

JPMorgan Mid Cap Investment Trust plc

Annual Report & Financial Statements for the year ended 30th June 2021



KEY FEATURES

Your Company

Objective

JPMorgan Mid Cap Investment Trust plc (the 'Company') aims to achieve capital growth from investment in medium-sized UK listed companies. The Company specialises in investment in FTSE 250 companies, using long and short term borrowings to increase returns to shareholders.

Investment Policies

- To focus on FTSE 250 stocks that deliver strong capital growth.
- To have significant exposure to the UK economy, with selective exposure to overseas earnings.
- To seek out both value stocks and growth stocks, including AIM stocks, to deliver strong performance throughout the market cycle.
- To use gearing, as appropriate, to increase potential returns to shareholders.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

Benchmark

The FTSE 250 Index (excluding investment trusts).

Capital Structure

- UK domiciled.
- Premium Listing on the London Stock Exchange.
- As at 30th June 2021, the Company's called-up share capital comprised 25,398,080 Ordinary shares of 25p each including 1,935,310 shares held in Treasury.

Management Company and Company Secretary

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

Environment, Social and Governance ('ESG') Considerations

ESG considerations are fully integrated into the Company's stock selection process. JPMAM research teams compile proprietary ESG analyses on each company as well as using external vendor research to rank them. Following in-depth strategic and financial analysis, these ESG rankings and factors are also taken into consideration as part of the investment case. In addition, the Manager, together with stewardship specialists, engages with investee companies on specific ESG issues. JPMAM is a United Nations Principles of Responsible Investment ('UN PRI') signatory and is rated A+. JPMAM endeavours to vote at all of the meetings called by companies in which your portfolio invests. An ESG report is on pages 13 to 15.

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

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

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

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

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



UK mid-cap stocks have consistently outperformed their larger and smaller peers over time. The JPMorgan Mid Cap Investment Trust provides access to this dynamic area of the UK stock market, focusing selectively on mid-cap leaders with the potential to graduate to the FTSE 100, while also investing in less-established companies that are at an earlier stage of their growth journey.

Mid-cap champions

The Company focuses exclusively on mid-cap companies because they present a unique and compelling investment opportunity - a view that's backed up by the sector's long-term outperformance: over the last 25 years, the FTSE 250 Index (excluding Investment Trusts) has significantly outperformed nearly every other major equity index.

Many mid-cap companies are (or could be) leaders in their specific markets. The Company has the potential to invest in these companies at the small-cap or IPO stage - often before their stock prices reflect their full value.

Mid-cap companies offer active investors several other unique advantages. The diversity of the mid-cap universe - the ten largest stocks in the FTSE 250 make up just 11% of the index compared with four times that in the FTSE 100 - means more opportunities to find winners. Mid-cap companies are also often merger and acquisition targets of larger companies that are seeking to augment their growth and willing to pay a premium to market valuations. Lastly, the mid-caps tend to be less researched than large caps, meaning a well-resourced, diligent investment manager can spot opportunities that others might overlook.

Conviction investors

Our experienced, dedicated mid-cap portfolio management team uses a rigorous 'value, quality and momentum' process to seek out investment candidates that possess the attributes for success. The portfolio managers have access to extensive small- and mid-cap resources, allowing them to get to know companies inside out. When they do invest, it is with high conviction and with bolder positions than the index or other managers - and using market movements to buy when others sell.

Nimble stock selectors

The £378 million trust is diversified enough to spread risk but nimble enough to act quickly and allow every holding to make an impact. While always focused on unlocking long-term growth, the Company can move swiftly between UK-focused and globally-focused companies, as well as growth and value tilts, as market conditions require. The Investment Managers also have the freedom to hold onto successful investments as they graduate to the FTSE 100.

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Strategic Report

FINANCIAL HIGHLIGHTS

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED) TO 30TH JUNE

	2021	2020	3 Years Cumulative	5 Years Cumulative
Return to shareholders ^{1,APM}	+65.1%	-15.0%	+24.3%	+95.4%
Return on net assets ^{2,APM}	+48.6%	-14.0%	+19.1%	+80.7%
Benchmark return ^{3,APM}	+36.7%	-13.3%	+11.6%	+50.7%
Net asset return performance compared to benchmark return ^{APM}	+11.9%	-0.7%	+7.5%	+30.0%
Dividend per share ⁴	29.5p 0%	29.5p 0%		

¹ Source: Morningstar.

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

³ Source: Morningstar. The Company's benchmark is the FTSE 250 Index (excluding investment trusts).

⁴ Comprises ordinary dividends of 29.5p (2020: 29.5p).

^{APM} Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 84 and 85.

SUMMARY OF RESULTS

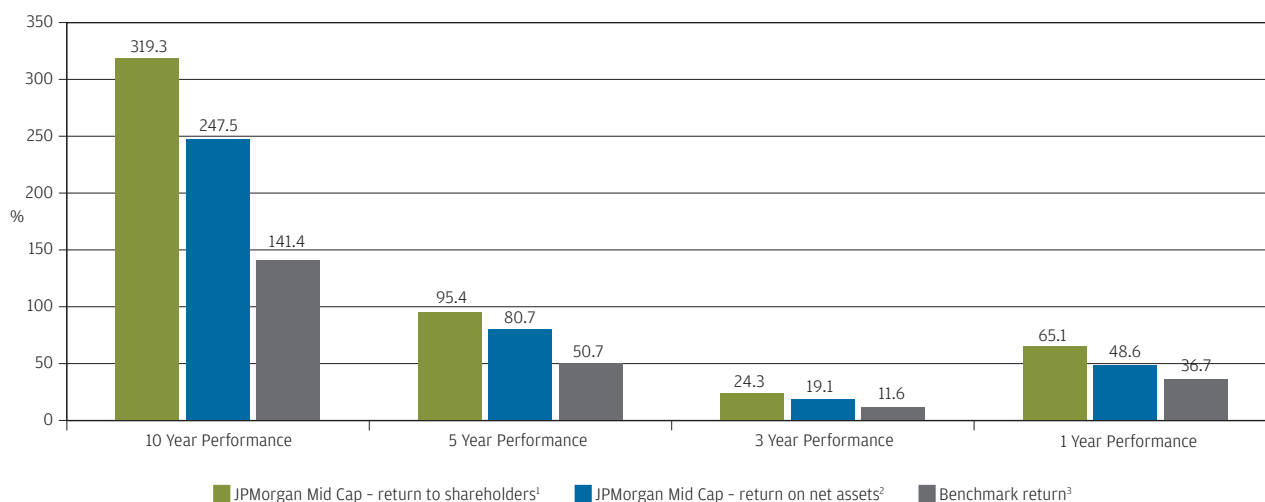
	2021	2020	% change
Net asset value, share price and discount at 30th June			
Shareholders' funds (£'000)	340,361	237,392	+43.4
Net asset value per share	1,450.6p	1,001.3p	+44.9
Share price	1,420.0p	886.0p	+60.3
Share price discount to net asset value ^{APM}	2.1%	11.5%	n/a
Shares in issue (excluding shares held in Treasury)	23,462,770	23,709,359	n/a
Revenue for the year ended 30th June			
Net revenue return attributable to shareholders (£'000)	4,771	4,670	+2.2
Net return/(loss) (£'000)	110,830	(40,101)	n/a
Revenue return per share ^{APM}	20.32p	19.69p	+3.2
Return per share	476.28p	(169.13)p	n/a
Dividend per share ¹	29.5p	29.5p	0.0
Gearing at 30th June^{APM}			
	9.2%	5.6%	
Ongoing charges ratio at 30th June^{APM}			
	0.83%	0.88%	

¹ Comprises ordinary dividends of 29.5p (2020: 29.5p).

^{APM} Alternative Performance Measure ('APM').

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LONG TERM PERFORMANCE (TOTAL RETURNS) FOR PERIODS ENDED 30TH JUNE 2021



¹ Source: Morningstar.

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

³ Source: Morningstar. The Company's benchmark is the FTSE 250 Index (excluding investment trusts).

A glossary of terms and APMs is provided on pages 84 and 85.



John Evans
Chairman

Investment Performance

I am pleased to report on a good year for your Company on a number of measures:

First your Company's benchmark, the FTSE 250 Index (excluding investment trusts) recorded a total return of +36.7% for the year to 30th June 2021. This is greater than both the returns of +18.0% for the FTSE 100 Index and +21.5% for the FTSE All-Share Index. The return from the FTSE 250 Index restores the historic pattern of superior performance by mid cap equities in the UK and by some margin.

The recovery in UK and global stock markets following the sell-off in March 2020 was sustained into 2021 as the uncertainty regarding the financial impact of the COVID-19 pandemic began to recede. Stock markets later responded very positively to the announcement of successful vaccine trials in November 2020 and also to the roll out of the vaccination programme in the UK in 2021.

