highlighting specific stock stories within each. The portfolio's outperformance this year was largely on the back of positive stock selection, with picks in China and Korea amongst the standout contributors.

China

China underperformed the region over the year, finishing the review period flat. Beijing policy reforms endeavoured to minimise the impact of external challenges as well as the risks of higher inflation and slower global growth, with measures focused on domestic demand and a consumer-led recovery.

Despite flat performance from Chinese equities overall, we achieved positive relative performance from a wide range of sectors, driven primarily by stock selection. Four of the five best performing stocks in the portfolio were Chinese stocks. **Sino Biopharmaceutical**, a leading drug manufacturer, was a notable performer following a positive pipeline outlook. We sold the company in the summer to take profits, which proved to be a well-timed decision. The healthcare sector subsequently suffered following the announcement of plans for a centralised pharmaceutical procurement policy and the possibility of greater industry regulation; both factors raised fears of potential downward pricing pressures. This also affected biopharmaceuticals manufacturer, **3SBio** which we continue to hold, and which made a negative contribution to performance.

Relative to our benchmark index, we have an overweight holding in **Shenzhou International**, a high-quality textile manufacturer, with strong and visible earnings growth momentum and a competitive edge in both pricing and delivery lead time. It was one of the very best performers for us over the year. Our holding in China's largest insurer **Ping An Insurance** was another top contributor, as it continued to deliver solid earnings, while **CNOOC**, an upstream energy company, benefitted from the strong oil price.

Chinese internet giants **Alibaba** and **Tencent** remain top ten holdings in the portfolio, but their market values fell over the year, following sharp corrections amidst a well-documented tech downturn. Our positive view on the long-term prospects for both stocks remains intact.

Korea

The Korean market performed in line with the region overall, but our stock selection delivered some of the portfolio's best returns over the year. **Daewoo Shipbuilding** benefitted from improving sentiment due to new tanker orders while new-build prices started to rebound. **Samsung Engineering** also rose following a new order announcement from an existing Middle East client.

Taiwan

In North Asia, Taiwanese equities outperformed. The market was supported by relatively high dividend yields and the resilience of the New Taiwan Dollar. These factors were enough to overcome the poor performance from the technology and machinery stocks that comprise much of the local equity market. **Taiwan Semiconductor Manufacturing** is the largest holding in our portfolio and the world's largest semiconductor foundry. In spite of sector headwinds, it performed well over the year and made a positive contribution to performance. On the contrary, our positions in **GlobalWafers** and **Largan Precision** detracted from performance. GlobalWafers, fell on concerns of rising supply combined with a softer demand outlook, while Largan Precision, which supplies camera lens modules, fell on weak iPhone XS sales momentum. GlobalWafers was sold before the year end.

India

The Indian market had been one of the more robust Asian markets over the year until a sharp correction occurred in September, resulting in a flat year overall. The correction was triggered by more negative news flow from India's financial sector with IL&FS (a large unlisted infrastructure finance company) defaulting on some of its obligations. The sector had earlier been hit by February's revelation of a fraud involving Punjab National Bank (PNB), amongst the largest state-owned banks in India.

Our stock selection in India was disappointing. Our holding in **Maruti Suzuki**, which sells 50% of cars sold in India disappointed, following a slowdown in sales towards the end of the period. Not owning two top performers **Reliance Industries** and **Infosys** was painful. Although its core businesses are in the energy industry, Reliance Industries' success was driven by its telecoms arm JIO which gained market share above expectations. We should note that our reason for avoiding Reliance is based on concerns about its governance. Meanwhile, information technology stock Infosys benefited from the weaker rupee as information technology is one of India's few export-driven sectors.

Other markets

Looking at other markets where we invest, **Thailand** was the top performing market over the year, boosted by optimism ahead of the election early next year and the resilience of the Thai baht, reflecting its strong current account position. **Malaysia** also fared better, despite the shock election victory of the opposition coalition party led by 92-year-old Mahathir Mohamad. Both markets benefitted from a stronger oil price.

PERFORMANCE ATTRIBUTION

FOR THE YEAR ENDED 30TH SEPTEMBER 2018

	%	%
Contributions to total returns		
Benchmark return		4.4
Stock selection	3.7	
Currency effect	0.1	
Gearing/(net cash)	0.0	
Investment Manager contribution		3.8
Dividends/Residual	-0.1	
Portfolio return		8.1
Management fee/Other expenses	-0.8	
Structural effects		
Share Buy-back/Issuance	0.0	
Return on net assets		7.3
Effect of movement in discount over the year		–4.4
Return to shareholders		2.9

Source: FactSet, JPMAM and Morningstar. All figures are on a total return basis.

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

A glossary of terms and alternative performance measures is provided on pages 77 and 78.

We are modestly overweight in **Indonesia** and believe valuations and economic momentum remain relatively favourable. However, it underperformed over the year, as did the **Philippines**, with rising inflation a concern as well as worries that the central bank could be sluggish in raising interest rates. Both markets suffered on the back of local currency depreciation (reflecting their current account deficits), as well as weak corporate results, particularly from the banking sector.

Performance was buoyed by the Company's off-benchmark position in **Vietnam**, achieved through investing into a JP Morgan Vietnam unit trust.

Sector review

Information Technology remains a significant sector for us but we trimmed our exposure by selling several companies in smartphone supply chains, since we believe profitability is likely to remain under pressure. We are overweight in Financials, where we see a number of stocks with attractive valuations and positive earnings outlooks. An expanding middle class of consumers provides an excellent longer-term opportunity, particularly for wealth creation and insurance products. We have recently added to high quality businesses such as **Hong Kong Exchanges & Clearing** and private sector financial stocks in India.

Gearing

We have not employed any gearing during the year. Despite retaining a positive view on equities, our gearing is likely to remain at minimal levels unless valuations for Asian equities fall to more compelling levels.

Outlook: challenges ahead but growth trends remain compelling

In the near term, the direction of travel for Asian markets is uncertain and political risk will continue to feature. We are more cautious than we were a year ago and we acknowledge that the period immediately ahead could be a bumpy one. But we are patient and discerning investors, confident that the long-term story for Asian equities remains robust.

While expectations of improved growth have shifted towards the US of late, we see the beginning of a cyclical recovery in selected Asian countries and we have begun to see signs of revival in Indonesia, where we are overweight. In India there are also positive signs, but we are maintaining an underweight position as valuations still look rich, and the risk of further shocks and negative news flow from the financial sector continues. Should markets fall further, we will be in a good position to add to holdings at more attractive levels.

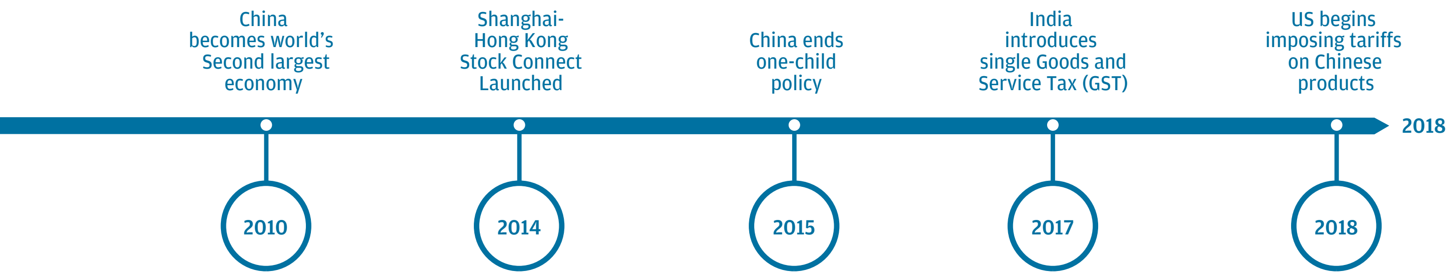
Short-term, the status of trade relationships between China and the US is unsettling. Concerns linger about potentially stagnant consumer spending, even though the Chinese government's attempt to offset deleveraging and trade concerns through targeted stimulus should stimulate consumption growth. We would expect this growth to feed through to improvements in Asia inter-regional trade.

Across the region, domestic consumption is contributing much more to economic growth than it was 15 to 20 years ago; without understating the importance of Asian exports, the ability of the region's economies to withstand prolonged trade tensions resulting from protectionist US policy may be stronger than feared.

We will continue seeking to generate capital growth, as well as a predictable quarterly income. We believe there will always be opportunities to buy quality companies at reasonable prices and that we gain a considerable advantage from having people 'on the ground' across the region. Achieving our aims depends on choosing the right stocks and our local presence (and active engagement with investee companies plus those we have highlighted for future consideration) facilitates this. We are confident that the long-term case for Asian equities remains robust and that our proven stock picking ability will continue delivering shareholder value, as it has done over time.

Ayaz Ebrahim
Robert Lloyd
Richard Titherington
Investment Managers

11th December 2018



TEN YEAR FINANCIAL RECORD

At 30th September	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholders' funds (£'000)	241,612	341,477	445,002	333,537	324,296	231,456	228,045	218,456	305,313	353,167	364,306
Net asset value per share (p)	151.0	200.4	246.7	196.7	216.8	227.8	238.7	229.8	321.2	375.4	387.2
Share price (p)	132.0	184.0	224.0	183.0	192.5	203.5	211.5	202.9	278.0	345.5	340.5
Share price discount to net asset value per share (%)	12.6	8.2	9.2	7.0	11.2	10.7	11.4	11.7	13.4	8.0	12.1
(Net cash)/gearing (%)	(6.8)	5.1	3.9	(4.0)	(3.7)	(0.3)	4.2	0.5	4.5	(1.2)	(0.3)

Year ended 30th September	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross revenue return (£'000)	7,280	5,363	7,256	9,175	7,749	5,706	4,799	5,610	5,969	6,516	8,792
Revenue return per share (p)	1.71	1.52	1.75	2.19	2.44	2.63	2.23	2.99	3.48	3.93	5.48
Dividend per share (p)[1,2]	1.7	1.5	1.7	2.2	2.9	2.6	2.2	2.5	3.0	13.9	15.7
Ongoing charges (%)	0.95	0.88	0.85	0.87	0.88	0.80	0.86	0.82	0.83	0.73	0.75

Rebased to 100 at 30th September 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total return to shareholders[3]	100.0	141.2	173.1	142.4	151.6	162.5	171.0	165.6	229.7	298.0	306.8
Total return on net assets[4]	100.0	134.3	166.4	133.5	148.8	158.3	167.7	162.8	230.1	279.4	299.8
Benchmark total return[5]	100.0	141.2	171.3	148.0	170.8	179.4	194.0	181.8	247.8	294.3	307.2

1 As of 1st October 2016, the Company adopted a new distribution policy. Further details can be found on pages 5 and 19.

2 2012 comprises an ordinary dividend of 2.4p and a special dividend of 0.5p.