Compared with the benchmark return of +36.7%, your Company's Net Asset Value ("NAV") total return for the year was +48.6%. The healthy margin of outperformance was accounted for by excellent stock selection and the tactical use of gearing by the Investment Managers. Despite this impressive headline return, the year under review was not a straightforward one to navigate. Leadership in the FTSE 250 Index changed regularly as newsflow influenced an often rapidly evolving investment background. In particular, the 'vaccine bounce' in November and December produced a marked change in sentiment towards certain sectors. The Investment Managers maintained their balanced investment approach throughout the year and their key stock selections contributed significantly to the outperformance.

The NAV total return was also assisted by the Company's activity in its own shares. 296,589 shares were purchased and held in Treasury at an average discount of 15.6% between August and October 2020. In June 2021 the Board was pleased to approve the sale of 50,000 shares from Treasury at a premium of 1.26%. These transactions were all NAV enhancing for shareholders.

Finally, the share price discount to NAV at which the Company's shares trade commenced the year at 11.5% but at the year end the discount had narrowed to 2.1%. Consequently, the share price total return for the year was an impressive +65.1%.

The past 18 months have been a challenging time with heightened levels of volatility in markets, new working practices being introduced at short notice and considerable uncertainty as to the economic, social and financial impacts of the pandemic. There remains uncertainty as to how recovery from the pandemic will play out and there may well be some setbacks on the way. Your Board is delighted with the skill that the Investment Managers have shown in managing the portfolio through this crisis. They have been consistent in applying their investment process and the results have been excellent on both an absolute and relative basis, with the Company now comfortably beating its benchmark index over one, three, five and ten year time frames.

The Investment Managers' Report set out on pages 10 to 12 reviews the market and provides more detail on performance.

Revenue and Dividends

While, as illustrated above, stock markets rallied swiftly to discount the potential recovery in corporate profits, dividends from companies have lagged behind significantly, and it will not be until profits and cash flows recover to previous levels that a recovery in dividends will follow. Consequently, the revenue earnings for the year show only a slight improvement on 2020 of 3.2% to 20.32p per share. Earnings were however still some way below the 2019 peak of 35.01p per share.

In 2020, the Board decided to pay a maintained but uncovered dividend of 29.5p per share and drew down £2.3 million of revenue reserve (the equivalent of 9.7p per share) to do so. For 2021, the Board has similarly decided to pay a maintained dividend of 29.5p per share but will utilise a lower level of revenue reserve of 9.1p per share to make this payment. The final dividend of 21.5p will be paid on 12th November 2021 to shareholders on the register at the close of business on 8th October 2021.

Whilst the Company has a capital growth objective, the Board considers that dividends are an important component of shareholder total return over the long term. As such, the Board may from time to time utilise its reserve of previously retained revenue earnings in order to smooth the income paid to shareholders, which is an advantage of the investment trust structure. The revenue forecasts prepared currently show an encouraging outlook and it is the Board's expectation that the dividend can be sustained in future using a progressively lower level of drawdown from reserves. After the payment of the final dividend the Company will have revenue reserves of approximately 21.8p per share. It is important to emphasise that there is no pressure on the Investment Managers to position the portfolio to earn a given income target - rather income is an outcome of the investment process not an objective.

Based upon the year end share price of 1,420.0p, the 29.5p dividend represents a dividend yield of 2.1%.

Gearing and Borrowing Facilities

The Company's gearing strategy is implemented through the use of two committed bank borrowing facilities, which at the year end totalled £45 million.

In the year to June 2021, the Company's net assets rose from £237.4 million to £340.4 million, an increase in excess of 40%. In order to be able to maintain the potential gearing ratio one of the facilities has, since the year end, been renegotiated and increased in size from £15 million to £25 million. Consequently, total borrowings of £55 million are now available to the Company. If fully utilised, and based on the year-end asset value, this would allow gearing to be 16.2%. The Board and Investment Managers agree that the flexibility provided by these bank facilities is an attraction, in order to invest more when markets are attractively valued and less when returns are expected to be poorer, and during the year to June 2021 the gearing level varied between 5.7% and 11.8%.

The Board has determined that in normal circumstances the Company will remain geared, and a range of gearing levels is agreed at each Board meeting but can be reviewed between meetings if appropriate.

The use of LIBOR to reflect the cost of borrowing is coming to an end and the relevant regulatory bodies have decided that a daily compounded rate based on a risk-free rate (SONIA in the case of GBP) should be used as its replacement. The facilities have now been transitioned from LIBOR to SONIA.

Share Price Rating to NAV per Share

As mentioned above the Company has been active in both buying shares into and selling shares out of Treasury during the year. The Board monitors the Company's premium/discount level and seeks, when deemed appropriate, to address imbalances in the supply and demand of the Company's shares through either buybacks or issuance. Treasury shares or any new ordinary shares will only be sold or issued respectively at a premium to the then net asset value per share.

Increased Marketing Promotion of JPMorgan Mid Cap Investment Trust

The result of the EU Membership Referendum in June 2016 and the subsequent uncertainty over the nature of the UK's future relationship with Europe proved to be a significant barrier in attracting investors to consider the UK Mid Cap sector as an attractive asset class.

However, the BREXIT agreement in late December 2019 changed that position and signs of increased interest in the asset class were evident in January and February 2020. The initial period of the COVID-19 pandemic reversed that trend. However, following the sell-off in March 2020 the performance from the FTSE 250 Index was strong and investors became more confident in the UK, seeing it as an undervalued market on a global basis.

Against this background, it was very disappointing to see the share price discount to NAV of your Company move out to such a wide level in the fourth quarter of 2020. Feedback from JPMorgan's regular interaction with existing and potential shareholders indicates that there is considerable interest in the Company. The Board has therefore agreed with the Manager to increase efforts to promote the Company.

To this end a Marketing and Communications Committee of the Board has been established. Hannah Philp Chairs the Committee which will meet twice a year and propose an appropriate budget to the Board to invest in additional marketing of the Company, with the objective of increasing awareness and engagement of the trust with retail investors and to reinforce the Company's key benefits with the retail audience, particularly given the strong performance the Company has enjoyed. The Company's website is in the process of being enhanced to improve the user experience and a marketing campaign has been agreed and will be introduced to the retail market in the coming months.

Asset performance has been strong but the Company operates in a competitive savings market with many investment options available. The Board firmly believes that the Company is an attractive investment opportunity but at a time when there is heightened interest in the asset class, promotion is essential to raise awareness, bringing the company front of mind amongst potential buyers, clearly communicating the opportunity that the Company offers.

Environmental, Social and Governance Considerations

Through the investment process, the Investment Managers look beyond the pure financial attributes of a company or its shares. In looking for sustainable business models and long-lasting competitive advantages, they are increasingly assessing the environmental, social and governance ('ESG') aspects of the companies in which the Company invests. ESG considerations are fully integrated into the investment process and the Board shares the Manager's view of the importance of ESG factors when making investments for the long term and of the necessity of continued engagement with investee companies throughout the duration of the investment. Further information on the Manager's ESG process and engagement is set out in the ESG section on pages 13 to 15.

Annual General Meeting ('AGM')

Regrettably COVID-19 restrictions prevented the holding of the Company's AGM in 2020 in the usual format. The Directors were disappointed not to be able to have the usual interaction with shareholders at this forum. Current indications are that a more familiar format for the AGM may be permissible in November this year and, to that end, the AGM is scheduled to be held at 2.30 p.m. on Tuesday 2nd November 2021 at 60 Victoria Embankment, London EC4Y 0JP.

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

As is normal practice, all voting on the resolutions will be conducted on a poll. Due to technological reasons, shareholders viewing the meeting via conferencing software will not be able to vote on the poll and we therefore encourage all shareholders, and particularly those who cannot attend physically, to exercise their votes in advance of the meeting by completing and submitting their form of proxy. Shareholders are encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at the email address above. We will endeavour to answer relevant questions at the meeting or via the website depending on arrangements in place at the time.

The formal business of the AGM will include the adoption of new articles of association of the Company (full details of which are set out in the Appendix on pages 82 and 83). The two principal changes to the Company's articles are described below.

The first alteration will give the Company permission to distribute its realised capital reserves as dividends, should it choose to do so. The context for this is that in 2012 a change to the Companies Act allowed Investment Companies, which had been granted the permission by shareholders, to distribute any surplus arising from the realisation of its investments – the balance held in realised capital reserves. Many Investment Companies, by changing their articles appropriately, now have permission to distribute capital reserves. Your Board considers it prudent to have the ability to distribute capital reserves as dividends, as it provides a flexible and potentially competitive advantage to investment companies when compared with other fund structures. It is important to emphasise that the Board has no immediate or indeed medium-term intention to utilise this power, but considers it important to retain it as an option.

The other noteworthy change relates to the various formats of AGM that the Company may choose to use. This is a topic brought into stark focus by the social distancing rules introduced by the COVID-19 pandemic. Last year's AGM took place and was attended by the minimum requisite number of shareholders. The Directors are seeking permission to be able to hold, in extremis, a virtual AGM if the then situation makes that prudent to do so. Once again, there is no intention to hold such a meeting, but as the past 18 months has demonstrated, events can unfold in a wholly unpredictable manner and the Board would like to have maximum flexibility to deal with unexpected circumstances.

Your Board would encourage shareholders to support these and the other more procedural changes that are proposed.

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

Outlook

Currently the UK is moving rapidly towards a removal of all the COVID-19 restrictions that have dominated economic and social activity since March 2020. Recent history, however, suggests that the pandemic has the ability to surprise and new variants and further infection waves remain a risk. Markets are not currently priced for a reintroduction of restrictions.

However, the optimism in markets would appear well founded, particularly from an earnings recovery and valuation viewpoint. The recent level and scale of earnings upgrades versus downgrades for UK Companies is at unprecedented levels and investors are operating in an environment in which best expectations are generally achieved or exceeded. This is very positive and also coincides with a view that the UK Mid Cap sector remains undervalued – illustrated by an elevated level of bid activity for constituents of the Mid Cap universe.

The portfolio was managed extremely well by our Investment Managers through the difficulties posed by the pandemic and the Board has full confidence that this will continue through the next phase of this cycle.

John Evans
Chairman

16th September 2021



Georgina Brittain
Investment Manager



Katen Patel
Investment Manager

Performance and Market Background

Your Company's financial year to 30th June 2021 was inevitably dominated by COVID-19. Further lockdowns that followed the initial one in the Spring of 2020 continued to wreak havoc on the UK economy, although they were notably less damaging than the first lockdown. The fantastic arrival of vaccines in November 2020 and the UK's subsequent success in its vaccination roll-out programme opened the path to recovery and the stock market reacted accordingly. The Bank of England's recent forecasts are for GDP growth of 7.25% in 2021, followed by 6.0% in 2022, as the economy rebounds from the 10.0% GDP decline in 2020.

Against this backdrop, your Company produced a very strong Net Asset Value ('NAV') total return of +48.6% in the financial year, compared to a return of +36.7% for the FTSE 250 Index (excluding investment trusts). The share price total return was notably higher at 65.1%, as the discount of the share price relative to net assets narrowed, due to renewed interest in the UK equity market, and in particular to the more domestically focused FTSE 250.

PERFORMANCE ATTRIBUTION

YEAR ENDED 30TH JUNE 2021

	%	%
Contributions to total returns		
Benchmark return ^{APM}		36.7
Stock & sector selection	8.6	
Gearing/net cash	3.9	
Investment Manager contribution		12.5
Portfolio return		49.2
Fees/other expenses	-0.6	
Other effects		-0.6
Return on net assets ^{APM}		48.6
Return to shareholders ^{APM}		65.1

Source: J.P. Morgan/Morningstar.

All figures are on a total return basis.

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

^{APM} Alternative Performance Measure ('APM').

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Portfolio

A number of our largest and long-held positions contributed to the strong performance of your Company over the year. Key among these were Future, Pets at Home, Watches of Switzerland and Games Workshop, all of which delivered strong results and share price performance. In addition, our sizeable positions in OSB (formerly OneSavings Bank) and the housebuilder, Vistry, were notable contributors, having fallen precipitously at the onset of COVID-19. Our decision to add to a number of these companies as share prices fell was validated through the year.

On the negative side, four of the largest detractors from performance, relative to the benchmark, were all due to M&A (Mergers & Acquisitions). John Laing, G4S, William Hill and Morrisons all succumbed to bids during the year, and all were large constituents of our index, which the Company did not hold. There were many other bids during the year in the FTSE 250 arena - St Modwen, Aggreko, Gamesys, to name but a few but we failed to benefit from any of these as again such positions were not in the portfolio. Thankfully, post the year end, we had our first bid in over 18 months, with an approach for Meggitt, a company we invested in at the start of the year.

The last year was not only a strong one for M&A, especially in the FTSE 250, but also for IPOs (Initial Public Offerings). A large number of new companies came to the market, and after extensive due diligence we participated in several, including Victorian Plumbing (online bathroom retailer), Alphawave IP (semi-conductor developer), Bytes (value-added tech reseller) and Moonpig (online card retailer). We are excited by what we believe to be high quality and high growth new companies currently coming to the market. Other new additions to the portfolio over the year included the DIY retailer Wickes through its demerger from Travis Perkins, and three companies exposed to the much maligned consumer leisure sector - Rank (a casino operator), Restaurant Group (a group of restaurants) and Mitchells and Butlers (a pubs and bars operator). Exits from the portfolio included Weir and Kingfisher, on promotion to the FTSE 100, and Sabre Insurance, Telecom Plus and Beazley, on weaker than expected operational performance.

Outlook

At the start of 2021, we laid out in our Interim Report our reasons for being positive on the UK economy, and the more domestically biased FTSE 250 in particular. To date the economic recovery has been even stronger than we expected. Government support towards UK companies over the last 18 months has been well designed and we believe this has contributed to the pace of recovery. In addition, current unemployment levels are much lower than feared. While the furlough scheme continues to provide support until the end of September, the number of employees benefitting from the scheme has sharply reduced. Other positives include the very strong purchasing managers' data (a good lead indicator which indicates the prevailing direction of economic trends in the manufacturing and service sectors), rock bottom interest rates, and the growing propensity of the stalwart UK consumer to spend again. Recent Barclaycard consumer spending data suggested that non-essential spending in July recorded its highest growth since before the first UK lockdown, up +10.4% versus 2019, with 25% of consumers stating that they have been dipping into their savings to make the most of post-lockdown life. This had been part of our thesis on the roadmap to recovery. UK households significantly increased their savings last year, to the tune of over £150 billion excess savings, and this led us to tilt the portfolio to a significant overweight to the UK domestic economy and the UK consumer in particular. Our largest sector overweight is in General Retail.

There are a number of counters to these positives. First and foremost, in all of our minds, the mutating strains of COVID-19 have seen case numbers rise again in the UK and elsewhere in recent months. However, the link between cases and hospitalisations has decoupled significantly compared to the peak in the UK, due to over 80% of the adult population that have been double-vaccinated. Of additional immediate concern are the current inflationary pressures, in the UK and globally. The Bank of England forecasts inflation to hit 4% by the end of 2021 and then to decline. We will be monitoring this and its impact both on our companies and on interest rates very closely. Further out, there is the magnitude of the UK's debt, and at some point, the inevitable end of Central Banks' asset purchases and the normalisation of interest rates.

Taking these risks into account, we continue to remain very positive on the outlook for our companies and for the FTSE 250 Index. With Brexit completed in December 2020, we finally have an end to five years of uncertainty, and initial indications suggest limited disruption to trading. The index has hit an all time high, and looking out to 2022 is now on a P/E ratio of 15.8x, which is slightly above its long run average. However, earnings are forecast to grow 27% this year and 13% next and we believe our companies will grow faster than this. Whilst we are closely monitoring the impact of global supply chain issues and inflationary pressures, the strength of the economic backdrop is very positive, and the ongoing rush of M&A provides clear evidence of the value seen in the UK stockmarket.

Normality beckons, and is coming closer. A stronger economic rebound than expected, a consumer willing to spend, better than expected results from a large number of our portfolio companies and balance sheets being repaired, all provide a strong platform for growth and we expect this to lead to continued strong performance from our companies.

Georgina Brittain

Katen Patel

Investment Managers

16th September 2021

Manager's Approach to ESG and JPMorgan Mid Cap Investment Trust plc

Introduction

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

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

The basics: what is ESG?

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

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

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

As Investment Managers of the Company's portfolio we think of these factors as additional inputs that help us make better investment decisions and so we follow an approach that integrates a consideration of ESG factors into our investment process. We believe this will benefit shareholders by helping to deliver enhanced risk-adjusted returns over the long run.

Why do we integrate ESG into our investment processes?

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

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

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

ESG Integration within the Company's portfolio

For us, ESG integration does not simply involve paying external vendors for ESG information; it rests heavily on our own proprietary research, on both a fundamental and a quantitative basis. When we look at a potential investment, we complete a globally consistent checklist of 40 ESG questions, 12 on environmental issues, 12 on social factors and 16 relating to governance. In addition, a quantitative-led ESG score uses third-party ESG data, weighted according to our own views on materiality.

As we continue to develop and refine our ESG analysis we are building a framework to identify which sub-industries are more (or less) attractive from an ESG perspective; and systematically to identify best-in-class businesses within these sectors.