3 Source: Morningstar.

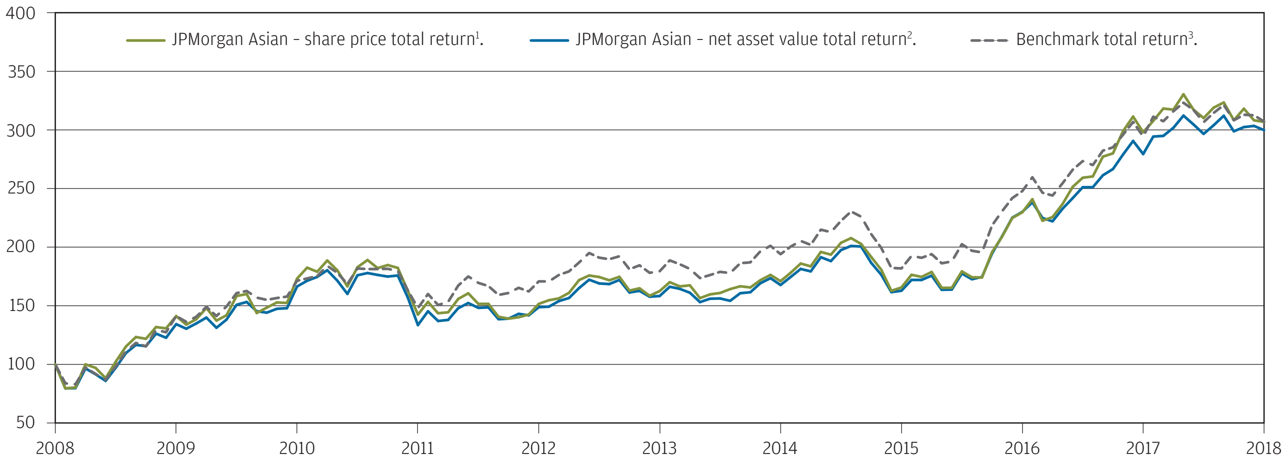
4 Source: Morningstar/J.P. Morgan, using cum income net asset value per share.

5 Source: MSCI. The Company's benchmark is the MSCI AC Asia ex Japan Index with net dividends reinvested, expressed in sterling terms.

A glossary of terms and alternative performance measures is provided on pages 77 and 78.

TEN YEAR PERFORMANCE

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2008



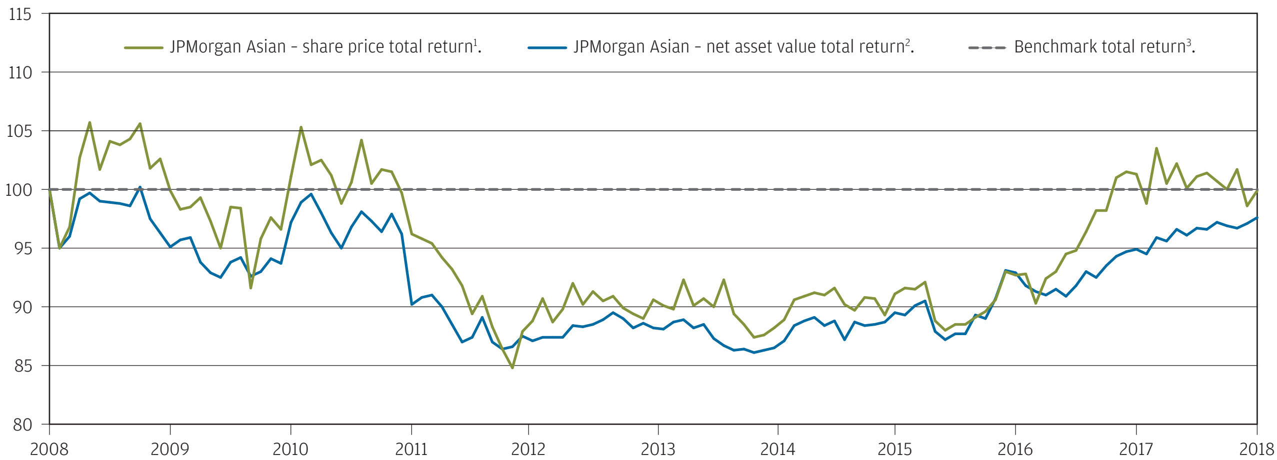
[1] Source: Morningstar.

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

[3] Source: MSCI.

TEN YEAR PERFORMANCE RELATIVE TO BENCHMARK

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2008



[1] Source: Morningstar.

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

[3] Source: MSCI.

TEN LARGEST INVESTMENTS

AT 30TH SEPTEMBER

		2018 Valuation		2017 Valuation	
Company	Country	£'000	%[1]	£'000	%[1]
Taiwan Semiconductor Manufacturing[2]	Taiwan	24,373	6.7	6,817	2.0
Tencent	China	23,828	6.6	25,403	7.3
Samsung Electronics[3]	South Korea	23,538	6.5	26,052	7.5
AIA	Hong Kong	21,526	5.9	19,187	5.5
China Construction Bank[2, 4]	China	13,976	3.8	4,120	1.2
Alibaba[5]	China	13,003	3.6	19,697	5.6
HDFC Bank	India	12,408	3.4	11,217	3.2
JPMorgan Vietnam Opportunities Fund[2]	Vietnam	11,026	3.0	6,814	2.0
Ping An Insurance[4]	China	10,270	2.8	11,155	3.2
China Overseas Land & Investment[6]	China	8,264	2.3	–	–
Total		**162,212**	**44.6**		

1 Based on total investments of £363.2m (2017: £349.1m).
2 Not included in the ten largest investments at 30th September 2017.
3 Includes preference shares.
4 Hong Kong 'H' shares, that is, shares in companies incorporated in mainland China and listed in Hong Kong and other foreign stock exchanges.
5 American Depositary Receipts (ADRs).
6 Not held in the portfolio at 30th September 2017.

At 30 September 2017, the value of the ten largest equity investments amounted to £151.6m representing 43.4% of total investments.

GEOGRAPHIC ANALYSIS

	30th September 2018		30th September 2017	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
China	36.2	35.2	34.8	34.4
South Korea	16.8	16.9	20.2	17.4
Hong Kong	12.5	11.2	12.7	11.5
Taiwan	11.3	14.0	9.4	13.4
India	7.5	9.7	8.7	9.8
Indonesia	4.7	2.2	5.1	2.6
Singapore	3.9	4.0	3.2	4.2
Vietnam	3.0	–	2.0	–
Thailand	3.0	2.8	2.9	2.6
Philippines	1.1	1.1	–	1.3
Malaysia	–	2.8	1.0	2.7
Pakistan	–	0.1	–	0.1
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £363.2m (2017: £349.1m).

SECTOR ANALYSIS

	30th September 2018		30th September 2017	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Financials	33.2	23.3	34.7	22.8
Information Technology	26.9	30.6	30.5	32.0
Consumer Discretionary	10.1	8.3	8.3	9.4
Real Estate	7.4	5.8	4.0	6.1
Telecommunication Services	4.4	4.1	3.0	4.5
Health Care	3.7	3.1	2.3	2.1
Industrials	3.4	6.9	6.2	7.1
Consumer Staples	3.0	4.9	1.0	4.3
Investment Fund	3.0	–	2.0	–
Energy	2.8	5.1	3.7	4.2
Materials	1.4	4.8	1.0	4.5
Utilities	0.7	3.1	3.3	3.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £363.2m (2017: £349.1m).

INVESTMENT ACTIVITY

DURING THE YEAR ENDED 30TH SEPTEMBER 2018

	Value at 30th September 2017 £'000	Value at 30th September 2017 % of portfolio	Purchases £'000	Sales £'000	Changes in value[1] £'000	Value at 30th September 2018 £'000	Value at 30th September 2018 % of portfolio
China	121,573	34.8	81,544	(85,064)	13,513	131,566	36.2
South Korea	70,362	20.2	35,453	(49,222)	4,360	60,953	16.8
Hong Kong	44,318	12.7	33,817	(34,820)	2,150	45,465	12.5
Taiwan	32,758	9.4	33,182	(25,973)	1,004	40,971	11.3
India	30,333	8.7	29,379	(28,638)	(3,881)	27,193	7.5
Indonesia	17,972	5.1	6,069	(5,468)	(1,555)	17,018	4.7
Singapore	11,314	3.2	7,340	(7,289)	2,687	14,052	3.9
Vietnam	6,814	2.0	4,875	(2,424)	1,761	11,026	3.0
Thailand	10,034	2.9	8,780	(8,649)	794	10,959	3.0
Philippines	–	–	4,018	–	(67)	3,951	1.1
Malaysia	3,575	1.0	420	(4,296)	301	–	–
Total	**349,053**	**100.0**	**244,877**	**(251,843)**	**21,067**	**363,154**	**100.0**

[1] Total capital gains on investments for the year amounted to £21,067,000, comprising gains on sales of investments of £14,103,000 and investment holding gains of £6,964,000.

LIST OF INVESTMENTS

Company	Valuation £'000
CHINA	
Tencent	23,828
China Construction Bank[1]	13,976
Alibaba[2]	13,003
Ping An Insurance[1]	10,270
China Overseas Land & Investment	8,264
CNOOC	7,390
China Vanke[1]	7,204
Shenzhou International	6,975
PICC Property & Casualty[1]	6,876
China Unicom Hong Kong	6,795
Wuxi Biologics Cayman	5,306
China Mobile	5,263
3SBio	4,259
Jiangsu Hengrui Medicine	3,733
Yum China	3,323
PetroChina[1]	2,993
GF Securities[1]	2,108
	131,566
SOUTH KOREA	
Samsung Electronics[3]	23,538
Shinhan Financial	7,217
Samsung Fire & Marine Insurance	6,485
E-MART	6,297
Hyundai Heavy Industries	4,874
NCSoft	4,519
LG Chem	3,637
Korea Electric Power	2,722
Samsung Engineering	1,664
	60,953

Company	Valuation £'000
HONG KONG	
AIA	21,526
Hong Kong Exchanges & Clearing	6,260
Galaxy Entertainment	5,163
Jardine Matheson	4,777
Swire Pacific	4,727
BOC Hong Kong	1,832
CK Hutchison	1,180
	45,465
TAIWAN	
Taiwan Semiconductor Manufacturing	24,373
Eclat Textile	6,569
Delta Electronics	5,844
Largan Precision	2,556
Giant Manufacturing	1,629
	40,971
INDIA	
HDFC Bank	12,408
IndusInd Bank	6,663
Maruti Suzuki India	4,950
HDFC Standard Life Insurance	1,820
Castrol India	1,352
	27,193
INDONESIA	
Astra International	7,978
Bank Central Asia	5,257
Telekomunikasi Indonesia Persero	3,783
Berlian Laju Tanker	–
	17,018

Company	Valuation £'000
SINGAPORE	
DBS	6,950
United Overseas Bank	5,884
City Developments	1,218
	14,052
VIETNAM	
JPMorgan Vietnam Opportunities Fund	11,026
	11,026
THAILAND	
Kasikornbank, NVDR	5,067
CP ALL	4,514
Supalai[4]	1,378
	10,959
PHILIPPINES	
Ayala Land	3,951
	3,951
TOTAL INVESTMENTS	**363,154**

[1] Hong Kong 'H' shares, that is, shares in companies incorporated in mainland China and listed in Hong Kong and other foreign stock exchanges.
[2] American Depositary Receipts (ADRs).
[3] Includes preference shares.
[4] Includes warrants.

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

Business Review

Structure and Objective of the Company

JPMorgan Asian Investment Trust plc is an investment trust company that has a Premium Listing on the London Stock Exchange. Its objective is to provide total return, primarily from investing in equities quoted on the stock markets of Asia, excluding Japan. In seeking to achieve this objective, the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') which, in turn, delegates portfolio management to JPMorgan Asset Management (UK) Limited, to manage the Company's assets actively. The Board has determined an investment policy and related guidelines and limits as described below.

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

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). As a result the Company is not liable for taxation on capital gains. The Directors have no reason to believe that approval will not continue to be retained. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 5 to 7, and in the Investment Managers' Report on pages 8 to 11.

Investment Objective

Total return, primarily from investing in equities quoted on the stock markets of Asia, excluding Japan.

Investment Policies, Investment Guidelines and Risk Management

Investment risks are managed by diversifying investment over a number of Asian stocks. The number of investments in the Company's portfolio will normally range between 50 and 80. The Board seeks to manage the Company's risk relative to its benchmark index by limiting the active portfolio exposures to the various countries and stocks covered by the benchmark index and, in some cases, to specific stocks. These active exposure limits may be varied at any time by the Board at its discretion. Currently the maximum permitted active exposure to each country is 12 percentage points above or below the benchmark index weighting except for Taiwan, South Korea, China and Hong Kong, where the maximum permitted active exposure is 15 percentage points above or below the benchmark index weighting. The maximum permitted exposure to any individual company is 8% of the Company's total assets, excluding collective vehicles and Samsung Electronics. The maximum permitted portfolio weighting of any investment in Samsung Electronics is 5 percentage points above that company's weighting in the benchmark index. The maximum proportion of the Company's total assets that may be represented by the five largest holdings in the portfolio is 40%. Unlisted investments are permitted with prior approval of the Board. The Board also permits investments in Australian listed companies, subject to a limit of 10% of the Company's gross assets. The Board also permits investments in countries consistent with the Company's investment objective, other than Australia, which are not in the Company's benchmark, subject to a limit of 5% of the Company's gross assets. Such countries include, Vietnam, for example.

The Company does not invest more than 15% of its gross assets in other UK listed investment companies (including investment trusts). The Company does not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed investment companies.

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

The use of derivatives is permitted within agreed limits. Currency hedging transactions are permitted up to 40% of the portfolio but only back into sterling. In addition, sales and purchases of country specific index futures are permitted, for gearing and hedging purposes, limited to the aggregate value of stocks held in the relevant market.

Compliance with investment restrictions and guidelines is monitored continuously by the Manager and is reported to the Board on a monthly basis. These active exposure limits and restrictions may be varied by the Board at any time at its discretion.

Performance

In the year to 30th September 2018, the Company produced a total return to shareholders of +2.9% (2017: +29.8%) and a total return on net assets of +7.3% (2017: +21.5%). This compares with the total return on the Company's benchmark index of +4.4% (2017: +18.8%). At 30th September 2018, the value of the Company's investment portfolio was £363.2 million. The Investment Managers' Report on pages 8 to 11 includes a review of developments during the year as well as information on investment activity within the Company's portfolio and the factors likely to affect the future performance of the Company.

Total Return, Revenue and Dividends

Gross total return for the year amounted to £29.7 million (2017: £65.9 million) and net total return after deducting interest, management expenses and taxation amounted to £25.8 million (2017: £63.1 million). Net revenue return after deducting interest, management expenses and taxation amounted to £5.2 million (2017: £3.7 million).

As of 1st October 2016, the Company adopted a new distribution policy. The policy aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equivalent to 1% of the Company's NAV on the last business day of each financial quarter, being the end of December, March, June and September. These dividends are paid from a combination of revenue and capital reserves. In respect of the quarters to 31st December 2017, 31st March 2018, 30th June 2018 and 30th September 2018 dividends of 4.0p, 3.9p, 3.9p and 3.9p respectively were declared.

Key Performance Indicators ('KPIs')

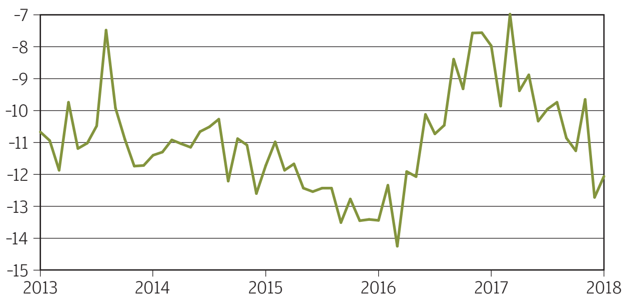
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

- **Performance against the benchmark index**
  The Board monitors performance against a benchmark index. Please refer to the graphs on page 13 for further detail.
- **Performance against the Company's peers**
  The Board also monitors performance relative to a broad range of competitor closed and open ended 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 gearing, stock selection and currency gains and losses. Details of the attribution analysis for the year ended 30th September 2018 are given in the Investment Managers' Report on page 10.
- **Share price discount to net asset value ('NAV') per share**
  The Board seeks to address imbalances in the supply of and demand for the Company's shares in the market and thereby seek to reduce the volatility and absolute level of the discount to cum income net asset value ('NAV') at which the Company's Ordinary shares trade. The discount to NAV at the start of the year was 8.0% and at the end it was 12.1%. The highest and the lowest discounts to NAV during the year were 13.7% and 6.7% respectively and the average discount over the year was 10.1%.

  More information on the Company's share discount management policy is given in the Chairman's Statement on pages 5 and 6.

Discount Performance

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2008



Source: Morningstar.

JPMorgan Asian – share price discount to cum income net asset value per share (month end data).

- **Ongoing charges**
  'Ongoing charges' is an expression of the Company's management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the daily net assets during the year. The Ongoing charges ratio for the year ended 30th September 2018 is 0.75% (2017: 0.73%). 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. The Board considers that the Company's Ongoing charges compare favourably with those of its peers.

Share Capital

The Company has the authority to repurchase shares in the market for cancellation (or to be held in Treasury) and to issue new shares for cash on behalf of the Company.

During the year the Company did not repurchase any ordinary shares for cancellation or into Treasury (2017: 965,500) nor has it done so since the year end.

The Company did not issue any new shares during the year.

Resolutions to renew the authorities to issue new shares or reissue shares from Treasury, and to repurchase shares for cancellation or to be held in Treasury will be put to shareholders at the forthcoming Annual General Meeting. It should be noted that the Board would only reissue shares from Treasury at a premium to NAV. It is not seeking authority to reissue shares from Treasury at a discount to NAV.

The full text of these resolutions is set out in the Notice of Meeting on pages 74 to 76.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board.

At 30th September 2018, there were four male Directors and two female Directors on the Board. The Company has no employees. The Company's policy on gender is detailed under the Nomination Committee section on pages 28 and 29.

Employees, Social, Community and Human Rights Issues

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

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

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

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

Greenhouse Gas Emissions

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

The Modern Slavery Act 2015 (the 'MSA')

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

Criminal Corporate Offence

The Company has zero tolerance for tax evasion. Shares in the Company are purchased through intermediaries or brokers, therefore no funds flow directly into the Company. As the Company has no employees, the Board's focus is to ensure that the risk of the Company's service providers facilitating tax evasion is also low. To this end it seeks assurance from its service providers that effective policies and procedures are in place.

Principal Risks

The Directors confirm that they have carried out a thorough assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. Three key risks have been identified and the ways in which they are managed or mitigated are summarised as follows:

- **Investment and Strategy**
  An inappropriate investment decision, in areas such as asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, and may result in the Company's shares trading on a wider discount. The Board seeks to mitigate these risks by diversification of investments through its investment

restrictions and guidelines which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution analysis, revenue estimates and shareholder analysis. The Board monitors the implementation and results of the investment process with the investment managers, who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The Manager employs the Company's gearing tactically, within a strategic range set by the Board. The Board holds a separate meeting devoted to strategy each year.

- **Political and Economic**
  Changes in financial or tax legislation, to include tariffs, may adversely affect the Company. The Manager makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. In addition, the Company is subject to political risks, such as the imposition of restrictions on the free movement of capital.

- **Operational Risk and Cybercrime**
  Disruption to, or failure of, the Manager'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 the Manager and its associates and the key elements designed to provide effective internal control are included with the Internal Control section of the Corporate Governance report on pages 29 and 30. The threat of cyber attack, in all its guises, is regarded as at least as important as more traditional physical threats to business continuity and security. The Company benefits directly or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested by PricewaterhouseCoopers LLP and reported every six months against the AAF Standard.

The following risks, although not viewed as critical, have also been identified as important in our risk matrix:

- **Change of Corporate Control of the Manager**
  The Board holds regular meetings with senior representatives of JPMF and 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.

- **Market**
  Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss that the Company might suffer through holding investments in the face of negative market movements. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by the Manager. The Board monitors the implementation and results of the investment process with the Manager.

- **Loss of Investment Team**
  A sudden departure of several members of the investment management team could result in a deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team-based approach.

- **Financial**
  The financial risks faced by the Company include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk, credit risk and the failure of any counterparty. Further details are disclosed in note 21 on pages 59 to 65.

- **Share Price Relative to Net Asset Value ('NAV') per Share:**
  If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount.

  Throughout 2018, the Company's shares traded at a discount. The Board monitors the Company's premium/discount level and, although the rating largely depends upon the relative attractiveness of the trust, the Board will seek, where deemed prudent, to address imbalances in the supply and demand of the Company's shares through share buybacks.

Long Term Viability

The Company is an investment trust with the objective of achieving long term total return.

Taking account of the Company's current position, the principal risks that it faces and their potential impact on its future development and prospects, the Directors have assessed the prospects of the Company, to the extent that they are able to do so, over the next five years. They have made that assessment by considering those principal risks, the Company's investment objective and strategy, the investment capabilities of the Manager and the current outlook for the Asian economies and equity market. The Board has also taken into account the fact that the Company has a continuation vote to be considered by shareholders at the Company's 2020 Annual General Meeting and the likelihood of shareholders voting in favour of continuation.

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

The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment. This reasonable expectation is also subject to there being no significant adverse change to the regulatory or taxation environment for investment trusts; and subject to there being no sustained adverse investment performance by the current or any successor investment manager, that may result in the Company not being able to maintain a supportive shareholder base.

For and on behalf of the Board
Bronwyn Curtis OBE
Chairman

11th December 2018

Directors’ Report

Bronwyn Curtis OBE*† (Chairman of the Board and Nomination Committee)

A Director since September 2013.

Mrs Curtis is an experienced global financial economist who has held senior executive positions in both the financial and media sectors. Previous roles included Head of Global Research, Executive Editor and Senior Adviser to the Head of Global Banking & Markets at HSBC Bank plc and Head of European Broadcasting at Bloomberg LP. Her other current appointments include Director of The Scottish American Investment Trust P.L.C., Pershing Square Holdings Ltd., and Mercator Media Ltd, board member of CEPR and Australian Business and on the Advisory Board member of the Imperial College Business School. She was also recently appointed as a Non-Executive member and Audit Sub-Committee Chair of the Office for Budget Responsibility. Mrs Curtis was awarded an OBE for services to business economics in 2008.