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

Engagement

Active engagement with companies has long been an integral part of our approach to our investment and to ESG. We use it not only to understand how companies consider issues related to ESG but also to try to influence their behaviour and encourage best practices, for the purpose of enhancing returns for our clients. We engage with all companies in the portfolio on a regular basis, often several times in the course of a year. Our long history of active management enables us to have longer term dialogue directly with portfolio companies' management teams and so encourage companies to implement best practices on ESG matters. Alongside this direct engagement, we endeavour to vote at all of the meetings called by companies in which your portfolio invests.

A few examples of our recent activity with regard to stewardship and engagement with stocks in the Company's portfolio at the end of the year are provided below:

We held a meeting with Ashtead to speak about the proposed revision to pay policy to include a one-off, special long term incentive planning award for its executives and employees. Ashtead's approach to remuneration is broadly unchanged since 2016 and we believe it has fallen behind competitive practice. Therefore, it was key to review remuneration to ensure it continues to reflect the company's performance-oriented culture, through clear linkage to stretching goals and overall corporate performance, as well as aligning with the interests of the wider workforce and other stakeholder groups. Although we welcomed many aspects of the proposals, we noted that they are generous and will result in a significant increase in potential total pay. We welcome the inclusion of ESG metrics but believe that their targets for carbon reduction are not sufficient to deliver on the ambitions of the Paris Agreement; consequently, we asked Ashtead to significantly increase this threshold. This was well received by Ashtead, who expressed a willingness to revisit these issues and further assess its proposals.

Our Investment Stewardship Team provided feedback to the Chair of the Remuneration Committee at JD Sports, the UK-based sports retailer, on proposed revisions to their long term incentive plan (LTIP). We welcome the adoption of equity in the LTIP as we believe this generally ensures good alignment of executives' incentives with corporate performance. However, we recommended an increase in the share portion of the LTIP, up from a minimum of 33% to 51% for the CFO. The committee responded by reiterating the fact that the minimum of 33% only applies to the CFO who, despite his role on the Board, also operates as part of the senior management team and so there is a need to maintain some alignment between his remuneration structure and that of his colleagues in the senior team, who currently participate in an all cash scheme. The Committee said it intends to increase the minimum equity share portion for the CFO as soon as possible as it wishes to extend the share based LTIP to other key members of the senior team. Lastly, we reiterated our stance of encouraging investee companies to think carefully about annual bonus levels for 2020 in cases where the company has relied on government support/furlough schemes to navigate the pandemic. JD Sports acknowledged the situation and confirmed that the company had adapted through the pandemic to manage costs, including suspension of dividend payments and significant pay cuts for senior management and Board members. It also affirmed that the Executive Chairman had received a reduced bonus level this year compared to previous years. The company has now decided to reinstate the payment of dividends and also to return to more normal levels of pay for executive and senior team members as the situation improves.

Our IEG investors and our Investment Stewardship team engaged with Boohoo, meeting with Alistair Davies, Investor Relations, Tom Kershaw, General Counsel and Company Secretary, Emma Woollard, Assistant Company Secretary and Andrew Reaney, Director of Responsible Sourcing and Group Product Operations. We primarily focused on governance and social factors around Boohoo's supply chain management and their 'Agenda For Change' programme. Overall, we were happy with the progress made within the Agenda For Change programme and implementation of supply chain Tier 1 and Tier 2 lists, which have been executed in the public domain. We were pleased to hear that they are using a key performance indicator of zero tolerance for audit failures on their supply chain. There has been traction and we see Boohoo moving in a positive trajectory, but we consider that the company has yet to deliver further progress and changes. Sir Brian Leveson is due to provide an update in Q3/Q4 2021. We will continue engagement with members of the Boohoo Board.

Proxy Voting

J.P. Morgan Asset Management exercises the voting rights of shares held in client portfolios, where entrusted with this responsibility. We seek to vote in a prudent and diligent manner, based exclusively on our reasonable judgement of what will best serve the financial interests of our clients. We will aim to vote at all meetings called by the companies in which we are invested, unless there are any market restrictions or conflicts of interests.

We believe that corporate governance is integral to our investment process. We examine the share structure and voting structure of the companies in which we invest, as well as the board balance, oversight functions and remuneration policy. For full details, please see the J.P. Morgan Asset Management Corporate Governance Policy & Voting Guidelines, copies of which are available on request, or to download from our website.

A summary of key voting statistics and activity for the year in your portfolio is detailed below:

Meetings voted	67	(100.0%)
Votes with management	1,200	(97.8%)
Votes against management	27	(2.2%)
Abstentions	0	(0.0%)

A few examples of our recent voting activity are provided below:

J.P. Morgan Asset Management voted against director elections at **CLS** due to concerns over the lack of independence of the Board. Following the AGM less than half of the Board, excluding the Chair, will comprise independent directors. These practices deviate from the recommendations of the UK Corporate Governance Code.

J.P. Morgan Asset Management voted against approving the remuneration report and remuneration at **Cineworld** due to concerns over the 2021 LTIP providing a significant block award to executives that is subject to vest on the achievement of share price performance, and performance targets were not deemed to be stretching enough. These practices deviate from the recommendations of the UK Corporate Governance Code.

J. P. Morgan Asset Management voted against executive pay at UK retailer **Boohoo**. The company has been under the spotlight to establish stringent policies and procedures on its supply chain and working conditions, since the allegations surfaced of labour issues and poor working practices at its factories. Subsequently, since the independent review, they have introduced an Agenda For Change Programme. Boohoo announced a series of changes towards their governance and supply chain management processes, where a list of T1 and T2 suppliers have been named and they have appointed a Sustainability professional to lead the projects of maintaining their supplier list and created a detailed audit process. J. P Morgan Asset Management have had extensive engagement with the company and acknowledge that they have made some promising changes. We engaged with the Boohoo, prior to their upcoming shareholder meeting, to discuss the re-election of one of their female directors, and to discuss a rationale for approving the management incentive plan. We decided that a vote in support of the female director was credible, given her skill set and background of the board. We voted against approving the management incentive plan, due to the potential significant payout opportunity for the management board. Since the Agenda For Change programme is still in its premature stage, we did not see fit to approve these changes to the compensation package.