Shared directorships with other Directors: Scottish American Investment Trust P.L.C with Peter Moon.

Shareholding in Company: 5,000.

June Aitken *†

A Director since July 2018

Ms Aitken has over three decades of experience in Asian equity markets, holding numerous senior roles at HSBC Bank plc, London, to include Global Head of Emerging Market Equity Distribution and Head of Strategy Management. Ms Aitken was also an employee at UBS AG, where she was Managing Director, Head of Global Equity Product, Global Head of Asian Equities and a director of Asian Equity Sales for 12 years. She also has experience at various London-based Asian equity sales firms.

Ms Aitken is currently a partner in a private consultancy business advising asset managers. She was also previously on the board of HSBC Bank Japan, Aquarius Fund, an Asian fixed income fund, Australian Securities Exchange listed Emerging Markets Masters Fund and the Asian Masters Fund Limited, Erudine Holdings Ltd, a financial software consultancy firm and the Shepherds Bush Housing Group. She was a founding partner and investor of Osmosis Investment Management LLP.

Shared directorships with other Directors: None.

Shareholding in the Company: 10,000

Dean Buckley*†

A Director since September 2014.

Mr Buckley was previously Chief Executive Officer at Scottish Widows Investment Partnership. Prior to this appointment he held several positions at HSBC Bank plc, including Chief Executive Officer for HSBC Asset Management UK and Middle East and Chief Investment Officer for HSBC Asset Management, European equities, and held a number of senior fund manager positions at Prudential Portfolio Managers. He is a non-executive director of Fidelity Special Values plc, Smith & Williamson Fund Administration Limited and Saunderson House Ltd. He is a Fellow of the Institute of Actuaries.

Shared directorships with other Directors: None.

Shareholding in Company: 10,000.

Ronald Gould*† (Chairman of the Audit Committee)

A Director since September 2005.

Mr Gould was previously Managing Director and head of the Promontory Financial Group in China, CEO of Chi-X Asia Pacific, Senior Adviser to the UK Financial Services Authority, CEO of investment bank ABG Sundal Collier and Vice Chairman of Barclays Bank asset management activities. He is a non-executive director of ONE Re Ltd. and Chairman of Think Alliance Asia and Compliance Science Ltd.

Shared directorships with other Directors: None.

Shareholding in Company: 14,030.

Peter Moon*†

A Director since September 2016.

Mr Moon was Chief Investment Officer of the Universities Superannuation Scheme. He is Chairman of The Scottish American Investment Company P.L.C. and Bell Potter (UK) Limited and is a Director of First Property plc. He is a former Director of MBNA Europe and a former Member of the National Association of Pension Funds Investment Committee.

Shared directorships with other Directors: Scottish American Investment Company P.L.C with Bronwyn Curtis.

Shareholding in Company: 10,000

Sir Richard Stagg *†

A Director since July 2018

Sir Richard Stagg is a former member of the British Diplomatic Service. His last two roles were Ambassador to Afghanistan between 2012 and 2015 and High Commissioner to India between 2007 and 2011. His previous positions included Chief Operating Officer, Private Secretary to the Foreign Secretary and Ambassador to Bulgaria. He also chaired the Board of FCO Services between 2007 and 2017 (a government-owned company delivering security services to the UK and foreign governments).

He is currently Chairman of Rothschild India, chairman of Afghan Connection (a charity which supports education and cricket), a Trustee of the Turquoise Mountain Foundation (which works in Afghanistan and Burma) and a Trustee of SOAS (the School of Oriental and African Studies). He is also on the Advisory Board of the UK/India Business Council.

Shared directorships with other Directors: None.

Shareholding in the Company: 5,000

*** Member of the Audit Committee.**

† Member of the Nomination Committee.

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

Management of the Company

The Manager and Company Secretary is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the FCA. Prior to 1st July 2014, these roles were undertaken by JPMorgan Asset Management (UK) Limited ('JPMAM'). JPMF is an affiliate of JPMAM and was appointed as the Company's Alternative Investment Fund Manager ('AIFM') from 1st July 2014 to ensure the Company's compliance with the Alternative Investment Fund Managers Directive. JPMF is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides marketing, banking, dealing and custodian services to the Company.

The Manager is employed under a contract which can be terminated on three months notice, if notice is served on the basis of poor investment performance. The notice period is six months for all other circumstances.

The Board has evaluated the performance of the Manager and confirms that it is satisfied that the continuing appointment of the Manager is in the best interests of shareholders as a whole. In arriving at this view, the Board also considered the investment strategy and process of the Investment Managers and the support that the Company receives from JPMF and JPMAM.

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF is the Company's alternative investment fund manager ('AIFM'). It is approved as an AIFM by the FCA. For the purposes of the AIFMD the Company is an alternative investment fund ('AIF'). JPMF has delegated responsibility for the day to day management of the Company's portfolio to JPMAM. The Company has appointed The Bank of New York Mellon (International) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A. as the Company's custodian. BNY is responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows. The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at www.jpmasian.co.uk There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

The Company's leverage and JPMF's remuneration disclosures are set out on pages 68 and 69.

Management Fee

JPMF is paid a management fee based on the Company's market capitalisation. This fee uses the average of the Company's closing middle market share price for the last five business days of the relevant month, calculated monthly and paid quarterly at a rate of 0.60% per annum, based on the average of the preceding three month end capitalisations. Investments in funds on which JPMorgan charges a management fee are excluded from this calculation.

Directors

The Directors of the Company who held office at the end of the year are detailed on page 24.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 34.

Bar Ronald Gould who will be retiring from the Board, all Directors will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment. Having been appointed to the Board on 26th July 2018, June Aitken and Sir Richard Stagg will be standing for initial 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 a deed of 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/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors to the Company and resolutions to reappoint them and authorise the Directors to determine their remuneration for the ensuing year, will be proposed at 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
As at 10th December 2018 (being the latest business day prior to the publication of this report), the Company's issued share capital consists of 94,081,493 Ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 94,081,493.

Notifiable Interests in the Company's Voting Rights

At the date of this report, the following had declared a notifiable interest in the Company's voting rights:

Shareholders	Number of voting rights	%
City of London Investment Management Co. Ltd.	13,417,863	14.3
Lazard Asset Management Limited	3,631,734	3.9
Wells Capital Management Inc.	3,593,090	3.8

The Company is also aware that approximately 9.3% of the Company's total voting rights are held by individuals through savings products managed by JPMAM, 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.

Listing Rule 9.8.4R

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

Annual General Meeting

The notice of the Annual General Meeting of the Company to be held on 5th February 2019 is given on pages 74 to 76. The full text of the Resolutions is set out in the notice of meeting. Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

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

The Directors will seek renewal of the authority at the AGM to issue up to 9,408,149 Ordinary shares for cash up to an aggregate nominal amount of £2,352,037 such amount being equivalent to 10% of the present issued ordinary share capital as at the last practicable date before the publication of this document. The full text of the resolutions is set out in the Notice of Meeting on page 74. This authority will expire at the conclusion of the Annual General Meeting of the Company in 2020 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new 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 ('NAV') per share, they increase the NAV per share and spread the Company's administrative expenses, other than the management fee which is charged on the Company's market capitalisation, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies. The Company currently does not hold any shares in the capital of the Company in Treasury.

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

The authority to repurchase up to 14.99% of the Company's issued Ordinary shares, granted by shareholders at the 2018 AGM, will expire on 25th July 2019 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

Resolution 13 gives the Company authority to buy back its own issued Ordinary shares in the market as permitted by the Companies Act 2006 (the 'Act'). The authority limits the number of shares that could be purchased to a maximum of 14,102,815 Ordinary shares, representing approximately 14.99% of the Company's issued Ordinary shares, as at 10th December 2018 (being the latest practicable date prior to the publication of this report). The authority also sets minimum and maximum prices.

If resolution 13 is passed at the Annual General Meeting, Ordinary shares repurchased might not be cancelled but rather held as treasury shares and may subsequently be reissued at a premium. The Company does not have authority to reissue Ordinary shares from treasury at a discount to NAV, therefore any reissue of Ordinary shares from treasury would be at a premium to the prevailing NAV.

(iii) Approval of dividend policy (resolution 14)

The Directors seek approval of the Company's dividend policy to continue to pay four quarterly interim dividends during the year, which for the year ended 30th September 2018 have totalled 15.7 pence per share.

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 shareholders vote in favour of the resolutions as they intend to do, where voting rights are exercisable, in respect of their own beneficial holdings which amount in aggregate to 54,276 Ordinary shares, representing approximately 0.1% of the voting rights of the Company.

Corporate Governance Statement

Compliance

The Company is committed to high standards of Corporate Governance. This statement, together with the Statement of Directors' Responsibilities on page 36, indicates how the Company has applied the principles of good governance of the Financial Reporting Council's 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 with the AIC Code, throughout the year under review.

The Board notes the publication of the new 2018 UK Code. The Company will comply with the applicable guidance from 1st October 2019.

Role of the Board

A management agreement dated 1st July 2014 between the Company and JPMF sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administration, and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has previously been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's Corporate Governance and risk control arrangements.

The Board meets at least five times 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 Secretary, JPMF, which is responsible to the Board for ensuring adherence to Board procedures and compliance with applicable rules and regulations.

Board Composition

The Board, chaired by Bronwyn Curtis, currently consists of six non-executive Directors, all of whom are regarded by the Board as independent. The number of Directors will reduce to five following the retirement of Ronald Gould at the Company's forthcoming Annual General Meeting.

The Chairman's independence was assessed upon her appointment and annually thereafter. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 24.

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. Ronald Gould, 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. It has been determined that Dean Buckley will assume the role of Senior Independent Director following the retirement of Ronald Gould.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter Directors stand for annual reappointment. Subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for the Director to seek an additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking re-appointment 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 Board has adopted corporate governance best practice and all Directors now stand for annual reappointment. The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the Annual General Meeting.

The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its Committees, confirms that all Directors standing for reappointment at the Annual General Meeting continue to be effective and to demonstrate commitment to the role. Accordingly the Board recommends to shareholders that all applicable Directors be reappointed. The Company has a succession policy and plan in place.

Meetings and Committees

The Board delegates certain responsibilities and functions to Committees. Details of membership of Committees are shown with the Directors' profiles on page 24.

During the year there were five Board meetings, two Audit Committee meetings and two Nomination Committee meetings. These meetings were supplemented by additional meetings held to cover procedural matters and formal approvals. In addition, there was regular contact between the Directors and the Manager and Company Secretary throughout the year.

The table below details the number of Board and Committee meetings attended by each Director during the year.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended
Bronwyn Curtis	5	2	2
June Aitken[1]	1	–	–
Dean Buckley	5	2	2
Ronald Gould	5	2	2
Peter Moon	5	2	2
Sir Richard Stagg[1]	1	–	–

[1] Joined the Board on 26th July 2018.

Training and Appraisal

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

The Board conducts a formal evaluation of the Manager, of its own performance and that of its Committees and individual Directors.