The Future

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

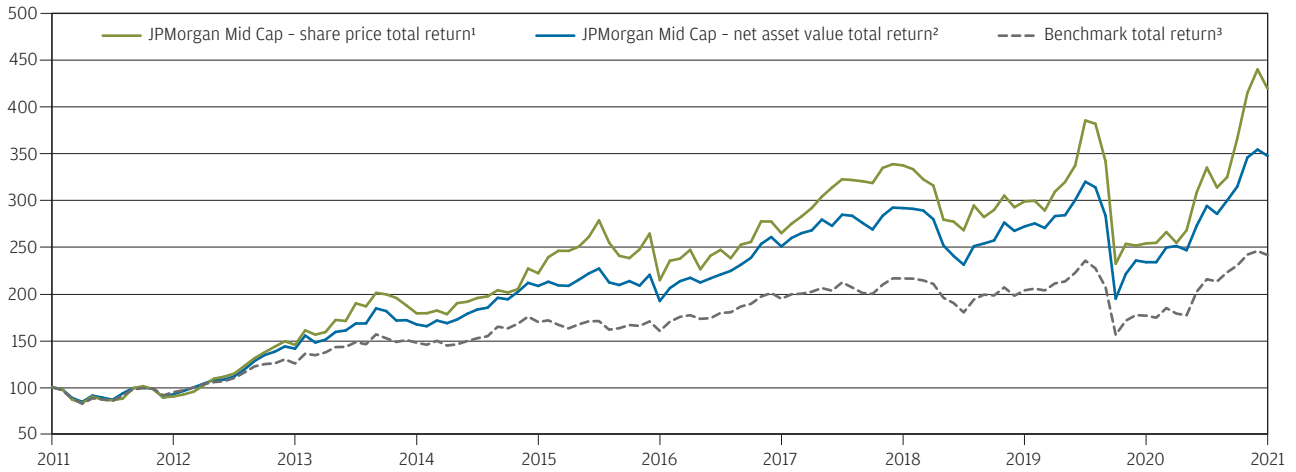
J.P. Morgan Asset Management

16th September 2021

TEN YEAR RECORD

TEN YEAR PERFORMANCE

FIGURES HAVE BEEN REBASED TO 100 AT 30TH JUNE 2011



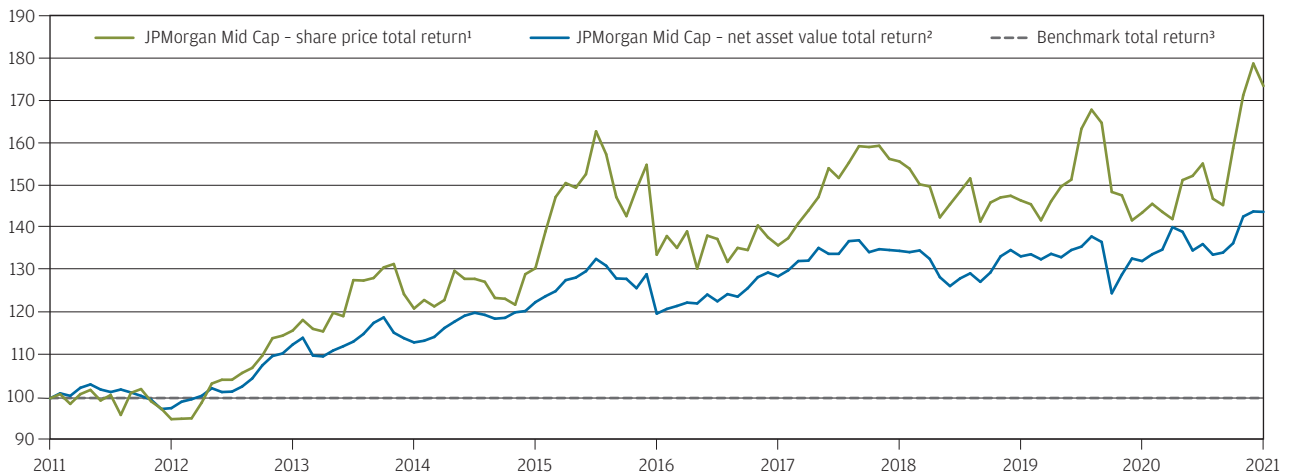
¹ Source: Morningstar/J.P. Morgan.

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

³ Source: Morningstar. The Company's benchmark is the FTSE 250 Index (excluding investment trusts).

TEN YEAR PERFORMANCE RELATIVE TO BENCHMARK

FIGURES HAVE BEEN REBASED TO 100 AT 30TH JUNE 2011



¹ Source: Morningstar/J.P. Morgan.

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

³ Source: Morningstar. The Company's benchmark is the FTSE 250 Index (excluding investment trusts).

TEN YEAR FINANCIAL RECORD

At 30th June	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Shareholders' funds (£'m)	135.6	116.6	172.1	199.1	242.4	218.3	275.9	314.1	284.6	237.4	340.4
Net asset value per share (p) ^{APM}	543.2	483.9	717.3	829.6	1,010.1	909.6	1,157.6	1,319.2	1,199.9	1,001.3	1,450.6
Share price (p)	455.0	393.0	611.5	734.5	886.0	835.0	1,004.0	1,250.0	1,077.5	886.0	1,420.0
Discount (%) ^{APM}	16.2	18.8	14.7	11.5	12.3	8.2	13.3	5.2	10.2	11.5	2.1
Gearing/(net cash) (%) ^{APM}	6.0	4.2	12.2	8.1	9.1	(0.5)	2.3	4.6	4.4	5.6	9.2

Year ended 30th June

Revenue attributable to											
shareholders (£'000)	2,961	3,938	5,030	5,200	6,847	7,067	7,391	7,888	8,320	4,670	4,771
Revenue return per share (p) ^{APM}	11.81	16.04	20.95	21.67	28.53	29.45	30.88	33.12	35.01	19.69	20.32
Ordinary dividend per share (p)	17.0	17.0	17.0	18.0	20.0	21.0	23.0	26.5	29.5	29.5	29.5
Special dividend per share (p)	–	–	1.0	–	4.5	4.5	3.0	1.5	–	–	–
Ongoing charges ratio (%) ^{APM}	0.72	0.80	0.66	0.97	0.95	0.91	0.86	0.83	0.87	0.88	0.83

Rebased to 100 at 30th June 2011

Total return to shareholders ^{1,APM}	100.0	90.2	145.4	179.1	222.0	214.6	264.9	337.4	298.8	253.9	419.3
Total return on net assets ^{2,APM}	100.0	92.6	141.3	167.2	208.4	192.3	250.7	291.7	272.0	233.8	347.5
Benchmark total return ^{3,APM}	100.0	94.8	125.4	147.7	169.8	160.2	194.6	216.4	203.7	176.6	241.4

¹ Source: Morningstar/J.P. Morgan.

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

³ Source: Morningstar. The Company's benchmark is the FTSE 250 Index (excluding investment trusts).

^{APM} Alternative Performance Measure ('APM').

A glossary of terms and APMS is provided on pages 84 and 85.

TEN LARGEST INVESTMENTS

AT 30TH JUNE

Company	Sector ¹	2021 Valuation		2020 Valuation	
		£'000	% ²	£'000	% ²
Future	Consumer Discretionary	21,284	5.7	8,968	3.6
Games Workshop	Consumer Discretionary	18,240	4.9	15,629	6.2
Dunelm	Consumer Discretionary	14,545	3.9	11,058	4.4
Vistry ³	Consumer Discretionary	14,288	3.8	6,217	2.5
Pets at Home ³	Consumer Discretionary	13,178	3.6	6,226	2.5
OSB ⁴	Financials	12,337	3.3	-	-
Bellway	Consumer Discretionary	12,146	3.3	9,547	3.8
JD Sports Fashion	Consumer Discretionary	11,620	3.1	9,977	4.0
Computacenter	Technology	11,445	3.1	7,138	2.8
Wizz Air ³	Consumer Discretionary	10,958	3.0	5,664	2.3
Total		140,041	37.7		

¹ Effective 19th March 2021, all FTSE Russell indexes have adopted the newly-enhanced ICB structure. The 2020 sector allocations have been restated using the new structure.

² Based on total portfolio of £371.8m (2020: £250.7m).

³ Not included in the ten largest investments at 30th June 2020.

⁴ Not held in the portfolio at 30th June 2020.

At 30th June 2020, the value of the ten largest investments amounted to £93,288,000 representing 37.2% of the total portfolio.

PORTFOLIO ANALYSIS

	30th June 2021		30th June 2020	
	Portfolio % ¹	Benchmark % ²	Portfolio % ¹	Benchmark % ²
Consumer Discretionary	52.3	23.8	41.2	20.5
Industrials	18.6	22.0	13.9	25.6
Financials	12.7	15.9	19.7	18.1
Technology	6.4	4.0	8.4	3.5
Basic Materials	2.7	3.9	3.1	4.4
Consumer Staples	2.5	6.3	2.2	5.0
Health Care	2.3	6.3	1.5	5.2
Real Estate	1.7	11.6	6.2	12.9
Telecommunications	0.8	1.3	3.8	1.8
Utilities	–	3.4	–	1.7
Energy	–	1.5	–	1.3
Total	100.0	100.0	100.0	100.0

¹ Based on total portfolio of £371.8m (2020: £250.7m).

² Effective 19th March 2021, all FTSE Russell indexes have adopted the newly-enhanced ICB structure. The 2020 figures have been restated to reflect these changes.

INVESTMENT ACTIVITY

DURING THE YEAR ENDED 30TH JUNE 2021

	Value at 30th June 2020		Benchmark Classification ¹	Purchases	Sales	Change in valuation	Value at 30th June 2021	
	£'000	%					£'000	£'000
FTSE 250 Index companies	210,035	83.8	(4,409)	116,350	(91,057)	95,898	326,817	87.9
FTSE 100 Index companies	32,234	12.8	2,663	–	(20,539)	10,524	24,882	6.7
AIM Listed companies	8,458	3.4	–	5,193	(568)	2,356	15,439	4.1
Other investments ²	–	–	1,746	3,705	(792)	(2)	4,657	1.3
Total portfolio	250,727	100.0	–	125,248	(112,956)	108,776	371,795	100.0

¹ Movement in relation to the reclassification of the indices during the year.

² At 30th June 2021, Alphawave IP and Provident Financial were listed on the main market but not included in any of the above indices.

PORTFOLIO INFORMATION

LIST OF INVESTMENTS AT 30TH JUNE 2021

Company	Valuation £'000	Company	Valuation £'000	Company	Valuation £'000
CONSUMER DISCRETIONARY		INDUSTRIALS		BASIC MATERIALS	
Future	21,284	Grafton	10,036	RHI Magnesita	4,658
Games Workshop	18,240	IMI	9,283	Ferrexpo	3,401
Dunelm	14,545	Ashtead ¹	6,544	Hill & Smith	2,092
Vistry	14,288	Meggitt	5,304		10,151
Pets at Home	13,178	Serco	5,252	CONSUMER STAPLES	
Bellway	12,146	Diploma	5,082	Premier Foods	5,535
JD Sports Fashion ¹	11,620	Rotork	4,766	Britvic	3,935
Wizz Air	10,958	Royal Mail	4,606		9,470
Watches of Switzerland	10,032	Oxford Instruments	3,811	HEALTH CARE	
Howden Joinery	6,819	Morgan Sindall	3,655	Dechra Pharmaceuticals	5,899
JET2 ²	6,681	Page	3,494	Indivior	2,520
Travis Perkins	5,653	QinetiQ	2,697		8,419
888	5,428	Marshalls	2,673	REAL ESTATE	
Dixons Carphone	4,948	FDM	1,836	Savills	2,472
National Express	4,745		69,039	Workspace	2,335
WH Smith	3,941	FINANCIALS		CLS	1,563
Frasers	3,736	OSB	12,337		6,370
Mitchells & Butlers	3,622	CMC Markets	6,900	TELECOMMUNICATIONS	
Victorian Plumbing ²	3,213	Intermediate Capital ¹	5,201	Spirent Communications	2,957
Restaurant	2,496	Man	4,812		2,957
Wickes	2,423	Liontrust Asset Management	4,794	TOTAL INVESTMENTS	
Boohoo ²	2,375	Close Brothers	3,969		371,795
easyJet	2,148	Brewin Dolphin	3,510	¹ FTSE 100 Index companies.	
Rank	1,944	IntegraFin	2,212	² AIM listed companies.	
Cineworld	1,812	Provident Financial	1,926		
Team17 ²	1,800	TBC Bank	1,450		
Moonpig	1,608		47,111		
B&M European Value Retail ¹	1,517	TECHNOLOGY			
Keywords Studios ²	1,370	Computacenter	11,445		
	194,570	Softcat	4,973		
		Bytes Technology	4,559		
		Alphawave IP	2,731		
			23,708		

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. 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 restrictions and guidelines, performance, total return, revenue and dividends, key performance indicators, share capital, Board diversity, discount management, employees, social, community and human rights issues, principal and emerging risks and how the Company seeks to manage those risks and finally its long term viability.

The Company's Purpose, Values, Strategy and Culture

The purpose of the Company is to provide a cost effective, sustainable investment vehicle for investors who seek long term capital growth from a portfolio of medium-sized UK quoted companies, which outperforms its benchmark index over the longer term, taking account of wider issues including environmental, social and governance matters. To achieve this, the Board of Directors is responsible for employing and overseeing an investment management company that has appropriate investment expertise, resources and controls in place to meet the Company's investment objective. To ensure that it is aligned with the Company's purpose, values and strategy, the Board comprises Directors from a diverse background who have a breadth of relevant experience and contribute in an open boardroom culture that both supports and challenges the investment management company and its other third party suppliers. For more information, please refer to page 32.

Objective of the Company

The Company's objective is to provide shareholders with capital growth from investment in medium-sized UK listed companies. It aims to outperform a benchmark, that is the FTSE 250 Index (excluding investment trusts), with dividends reinvested.

Structure of the Company

JPMorgan Mid Cap Investment Trust plc is an investment trust and public limited company, limited by shares, with a premium listing on the London Stock Exchange. In seeking to achieve its objective the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') to manage actively the Company's assets. The Board has determined an investment policy and related guidelines and limits, as described below.

The Company is subject to legislation and regulations including UK company law, UK Financial Reporting Standards, the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, the Market Abuse Regulations, taxation law and the Company's

own Articles of Association. Since 31st December 2020, new autonomous UK regulations became effective and the UK no longer applies EU regulations. The potential impact of the UK's withdrawal from the EU is uncertain. However, those EU regulations that were relevant to the Company have been incorporated by UK regulations and therefore there has been no change in practice from last year.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HMRC as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). The Directors have no reason to believe that the Company will not continue to retain its investment trust status. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 6 to 9, and in the Investment Managers' Report on pages 10 to 12.

Investment Policies and Risk Management

In order to achieve its objective, the Company invests in a diversified portfolio, concentrating on FTSE 250 companies that deliver strong capital growth. The Investment Managers seek out both value stocks and growth stocks, including AIM stocks, to deliver strong performance throughout the market cycle. The portfolio has a significant exposure to the UK economy, with selective exposure to overseas earnings. Gearing is used, as appropriate, to increase potential returns to shareholders.

Investment Limits and Restrictions

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

- The Company will not invest more than 15% of its assets in other UK listed investment companies.
- No more than 15% of the portfolio at prevailing values may be invested outside the FTSE 250 Index. Investments outside the FTSE 250 Index can include AIM stocks.
- The Company will not invest more than 10% of assets in companies that themselves may invest more than 15% of gross assets in UK listed investment companies.
- The Company will not invest more than 10% of its assets in any one individual stock at the time of acquisition.
- The Company's Gearing policy is to operate within a range of 10% net cash to 20% geared in normal market conditions.

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

Performance

In the year to 30th June 2021, the Company produced a total return on net assets of +48.6% and a total return to shareholders of +65.1%. This compares with the total return on the Company's benchmark index of +36.7%. As at 30th June 2021, the value of the Company's investment portfolio was £371.8 million (2020: £250.7 million). The Investment Managers' Report on pages 10 to 12 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross total return for the year amounted to £114.7 million (2020: £36.9 million loss) and net total return after deducting finance costs, management fees, administrative expenses and taxation amounted to £111.8 million (2020: £40.1 million loss). Distributable income for the year amounted to £4.8 million (2020: £4.7 million).

The Directors recommend a final dividend of 21.5p (2020: 21.5p) per share, payable on 12th November 2021 to shareholders on the register at the close of business on 8th October 2021. This distribution, will amount to £5,044,000 (2020: £5,098,000). An interim dividend of 8.0p per share (2020: 8.0p per share) was paid on 23rd April 2021. Following the payment of these dividends, the revenue reserve will amount to £5,111,000 (2020: £7,201,000), equivalent to 21.8p per share or 0.74 times the proposed dividend for the year.

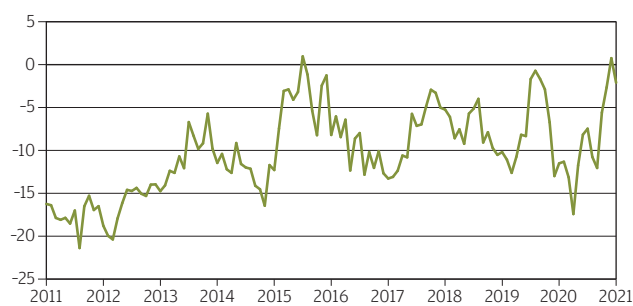
Key Performance Indicators ('KPIs')

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

- Performance against the benchmark index**
 This is the most important KPI by which performance is judged. Information on the Company's performance is given in the Chairman's Statement and the Investment Managers' Report. (Also please refer to the graphs on page 16).
- 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 stock and sector allocation and gearing. Details of the attribution analysis for the year ended 30th June 2021 are given in the Investment Managers' Report on page 10.
- Share price rating to net asset value ('NAV') per share**
 The Board has share issuance and repurchase policies in place which seek, where possible, to address imbalances in

supply of and demand for the Company's shares within the market and thereby reduce the volatility and absolute level of the premium or discount to NAV at which the Company's shares trade and in relation to its peers in the sector. In the year to 30th June 2021, the shares traded between a discount of 18.0% and a premium of 1.9% to the cum income net asset value using daily data. More information on the Board's share issuance and repurchase policies is given in the Chairman's Statement.

Discount Performance (month end data)



Source: Morningstar.

— JPMorgan Mid Cap - share price discount to cum income net asset value per share (month end data).

- Ongoing charges**

The Ongoing Charges Ratio represents the Company's management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average of the daily net assets during the year. The Ongoing Charges Ratio for the year ended 30th June 2021 was 0.83% (2020: 0.88%). The Board reviews each year an analysis which shows a comparison of the Company's Ongoing Charges Ratio and its main expenses with those of its peers.

Share Capital

The Directors have authority on behalf of the Company to repurchase shares in the market either for cancellation or into Treasury and to sell Treasury shares or issue new Ordinary shares for cash. During the year 296,589 Ordinary shares were repurchased into Treasury (2020: 6,321) and 50,000 shares were sold from Treasury (2020: nil).

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

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an

appropriate range of skills and experience to the Board and an assessment is made of the qualities and skills of the existing Board before appointing new directors. When completing a review of the skills and experience of Directors, the Board feels that they are equipped with the necessary attributes required for the sound stewardship of the Company and that their knowledge sets allow for lively and engaging debates.

Full details of the skills and experience of the Directors can be found on page 32. At 30th June 2021, there were three male Directors and two female Directors on the Board. Please refer to page 37 for more information on the workings of the Nomination Committee.

Employees, Social, Community and Human Rights Issues

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.