Board Committee

Nomination Committee

The Nomination Committee, chaired by Bronwyn Curtis, 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. A variety of sources, including external search consultants, may be used to ensure that a wide range of candidates is considered. In relation to the appointment of June Aitken and Sir Richard Stagg an external recruitment consultant, Trust Associates Limited, was engaged by the Company and the recruitment process was overseen by the Chairman. Trust Associates has no other connections to the Company.

The Board's policy on diversity, including gender, is to take account of the benefits of these during the appointment process. However, the Board remains committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity. Therefore, no targets have been set against which to report.

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.

A list of potential conflicts of interest for each Director is maintained by the Company. These are considered carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved. There were no actual or indirect interests of a Director which conflicted with the interests of the Company, which arose during the year.

The Nomination Committee also reviews the levels of remuneration of the Directors taking into account boards of other trusts to ensure that high quality people are attracted and retained.

Audit Committee
The report of the Audit Committee is set out on page 31.

Terms of Reference

Both the Nomination Committee and the Audit Committee have written terms of reference which define clearly their respective responsibilities, copies of which are available 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 report formally to shareholders twice a year by way of the Annual Report & Financial Statements and the Half Year Report. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares and the Company's level of gearing.

All shareholders 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 usually given by the investment managers who review the Company's performance. During the year the Company's brokers, the Investment Managers and other representatives of the Manager hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to meet with shareholders and to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 81.

The Company's Annual Report & Financial Statements is published in time to give shareholders at least 21 days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 81.

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

Risk Management and Internal Control

The UK Corporate Governance Code requires the Directors, at least annually, to review the effectiveness of the Company's system of 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 internal control which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material mis-statement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by JPMF and its associates, the Company's system of internal control mainly comprises monitoring the services provided by JPMF 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 and 21). This process has been in place for the year under review and up to the date of the approval of the Annual Report & Financial Statements, 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 the Manager. This arrangement is kept under annual 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**

  Evaluation and 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 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 and reports to the Board.

- **Investment Strategy**

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

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

  - reviews the terms of the management agreement and receives regular reports from the Manager's Compliance department;
  - reviews the report on the internal controls and the operations of its custodian, JPMorgan Chase Bank, which is itself independently reviewed; and
  - reviews every six months an independent report on the internal controls and the operations of JPMF and 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 internal control for the year ended 30th September 2018, and to the date of approval of this Annual Report & Financial Statements.

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

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to the Manager. The following is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details of social and environmental issues are included in the Strategic Report on page 20.

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

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

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

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

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

By order of the Board
Alison Vincent, for and on behalf of
JPMorgan Funds Limited,
Secretary

11th December 2018

Audit Committee Report

Role and Composition

The Audit Committee, chaired by Ronald Gould, consists of all Directors and meets at least twice each year. The members of the Audit Committee consider that at least one member has recent and relevant financial experience and that the Committee as a whole has competency relevant to the sector in which the Company operates.

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

Financial Statements and Significant Accounting Matters

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

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1(b) to the financial statements on page 49. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the financial statements on page 49.
Compliance with Sections 1158 and 1159 Corporation Tax Act 2010 ('Section 1158 and 1159')	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

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

Going Concern

The Directors believe that having considered the Company's investment objective (see page 18), risk management policies (see pages 59 to 65), capital management policies and procedures (see page 66), the nature of the portfolio and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements. They have not identified any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of these financial statements.

Auditor Appointment and Tenure

Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Financial Statements were considered and also engage with Directors as and when required. Having reviewed the performance of the external Auditors, including assessing the quality of work, timing of communications and work with the Manager, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The Board reviews and approves any non-audit services provided by the independent auditors and assesses the impact of any non-audit work on the ability of the auditors to remain independent. No non-audit work was carried out by the auditors this year. Details of the auditors fees paid for audit and non-audit services are disclosed in note 6 on page 52.

PricewaterhouseCoopers LLP have audited the Company's Annual Report & Financial Statements since its launch in 1997. The Company's year ended 30th September 2018 is the current Audit Partner's fourth of a five year maximum term. The Company will need to appoint a different audit firm to succeed PricewaterhouseCoopers LLP in respect of the audit of the Company's year ending 30th September 2024.

Fair, Balanced and Understandable

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30th September 2018, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 36.

By order of the Board
Alison Vincent, for and on behalf of
JPMorgan Funds Limited
Secretary

11th December 2018

Directors’ Remuneration Report

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

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The Auditors' opinion is included in their report on pages 38 to 43.

Remuneration of the Directors is considered by the Nomination Committee on a regular basis. The Committee makes recommendations to the Board as and when appropriate.

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote and an ordinary resolution to approve this report was put to shareholders at the 2018 Annual General Meeting. The Board has resolved that, for good governance purposes, the policy vote will be put to shareholders every year. Accordingly a resolution to approve the policy will be put to shareholders at the 2019 Annual General Meeting. The policy, subject to the vote, is set out in full below and is currently in force.

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

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

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

In the year under review, Directors' fees were paid at the following rates: Chairman £41,500; Chairman of the Audit Committee £34,500; and other Directors £27,500.

No amounts (2017: nil) were paid to third parties for making available the services of Directors.

The Company's Articles of Association stipulate that aggregate fees must not exceed £200,000 per annum. This level was last increased in 2016. Any increase the maximum aggregate amount requires both Board and shareholder approval.

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

The Company has not sought shareholder views on its remuneration policy. The Nomination Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and will take account of these views if appropriate.

The Directors do not have service contracts with the Company. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 28.

Remuneration Report

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 30th September 2018 and no changes are proposed for the year ending 30th September 2019.

At the Annual General Meeting held on 26th January 2018, 99.7% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.3% voted against.

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

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 30th September 2018 was £142,542. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

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

Single total figure table[1]

			2018			2017
		Taxable			Taxable	
	Fees	expenses[2]	Total	Fees	expenses[2]	Total
Directors' Name	£	£	£	£	£	£
Bronwyn Curtis[3]	41,500	–	41,500	33,558	–	33,558
June Aitken[4]	5,007	–	5,007	–	–	–
Dean Buckley	27,500	348	27,848	25,000	1,105	26,105
Ronald Gould	34,500	–	34,500	30,500	93	30,593
James Long[5]	–	–	–	12,983	–	12,983
Peter Moon	27,500	1,180	28,680	25,000	1,047	26,047
Sir Richard Stagg[4]	5,007	–	5,007	–	–	–
James Strachan[5]	–	–	–	8,542	69	8,611
Total	141,014	1,528	142,542	135,583	2,314	137,897

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

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

[3] Became Chairman 2nd February 2017.

[4] Appointed 26th July 2018.

[5] Retired 2nd February 2017.

Directors' Shareholdings[1]

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

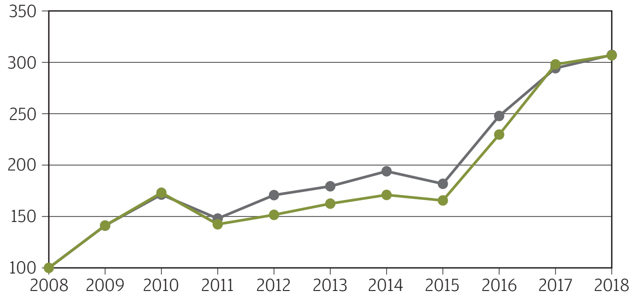
	Number of shares held	
	30th September	30th September
Directors' Name	2018	2017
Bronwyn Curtis	5,000	5,000
June Aitken	–	–
Dean Buckley	10,000	10,000
Ronald Gould[2]	14,030	13,040
Peter Moon	10,000	10,000
Sir Richard Stagg	–	–

[1] Audited information.

[2] Since the year end June Aitken and Sir Richard Stagg purchased 10,000 and 5,000 shares respectively and Ronald Gould's holding has increased by 246 shares.

In accordance with the Companies Act 2006, a graph showing the Company's share price total return compared with its benchmark, the MSCI AC Asia ex Japan Index with net dividends reinvested, expressed in sterling terms, is shown below. The Board believes this Index is the most representative comparator for the Company, given the Company's investment objective.

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



Source: Morningstar/Datastream.

Share price total return.

Benchmark total return.

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

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

Year ended 30th September	Fees	Performance related benefits received as a percentage of maximum payable
2018	£41,500	n/a
2017	£38,000	n/a
2016	£38,000	n/a
2015	£36,500	n/a
2014	£36,500	n/a

A table showing actual expenditure by the Company on remuneration and distributions to shareholders for the year and the prior year is below:

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th September 2018	2017
Remuneration paid to all Directors	£142,542	£137,897
Distribution to shareholders		
– by way of dividends paid	£14,676,000	£12,389,000
– by way of share repurchases	£nil	£2,892,000
Total distribution to shareholders	£14,676,000	£15,281,000

For and on behalf of the Board
Bronwyn Curtis OBE
Chairman

11th December 2018

Statement of Directors' Responsibilities

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

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

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

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

For and on behalf of the Board
Bronwyn Curtis OBE
Chairman

11th December 2018

Independent Auditors' Report

Report on the audit of the financial statements

Opinion

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

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

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

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

Basis for opinion

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

Independence

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

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

We have provided no non-audit services to the company in the period from 1st October 2017 to 30th September 2018.

Our audit approach

Overview

- Overall materiality: £3.6 million (2017: £3.5 million), based on 1% of net assets.

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

- Dividend income.
- Valuation and existence of investments.

The scope of our audit and our areas of focus

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements, including, but not limited to, Companies Act 2006 and section 1158 of the Corporation Tax Act 2010. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, enquiries with those charged with governance and testing the Company's compliance with section 1158 in the current year. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Dividend income *Refer to page 31 (Audit Committee Report), pages 49 to 51 (Accounting Policies) and pages 49 to 66 (Notes to the Financial Statements).* We focused on the occurrence, accuracy and completeness of dividend income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP').This is because non-occurrence, incomplete or inaccurate income could have a material impact on the Company's net assets value.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. To test for completeness, we tested that for investment holdings in the portfolio, all dividends recorded in the year had been declared in the market, and that all dividends declared in the market by investment holdings had been recorded. We tested occurrence by tracing a sample of dividends received to bank statements. We tested the allocation and presentation of dividend income between the revenue and capital return columns in the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our testing did not identify any material misstatements.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments *Refer to page 31 (Audit Committee Report), pages 49 to 51 (Accounting Policies) and pages 49 to 66 (Notes to the Financial Statements).* The investment portfolio at the year-end principally comprised of listed equity investments. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the financial statements.	We tested the valuation of the listed investment portfolio by agreeing the prices used in the valuation to independent third party sources. We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian or depository confirmation from JPMorgan Chase Bank, N.A or Bank of New York Mellon (International) Limited. Our testing did not identify any material misstatements.

How we tailored the audit scope

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

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

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

Materiality

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

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

Overall materiality	£3.6 million (2017: £3.5 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe that this provides an appropriate and consistent year-on-year basis for our audit..

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £182,000 (2017: £177,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

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

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

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company
We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 20 of the Annual Report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on pages 21 and 22 of the Annual Report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

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

- The statement given by the Directors, on page 36, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the company's position and performance, business model and strategy is materially inconsistent with our knowledge of the company obtained in the course of performing our audit.
- The section of the Annual Report on page 31 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 36, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the Directors on 12th September 1997 to audit the financial statements for the year ended 30th September 1998 and subsequent financial years. The period of total uninterrupted engagement is 21 years, covering the years ended 30th September 1998 to 30th September 2018.

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

11th December 2018

Financial Statements

FOR THE YEAR ENDED 30TH SEPTEMBER 2018

		2018			2017		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	3	–	21,033	21,033	–	60,256	60,256
Net foreign currency losses		–	(159)	(159)	–	(839)	(839)
Income from investments	4	8,708	–	8,708	6,509	–	6,509
Interest receivable and similar income	4	84	–	84	7	–	7
Gross return		**8,792**	**20,874**	**29,666**	**6,516**	**59,417**	**65,933**
Management fee	5	(1,972)	–	(1,972)	(1,639)	–	(1,639)
Other administrative expenses	6	(820)	–	(820)	(754)	–	(754)
Net return on ordinary activities before finance costs and taxation		**6,000**	**20,874**	**26,874**	**4,123**	**59,417**	**63,540**
Finance costs	7	(138)	–	(138)	(224)	–	(224)
Net return on ordinary activities before taxation		**5,862**	**20,874**	**26,736**	**3,899**	**59,417**	**63,316**
Taxation	8	(711)	(210)	(921)	(181)	–	(181)
Net return on ordinary activities after taxation		**5,151**	**20,664**	**25,815**	**3,718**	**59,417**	**63,135**
Return per share	9	**5.48p**	**21.96p**	**27.44p**	**3.93p**	**62.87p**	**66.80p**

A fourth quarterly dividend of 3.9p (2017: 3.8p) per share has been proposed in respect of the year ended 30th September 2018, totalling £3,669,000 (2017: £3,575,000). Further details are given in note 10 on page 54.

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

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

The net return on ordinary activities after taxation represents the profit for the year and also the total comprehensive income.

The notes on pages 49 to 66 form part of these financial statements.

FOR THE YEAR ENDED 30TH SEPTEMBER 2018

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves[1] £'000	Revenue reserve[1] £'000	Total £'000
At 30th September 2016	23,762	31,646	977	25,121	218,124	5,683	305,313
Repurchase of shares into Treasury	–	–	–	–	(2,892)	–	(2,892)
Net return on ordinary activities	–	–	–	–	59,417	3,718	63,135
Dividends paid in the year (note 10)	–	–	–	–	(2,988)	(9,401)	(12,389)
At 30th September 2017	23,762	31,646	977	25,121	271,661	–	353,167
Net return on ordinary activities	–	–	–	–	20,664	5,151	25,815
Dividends paid in the year (note 10)	–	–	–	–	(9,525)	(5,151)	(14,676)
At 30th September 2018	23,762	31,646	977	25,121	282,800	–	364,306

[1] These reserves form the distributable reserves of the Company and may be used to fund distributions to investors via dividend payments.

The notes on pages 49 to 66 form an integral part of these financial statements.

AT 30TH SEPTEMBER 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	**363,154**	**349,053**
Current assets	12		
Debtors		787	526
Cash and cash equivalents		1,337	4,687
		2,124	5,213
Current liabilities	13		
Creditors: amounts falling due within one year		(972)	(1,099)
Net current assets		**1,152**	**4,114**
Total assets less current liabilities		**364,306**	**353,167**
Net assets		**364,306**	**353,167**
Capital and reserves			
Called up share capital	14	23,762	23,762
Share premium	15	31,646	31,646
Exercised warrant reserve	15	977	977
Capital redemption reserve	15	25,121	25,121
Capital reserves	15	282,800	271,661
Revenue reserve	15	–	–
Total shareholders' funds		**364,306**	**353,167**
Net asset value per share	16	**387.2p**	**375.4p**

The financial statements on pages 45 to 66 were approved and authorised for issue by the Board of Directors on 11th December 2018 and signed on their behalf by:

Bronwyn Curtis OBE
Chairman

The notes on pages 49 to 66 form an integral part of these financial statements.

The Company is registered in England and Wales.

Company registration number: 3374850.

FOR THE YEAR ENDED 30TH SEPTEMBER 2018

	Notes	2018 £'000	2017 £'000
Net cash outflow from operations before dividends and interest	17	(2,778)	(2,721)
Dividends received		7,522	5,654
Interest received		33	5
Overseas tax recovered		–	473
Interest paid		(187)	(203)
Net cash inflow from operating activities		**4,590**	**3,208**
Purchases of investments		(244,896)	(161,805)
Sales of investments		251,805	193,140
Settlement of forward foreign currency contracts		(179)	8
Net cash inflow from investing activities		**6,730**	**31,343**
Repurchase of shares into Treasury		–	(2,892)
Dividends paid		(14,676)	(12,389)
Repayment of bank loans		–	(15,602)
Net cash outflow from financing activities		**(14,676)**	**(30,883)**
(Decrease)/increase in cash and cash equivalents		**(3,356)**	**3,668**
Cash and cash equivalents at start of year		4,687	1,065
Exchange movements		6	(46)
Cash and cash equivalents at end of year		1,337	4,687
(Decrease)/Increase in cash and cash equivalents		**(3,356)**	**3,668**
Cash and cash equivalents consist of:			
Cash and short term deposits		1,337	2,451
Cash held in JPMorgan US Dollar Liquidity Fund		–	2,236
Total		**1,337**	**4,687**

The notes on pages 49 to 66 form an integral part of these financial statements.

FOR THE YEAR ENDED 30TH SEPTEMBER 2018

1. Accounting policies

(a) Basis of accounting

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

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

The financial statements have been prepared on a going concern basis. The disclosures on going concern on page 31 of the Directors' Report form part of these financial statements.

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

(b) Valuation of investments

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

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

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

(c) Accounting for reserves

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

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

(d) Income

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

Overseas dividends are included gross of any withholding tax.

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

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

Interest receivable is taken to revenue on an accruals basis.

Stock lending income is taken to revenue on an accruals basis. In all cases securities lent continue to be recognised in the Statement of Financial Position.

1. Accounting policies *continued*

(e) Expenses

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

- Expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 11 on page 55.

(f) Finance costs

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

Finance costs are allocated wholly to revenue.

(g) Financial instruments

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

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

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

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

(h) Taxation

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

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

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

(i) Value added tax ('VAT')

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

(j) Foreign currency

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

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

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

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

(k) Dividends payable

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

(l) Repurchases of ordinary shares for cancellation or to be held in Treasury

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

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

(m) Segmental reporting

The Board are of the opinion that the Company is engaged in a single segment of business, being investment in Asian equities.

2. Significant accounting judgements, estimates and assumptions

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

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

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

	2018 £'000	2017 £'000
Gains on investments held at fair value through profit or loss based on historic cost	48,562	54,534
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	(34,459)	(36,314)
Gains on sales of investments based on the carrying value at the previous balance sheet date	14,103	18,220
Net movement in investment holding gains and losses	6,964	42,072
Other capital charges	(34)	(36)
Total capital gains on investments held at fair value through profit or loss	**21,033**	**60,256**

4. Income

	2018 £'000	2017 £'000
Income from investments:		
Overseas dividends	8,708	6,348
Scrip dividends	–	161
	8,708	6,509
Interest receivable and similar income:		
Interest from liquidity fund	32	6
Stock lending	51	–
Deposit interest	1	1
	84	7
Total income	8,792	6,516

5. Management fee

	2018 £'000	2017 £'000
Management fee	1,972	1,639

Details of the management fee are given in the Directors' Report on page 25.

6. Other administrative expenses

	2018 £'000	2017 £'000
Administration expenses	358	342
Custody fees	164	161
Directors' fees[1]	143	138
Savings scheme costs[2]	82	36
Depositary fees	45	50
Auditors' remuneration for audit services	28	27
Total	820	754

[1] Full disclosure is given in the Directors' Remuneration Report on page 34.

[2] Paid to the Manager for administration of saving scheme products.

7. Finance costs

	2018 £'000	2017 £'000
Interest on bank loans and overdrafts	138	224

8. Taxation

(a) Analysis of tax charge in the year

	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Overseas withholding tax	921	–	921	181	–	181
Tax relief on expenses charged to capital	(210)	210	–	–	–	–
Total tax charge for the year	**711**	**(210)**	**921**	**181**	**–**	**181**

(b) Factors affecting total tax charge for the year

The tax charge for the year is lower (2017: lower) than the Company's applicable rate of corporation tax of 19.0% (2017: 19.5%).

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

	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Net return on ordinary activities before taxation	5,862	20,874	26,736	3,899	59,417	63,316
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 19.0% (2017: 19.5%)	1,114	3,966	5,080	760	11,586	12,346
Effects of:						
Non taxable capital gains	–	(3,966)	(3,966)	–	(11,586)	(11,586)
Non taxable scrip dividends	–	–	–	(31)	–	(31)
Non taxable overseas dividends	(1,655)	–	(1,655)	(1,238)	–	(1,238)
Tax relief on taxable capital gains	(210)	210	–	–	–	–
Unrelieved expenses	541	–	541	509	–	509
Overseas withholding tax	921	–	921	181	–	181
Total tax charge for the year	**711**	**210**	**921**	**181**	**–**	**181**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £4,133,000 (2017: £3,752,000) based on a prospective corporation tax rate of 17% (2017: 17%). The UK corporation tax rate is enacted to fall to 17% with effect from 1st April 2020. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

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

9. Return per share

	2018 £'000	2017 £'000
Revenue return	5,151	3,718
Capital return	20,664	59,417
Total return	**25,815**	**63,135**
Weighted average number of shares in issue during the year	94,081,493	94,511,001
Revenue return per share	5.48p	3.93p
Capital return per share	21.96p	62.87p
Total return per share	**27.44p**	**66.80p**

10. Dividends

(a) Dividends paid and declared

	2018 £'000	2017 £'000
Dividends paid		
2017 final dividend of 3.8p (2016: 3.0p)	3,575	2,851
First quarterly dividend of 4.0p (2017: 3.1p)	3,763	2,947
Second quarterly dividend of 3.9p (2017: 3.4p)	3,669	3,204
Third quarterly dividend of 3.9p (2017: 3.6p)	3,669	3,387
Total dividends paid in the period	**14,676**	**12,389**
Dividend declared		
Fourth quarterly dividend declared of 3.9p (2017 final: 3.8p) per share	3,669	3,575

A fourth quarterly dividend of 3.9p has been declared and was paid on 7th November 2018 for the financial year ended 30th September 2018. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 30th September 2019.

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

The requirements of Section 1158 are considered on the basis of the dividend proposed in respect of the financial year, shown below. The aggregate of the distributable reserves is £220,437,000 (2017: £181,803,000).

	2018 £'000	2017 £'000
First quarterly dividend of 4.0p (2017: 3.1p)	3,763	2,947
Second quarterly dividend of 3.9p (2017: 3.4p)	3,669	3,204
Third quarterly dividend of 3.9p (2017: 3.6p)	3,669	3,387
Fourth quarterly dividend of 3.9p (2017 final: 3.8p)	3,669	3,575
	14,770	**13,113**

The aggregate of the distributable reserves after the payment of the final dividend will amount to £216,768,000 (2017: £178,228,000).