Environmental, Social and Governance ('ESG')

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

JPMAM believes that companies should act in a socially responsible manner. We believe environmental, social and governance ('ESG') considerations, particularly those related to governance, can play a critical role in long-term investment strategy. As an active investment manager, engagement is an important and ongoing component of our investment process, and we view frequent and direct contact with company management as critically important. When considering investment options, we supplement our proprietary thinking with research from a variety of third-party specialist providers and engage directly with companies on a wide array of ESG issues. Our governance specialists regularly attend scheduled one-on-one company meetings alongside investment analysts to help identify and discuss relevant issues. Although our priority at all times is the best economic interests of our clients, we recognise that ESG issues have the potential to impact the share price, as well as the reputation of companies.

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

The Modern Slavery Act 2016 (the 'MSA')

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

Greenhouse Gas Emissions

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

Criminal Corporate Offence

The Company has zero tolerance for tax evasion. Shares in the Company are purchased through intermediaries or brokers and 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 and Emerging Risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. With the assistance of JPMF, the Audit & Risk Committee has drawn up a risk matrix, which identifies the key risks to the Company. These are reviewed and noted by the Board. The risks identified and the broad categories in which they fall, and the ways in which they are managed or mitigated are summarised below. The AIC Code of Corporate Governance requires the Audit & Risk Committee to put in place procedures to identify emerging risks. The key emerging risks identified are also summarised below.

PRINCIPAL AND EMERGING RISKS

Principal Risk	Description	Mitigating Activities
Investment Management and Performance		
Underperformance	Poor implementation of the investment strategy may lead to underperformance against the Company's benchmark index and peer companies.	A broadly diversified portfolio of equities is managed in line with Board-approved investment restrictions and guidelines. Investments are monitored and reported on by the Manager who provides the Board with regular information, including performance data, attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Managers and reviews data which show measures of the Company's risk profile. The Investment Managers employ the Company's gearing within a strategic range set by the Board.
Discount Control Risk	Investment trust shares often trade at discounts to their underlying NAVs; they can also trade at a premium. Discounts and premiums can fluctuate considerably leading to volatile returns for shareholders.	The Board monitors the share price against the absolute and sector relative premium/discount levels. The Board reviews sales and marketing activity and sector relative performance (considered the primary drivers of the relative discount level). The Company also has authority to buy back its existing shares to enhance the NAV per share for remaining shareholders and to reduce the absolute level of discount and discount volatility.
Market and Economic Risk	Market risk arises from uncertainty about the future prices of the Company's investments, which may reflect underlying uncertainties arising from economic, social, fiscal, climate and regulatory changes. Since early 2020, the ongoing uncertainty resulting from the COVID-19 pandemic has contributed to increased market volatility. This risk represents the potential loss the Company might suffer through holding investments in falling markets.	The Board believes that shareholders expect that the Company will and should be fairly fully invested in UK equities and would normally only seek to mitigate market risk through guidelines on gearing. The Manager reports regularly to the Board on the market outlook and the Board provides the Investment Managers discretion on acceptable levels of gearing and/or cash. The Company's gearing policy is to operate within a range of 10% net cash to 20% geared. The Board considers regularly thematic and factor risks, stock selection and levels of gearing and has set investment restrictions and guidelines which are monitored and reported on by the Manager.
Inappropriate Gearing Levels (both over and under gearing of the portfolio)	The Company borrows money for investment purposes. If the investments fall in value, any borrowings will magnify the extent of this loss. If borrowing facilities are not renewed, either because banks stop lending or the Company cannot borrow at an appropriate rate or tenor, the Company may have to sell investments to repay borrowings and/or a lack of borrowing facilities would leave the Company unable to access potential opportunities and lag behind the performance of its geared peers.	To mitigate this risk all borrowing arrangements are monitored by the Board and those requiring Board approval, as well as and leverage levels, are discussed with the investment managers at every Board meeting. Covenant levels are monitored regularly. The Company's investments are in quoted securities that are readily realisable. The Board ensures that any renewal or replacement of such facilities is addressed early; the Manager has regular discussions with banks on lending appetite and pricing throughout the year. Further information on leverage can be found on page 66 and in the Glossary of Terms and Alternative Performance measures on pages 84 and 85.

PRINCIPAL AND EMERGING RISKS

Principal Risk	Description	Mitigating Activities
Operational Risks		
Outsourcing	<p>Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the Depositary or Custodian's records may cause inaccurate reporting and monitoring of the Company's financial position or result in a misappropriation of assets.</p>	<p>Details of how the Board monitors the outsourced services and the key elements of the risk management and internal control framework governing these services are included within the Risk Management and Internal Controls section of the Corporate Governance Statement on pages 38 and 39.</p> <p>The Manager has a comprehensive business continuity plan to safeguard the continued operation of the business in the event of a service disruption (including from COVID-19). Since the introduction of the COVID-19 restrictions, Directors have received assurances that the Manager and its key third party service providers have all maintained service levels.</p>
Cyber Crime	<p>The threat of cyber attack is regarded as at least as important as more traditional physical threats to business continuity and security.</p> <p>In addition to threatening the Company's operations, such an attack is likely to raise reputational issues which may damage the Company's share price and reduce demand for its shares.</p>	<p>The Company benefits directly and/or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around physical security of JPMorgan's data centres, security of its networks and security of its trading applications, are tested by independent auditors and reported every six months against the AAF Standard.</p>
Regulatory Risks		
Statutory and Regulatory Compliance	<p>Failure to comply with relevant statute law or regulation may have an impact on the Company both in terms of fines and in terms of its ability to continue to operate.</p>	<p>The Manager provides investment, company secretarial, administration and accounting services through qualified third party professional providers. The Board receives regular reports from them in respect of their compliance with all applicable rules and regulations.</p>
Regulatory Change	<p>The Company's business model could become non-viable as a result of new or revised rules or regulations arising from, for example, policy change or financial monitoring pressure.</p>	<p>The Board receives regular reports from its broker, depositary, registrar and Manager as well as its legal advisers and the Association of Investment Companies on changes to regulations which could impact the Company and its industry. The Company monitors events and relies on the Manager and its other key third party providers to manage this risk by preparing for any changes.</p>

PRINCIPAL AND EMERGING RISKS

Emerging Risk	Description	Mitigating Activities
Pandemic Risks		
Pandemics	<p>COVID-19 has highlighted the speed and extent of economic damage that can arise from a pandemic. While current vaccination programme results are hopeful, the risk remains that new variants may not respond to existing vaccines, may be more lethal and may spread as global travel opens up again.</p>	<p>The Board receives reports on the business continuity plans of the Manager and other key service providers. The effectiveness of these measures have been assessed throughout the course of the COVID-19 pandemic and the Board will continue to monitor developments as they occur and seek to learn lessons which may be of use in the event of future pandemics.</p>
Economic Responses to the COVID-19 Pandemic	<p>The response to the Pandemic by the UK and other governments may potentially create new risks.</p> <ul style="list-style-type: none"> • Failure of Mitigation <p>The existing vaccination programme gives hope that the world will be able to live with the COVID-19 virus.</p> <p>Meeting the costs of recent support measures may see an increase in taxation which could be detrimental to investee companies, the appeal of savings and investment products (such as the Company) and to shareholders themselves.</p> <ul style="list-style-type: none"> • Inflation/Deflation/Depression Risks <p>The government support measures could also result in either significant levels of inflation in the medium term (with a domino effect on valuations and/or growth) or, if insufficient, could lead to depressed levels of demand and deflation.</p>	<p>The Board seeks to manage these risks through: a broadly diversified equity portfolio, appropriate asset allocation, reviewing key economic and political events and regulatory changes, active management of risk and the application of relevant policies on gearing and liquidity.</p> <p>Deflation would make the real price of the Company's debt rise and increase the effective debt burden. The Company's debt structure comprises two revolving credit facilities, which can be repaid at nil or at a minimal cost at any time. The Company has substantial headroom on its borrowing financial covenants which is closely monitored.</p>
Global Risks		
Geopolitical Risk	<p>Risks of economic, political and ultimately military conflicts between nations, regions and trading blocks are an ever present risk. So too are the risks of social dislocation or civil unrest. These bring with them risks to economic growth, to investors' risk appetites and, consequently, to the valuations of companies in the portfolio.</p>	<p>This risk is managed to some extent by diversification of investments and by regular communication with the Manager on matters of investment strategy and portfolio construction which will directly or indirectly include an assessment of these risks. The Board can, with shareholder approval, look to amend the investment policy and objectives of the Company to gain exposure to or mitigate the risks arising from geopolitical instability although this is limited if it is truly global.</p>

Long Term Viability

The Company is an investment trust and has the objective of achieving long term capital growth by investing in liquid, medium sized UK companies. The Company enjoys the benefit of the closed end structure and is therefore better able to withstand market movements since it is not subject to forced liquidation of investments due to sudden redemptions by shareholders.