11. Investments

	2018 £'000	2017 £'000
Investments listed on a recognised stock exchange	363,154	349,053
Opening book cost	259,196	235,086
Opening investment holding gains	89,857	84,099
Opening valuation	349,053	319,185
Movements in the year:		
Purchases at cost	244,877	160,770
Sales proceeds	(251,843)	(191,194)
Gains on sales of investments based on the carrying value at the previous balance sheet date	14,103	18,220
Net movement in investment holding gains and losses	6,964	42,072
	363,154	**349,053**
Closing book cost	300,792	259,196
Closing investment holding gains	62,362	89,857
Total investments held at fair value through profit or loss	**363,154**	**349,053**

Transaction costs on purchases during the year amounted to £317,000 (2017: £261,000) and on sales during the year amounted to £514,000 (2017: £495,000). These costs comprise mainly brokerage commission.

During the year, prior year investment holding gains amounting to £34,459,000 have been transferred to gains and losses on sales of investments as disclosed in note 15.

12. Current assets

	2018 £'000	2017 £'000
Debtors:		
Dividends and interest receivable	758	493
Overseas tax recoverable	–	19
Other debtors	29	14
Total	**787**	**526**

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

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, short term deposits and liquidity funds. The carrying amount of these represents their fair value.

13. Current liabilities

	2018 £'000	2017 £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	818	837
Other creditors and accruals	153	212
Loan interest payable	1	50
Total	972	1,099

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

On 2nd December 2016, the Company entered into a £40 million three year unsecured multicurrency revolving loan facility with Scotiabank (Ireland) Limited. The facility is subject to covenants and restrictions which are customary for a facility of this nature, all of which have been met during the year and continue to be met. Following a long period in which the Company was not geared, on 15th June 2018, the size of this facility was reduced to £10 million at no cost and at the request of the Company. This reduction permits the Manager to apply modest gearing when conditions warrant but with lower commitment fee payments when the facility is unused.

14. Called up share capital

	2018 £'000	2017 £'000
Issued and fully paid share capital:		
Ordinary shares of 25p each[1]		
Opening balance of 94,081,493 (2017: 95,046,993) Ordinary shares	23,521	23,762
Repurchase of nil (2017: 965,500) shares into Treasury	–	(241)
Subtotal 94,081,493 (2017: 94,081,493) shares of 25p each excluding shares held in Treasury	23,521	23,521
965,500 (2017: 965,500) shares held in Treasury	241	241
Closing balance of 95,046,993 (2017: 95,046,993) shares of 25p each including shares held in Treasury	**23,762**	**23,762**

[1] Fully paid ordinary shares, which have a par value of 25p each, carry one vote per share and carry a right to receive dividends.

Further details of transactions in the Company's shares are given in the Business Review on pages 19 and 20.

15. Capital and reserves

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves: Gains and losses on sales of investments[1] £'000	Capital reserves: Investment holding gains and losses £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	23,762	31,646	977	25,121	181,803	89,858	–	353,167
Net losses on foreign currency transactions	–	–	–	–	(159)	–	–	(159)
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	14,103	–	–	14,103
Net movement in investment holding gains and losses	–	–	–	–	–	6,964	–	6,964
Transfer on disposal of investments	–	–	–	–	34,459	(34,459)	–	–
Other capital charges	–	–	–	–	(34)	–	–	(34)
Tax on expenses charged to capital	–	–	–	–	(210)	–	–	(210)
Dividend paid in the year	–	–	–	–	(9,525)	–	(5,151)	(14,676)
Retained revenue for the year	–	–	–	–	–	–	5,151	5,151
Closing balance	**23,762**	**31,646**	**977**	**25,121**	**220,437**	**62,363**	**–**	**364,306**

[1] These reserves form the distributable reserves of the Company and may be used to fund distributions to investors via dividend payments.

16. Net asset value per share

	2018	2017
Net assets (£'000)	364,306	353,167
Number of shares in issue	94,081,493	94,081,493
Net asset value per share	**387.2p**	**375.4p**

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

	2018 £'000	2017 £'000
Net return on ordinary activities before finance costs and taxation	26,874	63,540
Less capital return on ordinary activities before finance costs and taxation	(20,874)	(59,417)
Scrip dividends received as income	–	(161)
Increase in accrued income and other debtors	(261)	(34)
(Decrease)/increase in accrued expenses	(55)	64
Overseas withholding tax	(921)	(652)
Dividends received	(7,522)	(5,654)
Interest received	(33)	(5)
Realised loss on foreign currency transactions	(82)	(395)
Exchange gains/(loss) on liquidity fund	96	(7)
Net cash outflow from operations before dividends and interest	**(2,778)**	**(2,721)**

18. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2017: same).

19. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 25. The management fee payable to the Manager for the year was £1,972,000 (2017: £1,639,000) of which £nil (2017: £nil) was outstanding at the year end.

During the year £82,000 (2017: £36,000), including VAT, was payable to the Manager for the marketing and administration of savings scheme products, of which £11,000 (2017: £23,000) was outstanding at the year end.

Safe custody fees amounting to £164,000 (2017: £161,000) were payable to JPMorgan Chase Bank N.A. during the year of which £29,000 (2017: £43,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities Limited for the year was £nil (2017: £9,000) of which £nil (2017: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £34,000 (2017: £36,000) were payable to JPMorgan Chase Bank N.A. during the year of which £4,000 (2017: £8,000) was outstanding at the year end.

During the year the Company held cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £nil (2017: £2,236,000). Interest amounting to £32,000 (2017: £6,000) was receivable during the year of which £2,000 (2017: £2,000) was outstanding at the year end.

Stock lending income amounting to £51,000 (2017: £nil) were receivable by the Company during the year. JPMAM commissions in respect of such transactions amounted to £9,000 (2017: £nil).

At the year end, total cash of £1,337,000 (2017: £2,451,000) was held with JPMorgan Chase Bank N.A. A net amount of interest of £1,000 (2017: £1,000) was receivable by the Company during the year of which £nil (2017 £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 34 and in note 6 on page 52.

20. Disclosures regarding financial instruments measured at fair value

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

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

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

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

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

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

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 49.

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

	2018 Assets £'000	2018 Liabilities £'000	2017 Assets £'000	2017 Liabilities £'000
Level 1	352,128	–	342,239	–
Level 2[1]	11,026	–	6,814	–
Total	**363,154**	**–**	**349,053**	**–**

[1] Includes investment in JPMorgan Vietnam Opportunities Fund, an Open Ended Investment Company (OEIC).

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

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

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

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

The Directors' policy for managing these risks is set out below. The Company Secretary, in close cooperation with the Board and the Manager, coordinates the Company's risk management policy.

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

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

- investments in equity shares and participatory notes of overseas companies, which are held in accordance with the Company's investment objective;
- cash held within a liquidity fund;
- short term debtors, creditors and cash arising directly from its operations;
- derivative financial instruments including forward currency contracts; and
- multicurrency loan facilities.

(a) Market risk

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

(i) Currency risk

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

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

(a) Market risk *continued*

(i) Currency risk *continued*

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of this exposure by considering the effect on the Company's net asset value and income of a movement in rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Income denominated in foreign currencies is converted to sterling on receipt. Foreign currency borrowing may be used to limit the Company's exposure to changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

The Company may use short term forward currency contracts to manage working capital requirements.

Foreign currency exposure

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

	2018									
	Hong Kong Dollar £'000	South Korea Won £'000	Singapore Dollar £'000	Taiwan Dollar £'000	Thailand Baht £'000	India Rupee £'000	Indonesia Rupiah £'000	US Dollar £'000	Other £'000	Total £'000
Current assets	815	974	8	1	11	–	–	130	23	1,962
Creditors	(1)	(818)	–	–	–	–	–	–	–	(819)
Foreign currency exposure on net monetary items	814	156	8	1	11	–	–	130	23	1,143
Investments held at fair value through profit or loss	152,193	60,953	14,052	40,971	10,959	27,193	17,018	32,130	7,685	363,154
Total net foreign currency exposure	**153,007**	**61,109**	**14,060**	**40,972**	**10,970**	**27,193**	**17,018**	**32,260**	**7,708**	**364,297**

	2017									
	Hong Kong Dollar £'000	South Korea Won £'000	Singapore Dollar £'000	Taiwan Dollar £'000	Thailand Baht £'000	India Rupee £'000	Indonesia Rupiah £'000	US Dollar £'000	Other £'000	Total £'000
Current assets	767	62	115	1,602	10	1	–	2,623	–	5,180
Creditors	(795)	–	–	(43)	–	–	–	–	–	(838)
Foreign currency exposure on net monetary items	(28)	62	115	1,559	10	1	–	2,623	–	4,342
Investments held at fair value through profit or loss	133,175	70,363	11,314	29,269	10,035	30,332	17,972	43,018	3,575	349,053
Total net foreign currency exposure	**133,147**	**70,425**	**11,429**	**30,828**	**10,045**	**30,333**	**17,972**	**45,641**	**3,575**	**353,395**

In the opinion of the Directors, the above year end amounts are broadly representative of the exposure to foreign currency risk during the current and comparative years.

Foreign currency sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2017: 10%) appreciation or depreciation in sterling against the currencies to which the Company is exposed to, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2018		2017	
	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(874)	874	(651)	651
Capital return	(114)	114	(434)	434
Total return after taxation	(988)	988	(1,085)	1,085
Net assets	**(988)**	**988**	**(1,085)**	**1,085**

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

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the liquidity fund and the interest payable on the Company's variable rate cash borrowings.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company's actual gearing range may fluctuate between 10% net cash to 20% geared.

The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Company borrows on its loan facility. However, amounts drawn down on this facility are for short term periods and therefore exposure to interest rate risk is not significant.

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

(a) Market risk *continued*

(ii) Interest rate risk *continued*

Interest rate exposure

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

	2018 £'000	2017 £'000
Exposure to floating interest rates:		
Cash and short term deposits	1,337	2,451
JPMorgan US Dollar Liquidity Fund	–	2,236
Total exposure	**1,337**	**4,687**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2017: same). The target interest earned on the JPMorgan US Dollar Liquidity Fund is the 7 day US Dollar London Interbank Bid Rate.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2017: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2018		2017	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	7	(7)	23	(23)
Capital return	–	–	–	–
Total return after taxation	7	(7)	23	(23)
Net assets	**7**	**(7)**	**23**	**(23)**

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

(iii) Other price risk

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

Management of other price risk

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

Other price risk exposure

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

	2018 £'000	2017 £'000
Investments held at fair value through profit or loss	363,154	349,053

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 14 to 17. This shows that the portfolio comprises investments quoted on Asian stock markets. Accordingly, there is a concentration of exposure to that region. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

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

	2018		2017	
	10% increase in rate £'000	10% decrease in rate £'000	10% increase in rate £'000	10% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(218)	218	(209)	209
Capital return	36,315	(36,315)	34,905	(34,905)
Total return after taxation	36,097	(36,097)	34,696	(34,696)
Net assets	**36,097**	**(36,097)**	**34,696**	**(34,696)**

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

(b) Liquidity risk

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

Management of the risk

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

The Board's policy is to use borrowings from time to time to gear the portfolio within a range of 10% net cash to 20% geared.

Short term borrowings may be used to manage short term liabilities and working capital requirements. Details of the current facility are given on page 56.

Liquidity risk exposure

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

		2018	
	Within one year £'000	More than one year £'000	Total £'000
Creditors:			
Securities purchased awaiting settlement	818	–	818
Other creditors and accruals	153	–	153
Bank loan including interest	43	7	50
	1,014	**7**	**1,021**

		2017	
	Within one year £'000	More than one year £'000	Total £'000
Creditors:			
Securities purchased awaiting settlement	837	–	837
Other creditors and accruals	212	–	212
Bank loan including interest	50	–	50
	1,099	**–**	**1,099**

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

(c) Credit risk

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

Management of credit risk

Portfolio dealing

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

Cash and cash equivalents

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

Exposure to JPMorgan Chase

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

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

Credit risk exposure

The amounts shown in the Statement of Financial Position under debtors and cash and cash equivalents represent the maximum exposure to credit risk at the current and comparative year ends. The aggregate value of securities on loan at 30th September 2018 amounted to £9.9 million (2017: £nil) and the maximum value of stock on loan during the year amounted to £14.9 million (2017: £nil). Collateral is obtained by JPMorgan Asset Management and is called in on a daily basis to a value of 102% (2017: nil) of the value of the securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% (2017: nil) if it is denominated in a different currency.

(d) Fair values of financial assets and financial liabilities

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

22. Capital management policies and procedures

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

	2018 £'000	2017 £'000
Equity:		
Called up share capital	23,762	23,762
Reserves	340,544	329,405
Total capital	**364,306**	**353,167**

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

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

	2018 £'000	2017 £'000
Investments held at fair value through profit or loss	363,154	349,053
Net assets	364,306	353,167
Net cash	**0.3%**	**1.2%**

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

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

23. Subsequent events

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

Regulatory Disclosures

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (‘AIFMD’) DISCLOSURES (UNAUDITED)

Leverage

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

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

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

[1] The above figures are theoretical and are calculated in accordance with the methodology prescribed by the AIFMD.

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

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

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

Remuneration Policy

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

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

The Board reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. As at 31st December 2017, the Board last reviewed and adopted the Remuneration Policy in June 2018 with no material changes and was satisfied with its implementation.

Quantitative Disclosures

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

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

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

The aggregate 2017 total remuneration paid to JP Morgan Asset Management (UK) Ltd's AIFMD Identified Staff was USD $65,309,308, of which USD $7,505,126 relates to Senior Management and USD $57,804,181 relates to other Identified Staff.

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

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to SFTR for the accounting period ended 30th September 2018 are detailed below.

Global Data

Amount of securities on loan

The total value of securities on loan as a proportion of the Company's total lendable assets, as at the balance sheet date, is 4.2%.

Total lendable assets represents the aggregate value of assets types forming part of the Company's securities lending programme.

Amount of assets engaged in securities lending

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

	Value £'000	% of AUM
Securities lending	9,922	2.7%

Concentration and Aggregate transaction data

Counterparties

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

Counterparty	Country of Incorporation	Value £'000
UBS	Switzerland	8,629
Merrill Lynch	United States of America	1,202
Morgan Stanley	United States of America	91
Total		**9,922**

Maturity tenure of Security lending transactions

The Company's securities lending transactions have open maturity.

Collateral issuers

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

Issuer	Collateral Value £'000
United Kingdom Treasury	4,985
French Republic Government	2,320
Kingdom of Belgian Government	1,646
Federal Republic of Germany Government	538
Republic of Austria Government	511
Kingdom of Netherlands Government	155
United States of America Government	139
Republic of Finland Government	1
	10,295

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

Type, quality and currency of collateral

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

Type	Quality	Currency	Value £'000
Sovereign Debt	Investment Grade	EUR	5,171
Sovereign Debt	Investment Grade	GBP	4,985
Treasury Bills	Investment Grade	USD	95
Treasury Notes	Investment Grade	USD	44
Total			**10,295**

Maturity tenure of collateral

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

Maturity	Value £'000
1 week to 1 month	95
1 to 3 months	11
3 to 12 months	383
more than 1 year	9,806
	10,295

Settlement and clearing

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

Re-use of collateral

Share of collateral received that is reused and reinvestment return

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

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

Safekeeping of collateral

All collateral received (£10,295,000) by the Company in respect of securities lending transactions as at the balance sheet date is held by the Depository.

Return and cost

JPMorgan Chase Bank, N.A (JPMCB), the lending agent, receives a fee of 15% of the gross revenue for its services related to the Stock Lending Transactions. The remainder of the revenue, 85%, is received by the Company i.e. for the benefit of shareholders.

Shareholder Information

Notice is hereby given that the twenty-second Annual General Meeting of JPMorgan Asian Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Tuesday, 5th February 2019 at 12.00 noon for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th September 2018.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th September 2018.
4. To reappoint Mrs Bronwyn Curtis as a Director.
5 To reappoint Mrs Junghwa Aitken as a Director.
6. To reappoint Mr Dean Buckley as a Director.
7. To reappoint Mr Peter Moon as a Director.
8. To reappoint Sir Richard Stagg as a Director of the Company.
9. To reappoint PricewaterhouseCoopers LLP as Auditors to the Company.
10. To authorise the Directors to determine the remuneration of the Auditors.

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 £2,352,037, representing approximately 10% 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 2020 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

12. THAT subject to the passing of Resolution 11 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 11 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 £2,352,037 representing approximately 10% 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 hereby authorised to be purchased shall be 14,102,815, or if less, that number of Ordinary shares which is equal to 14.99% of the issued share capital as at the date of the passing of this Resolution;

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

    (iii) the maximum price which may be paid for 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 4th August 2020 unless the authority is renewed at the Company's Annual General Meeting in 2020 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.

Approval of dividend policy – Ordinary Resolution

14. THAT the shareholders approve the Company's dividend policy to continue to pay four quarterly interim dividends during the year.

By order of the Board
Alison Vincent, for and on behalf of
JPMorgan Funds Limited
Secretary

11th December 2018

Notes

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

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.

2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.

3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.

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 (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two working days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two working 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(s) 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 annual report & financial statements (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous AGM; which the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's 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 accompanies 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 cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

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

16. As at 10th December 2018 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 94,081,493 Ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 94,081,493.

Electronic appointment – CREST members

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

Return to Shareholders (APM)

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

Total return calculation	Page	Year ended 31st September 2018	Year ended 31st September 2017	
Opening share price (p)		345.5	278.0	
Closing share price (p)	4	340.5	345.5	(a)
Total dividend adjustment factor[1]		1.044481	1.044230	(b)
Adjusted closing share price (c = a x b)		355.6p	360.8p	(c)
Total return to shareholders		**2.9%**	**29.8%**	

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

Return on Net Assets (APM)

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

Total return calculation	Page	Year ended 31st September 2018	Year ended 31st September 2017	
Opening cum-income NAV per share (p)		375.4	321.2	
Closing cum-income NAV per share (p)	4	387.2	375.4p	(a)
Total dividend adjustment factor[2]		1.040299	1.039303	(b)
Adjusted closing cum-income NAV per share (c = a x b)		402.8p	390.2p	(c)
Total return on net assets		**7.3%**	**21.5%**	

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

Benchmark return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested, without transaction costs, in the shares of the underlying companies at the time the shares were quoted ex-dividend (see page 4).

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

Gearing/Net cash (APM)

Gearing represents the excess amount above shareholders’ funds of total investments, expressed as a percentage of the shareholders’ funds. If the amount calculated is negative, this is shown as a ‘net cash’ position.

Gearing calculation	Page	Year ended 31st September 2018 £'000	Year ended 31st September 2017 £'000	
Investments held at fair value through profit or loss	47	363,154	399,053	(a)
Net assets	47	364,306	353,167	(b)
Gearing/(Net cash) (c = a / b - 1)		**(0.3)%**	**(1.2)%**	**(c)**

Ongoing Charges (APM)

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

Ongoing charges calculation	Page	Year ended 31st September 2018 £'000	Year ended 31st September 2017 £'000	
Management fee	45	1,972	1,639	
Other administrative expenses	45	820	754	
Total management fee and other administrative expenses		2,792	2,393	(a)
Average daily cum-income net assets		372,775	326,448	(b)
Ongoing charges (c = a / b)		**0.75%**	**0.73%**	**(c)**

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

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium (page 4).

Performance attribution

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

Performance Attribution Definitions:

Stock selection

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

Currency effect

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

Gearing/(Net Cash)

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

Dividends/Residual

Represents timing differences in respect of cash flows and dividends.

Management fee/Other expenses

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

Share Buyback

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

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

1. Directly from J.P. Morgan

Investment Account

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

Stocks & Shares Individual Savings Accounts (ISA)

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

2. Via a third party provider

Third party providers include:

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

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

3. Through a professional adviser

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

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

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

FINANCIAL CALENDAR

Financial year end	30th September
Final results announced	December
Half year end	31st March
Half year results announced	May
Dividend on Ordinary shares paid	February/May/August/November
Annual General Meeting	January/February

History

The Company was launched in September 1997 as a rollover vehicle for shareholders in The Fleming Far Eastern Investment Trust plc. The Company adopted its present name following approval from shareholders at the Annual General Meeting in February 2006.

Directors

Bronwyn Curtis OBE (Chairman)
June Aitken
Dean Buckley
Ronald Gould
Peter Moon
Sir Richard Stagg

Company Numbers

Company registration number: 3374850

Ordinary Shares

London Stock Exchange Sedol number: 0132077
ISIN: GB0001320778
Bloomberg ticker: JAI LN
LEI: 5493006R74BNJSJKCB17

Market Information

The Company's Ordinary shares are listed on the London Stock Exchange. The market price of the Ordinary shares is shown daily in the Financial Times, The Times, The Daily Telegraph and The Scotsman. The Share price of the Ordinary shares is on the JPMorgan internet site at www.jpmasian.co.uk where the prices are updated every fifteen minutes during trading hours.

Website

www.jpmasian.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited.

Company's Registered Office

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

For company secretarial and administrative matters, please contact Alison Vincent.

Depositary

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

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

Registrars

Equiniti Limited
Reference 1357
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0371 384 2373

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

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1090. Registered shareholders can obtain further details on their 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

Cenkos Securities plc
6, 7, 8 Tokenhouse Yard
London EC2R 7AS

Savings Product Administrators

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

Awards

Awarded best Asia Pacific Equities Investment Trust at the 20th Investment Week Investment Company Awards 2018.

aic
The Association of Investment Companies
A member of the AIC

www.jpmasian.co.uk

CONTACT J.P. MORGAN

Freephone 0800 20 40 20 or +44 (0) 1268 444470.
Telephone lines are open Monday to Friday,
9.00am to 5.30pm.

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

J.P.Morgan
Asset Management