Although past performance is no guide to the future, the Directors believe that the Company has an attractive future for investors as a long term investment proposition. However, it is difficult to look forward too far into the future without considerable uncertainty, so the Directors have adopted a medium term horizon to assess the Company's viability, which is five years. This is regarded as a prudent minimum duration for investing in equities.

The Directors have considered the Company over the next five years and examined its prospects, principal and emerging risks and the outlook for the UK economy, its equity market and the market for investment trusts. They have examined the robustness of these base case estimates using further severe but plausible scenarios, including the market contractions caused by the 2008 financial crisis and the ongoing COVID-19 pandemic.

The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years until 30th June 2026. This reasonable expectation is 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 successive investment manager, that may result in the Company not being able to maintain a supportive shareholder base.

Duty to promote the success of the Company

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

The Board is responsible for all decisions relating to the Company's investment objective and policies, gearing, discount management, corporate governance and strategy, and for monitoring the performance of the Company's third party service providers, including the Manager. The Board's philosophy is that the Company should foster a culture where all the Company's stakeholders are treated fairly and with respect and the Board recognises the importance of acting fairly between them, which is front of mind in its key decision making. As an externally managed investment company with no employees, the Board considers that the Company's key stakeholders are its shareholders, its Manager, its investee companies, and its other professional third party service providers (corporate broker, registrar, auditor, custodian and depositary) and wider society. The Board believes the best interests of the Company are aligned with those of these key stakeholders as all parties wish to see and ultimately benefit from the Company achieving its investment objectives whilst carrying on business in compliance with the highest possible regulatory, legal, ethical and commercial standards.

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

Stakeholder Engagement

Shareholders

Continued shareholder engagement is critical to the continued existence of the Company and the successful delivery of its long term strategy. The Board is focused on fostering and maintaining good working relationships with shareholders and understanding the views of shareholders in order to incorporate them into the Board's strategic thinking and objectives. Full details on how the Board ensures it is fully apprised of shareholder views and how it engages with all shareholder groups can be found on page 38.

Manager

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

Investee companies

The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Manager. In order to achieve this, the Manager has discretionary powers to exercise voting rights on behalf of the Company on all resolutions proposed by the investee companies. In respect of the year under review, the Manager engaged with many of its investee companies and voted at all of the annual general meetings and extraordinary meetings held during the year by the Company's portfolio companies (full details can be found in the ESG report on pages 13 to 15). The Board monitors investments made and divested and questions the Manager's rationale for exposures taken and voting decisions made.

Other key service providers

The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers, with appropriate capability, performance records, resources and controls in place to deliver the services that the Company requires for support in meeting relevant obligations and safeguarding the Company's assets. For this reason, the Board considers the Company's Custodian, Depositary, Registrar, Auditor and Broker to be stakeholders. The Board maintains regular contact with its key external service providers, either directly, or via its dedicated company secretary or client director, and receives regular reporting from these providers at Board and Committee meetings. The Management Engagement Committee meets annually to review and appraise its key service providers.

Wider society and the Environment

Whilst strong long term investment performance is essential for an investment trust, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Manager must have regard to ethical and environmental issues that impact society. Hence environmental, social and governance ('ESG') considerations are integrated into the Manager's investment process and will continue to evolve. Further details of the Manager's integrated approach to ESG can be found on pages 13 to 15.

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

Key Decisions and Actions

Dividends Payable to Shareholders

Although the Company's objective is to deliver capital growth, the level of dividends paid are a key consideration for the Board, given the ongoing demand for income. In the Company's financial year ended 30th June 2021, the Company's revenue for the year, after expenses and tax, marginally increased from the prior year by 3.2%. The prior year's revenue after expenses and tax fell by just under 44%, as dividend cuts were made by UK companies across all indices and sectors as they sought to manage their businesses under extraordinary circumstances. The Company has in the past built up reserves which can be used to supplement or smooth dividends in excess of current revenue in challenging years. The Board took the decision to utilise some of the Company's reserves to support its desire to maintain the dividend in 2020 and will be doing so again this year. The Board has declared a final dividend of 21.5 pence per share, giving a total dividend of 29.5 pence per share for the year. Based upon the year end share price of 1,420.0p, the 29.5 pence dividend represents a dividend yield of 2.1%.

In addition, to provide flexibility should it be required, the Board concluded that a resolution to enable payment of dividends from capital should be put to shareholders at the forthcoming Annual General Meeting. The proposed amendment to the Articles of Association would remove the current prohibition of payment of dividends from capital. It is important to emphasise that there is no immediate intention to utilise this power but it is simply an option which is available to Investment Companies that the Board considers is important to retain as an option.

Succession Planning

The Board has continued to progress its orderly succession plans during the year. Having served as a Director since 2008 and having served as Chairman since 2016, Michael Hughes retired from the Board at the Company's 2020 Annual General Meeting and was succeeded as Chairman by John Evans. Richard Huntingford joined the Board in 2013 and he will be retiring from the Board at the Annual General Meeting in 2022 and the search for a new non-executive director will commence in the New Year. Your Directors believe that shareholder interests are best served by ensuring a smooth and orderly succession for the Board which serves to provide both continuity and refreshment whilst ensuring diversity of both background and experience.

Share Price Rating to Net Asset Value ('NAV') per Share

In this exceptional year, very few investment trusts, regardless of performance, asset class or investment approach, were immune from discount volatility as the COVID-19 pandemic took hold and impacted stock markets around the globe. Your Company was no exception as its discount widened beyond 17% in the fourth quarter of 2020, having averaged 3.9% over the Company's financial year ended 30th June 2020. The Board recognises that a widening of, and volatility in, the Company's discount is seen by some investors as a disadvantage of investment trusts. With a strong investment team, a strong process and excellent performance, a narrower and more stable discount has been an increasingly important area of focus for the Board. Over the long term the Board is seeking a stable discount or premium commensurate with investors' appetite for UK equities and the Company's various attractions, not least the quality of the investment team and the investment process, and the strong long term performance these have delivered. This commitment has resulted this year, over the fourth quarter of 2020, in a series of targeted buybacks, together with the sale from Treasury of 50,000 shares when the shares were trading at a premium in June 2021.

Increasing the Profile of the Company

As investors begin to feel more confident about investing in the UK, it is important that the Company remains front of mind with both institutional and retail investors. The Board has therefore agreed with the Manager to increase efforts to promote the Company. To this end a Marketing and Communications Committee, chaired by Hannah Philp, has been established since the year end. The Company's website is in the process of being enhanced and various promotional activities have been discussed and will be introduced over the course of the fourth quarter of 2021 and beyond.

Borrowings and Gearing

Given an increase in the Company's asset base over the year the Company increased its borrowing capacity post the year end by increasing the amount under its loan facilities to £55 million. The introduction of the additional debt permits the maintenance of the relative gearing level of the Company which the Board believes will enhance returns to shareholders over the long term.

Miscellaneous

In addition, the Directors have kept under review the competitiveness of the management fee and the Company's other operating costs; continued to hold the Manager to account on investment performance; undertaken a robust review of the principal and emerging risks faced by the Company; and continued to encourage the Manager to enhance its sales and marketing efforts.

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

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

16th September 2021

Directors' Report

BOARD OF DIRECTORS



John Evans (Chairman of the Board, Nomination Committee and Management Engagement Committee)

A Director since June 2016.

Last re-elected to the Board: 2020.

Other directorships/relevant experience: Non-Executive Chairman of Securities Trust of Scotland plc and BMO UK High Income Trust PLC. He commenced his career at Ivory & Sime and was one of the founding partners of Aberforth Partners, a specialist investment management firm that invests in UK smaller quoted companies largely on behalf of institutional investors.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 5,000.



Richard Gubbins

A Director since January 2017.

Last re-elected to the Board: 2020.

Other directorships/relevant experience: Holds a number of directorships including Hero Inc. Limited. He is also a senior consultant to an Indian family office. He was a senior corporate partner at Ashurst LLP until 2016 and was Chairman of Henderson Alternative Strategies Trust PLC from 2014 to 2020.

Connections with the Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 5,000.



Richard Huntingford (Senior Independent Director)

A Director since December 2013.

Last re-elected to the Board: 2020.

Other directorships/relevant experience: Non-Executive Chairman of The Unite Group Plc and Future plc, and Non-Executive Director of The Bankers Investment Trust plc; former Chairman of Wireless Group plc and Creston plc. Prior to this he was CEO of Chrysalis Group plc between 2000 and 2007 and Executive Chairman of Virgin Radio between 2007 and 2008. He has also been Chairman of Boomerang Plus plc and a Non-Executive Director of Virgin Mobile Holdings (UK) plc. He is a chartered accountant.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 7,500.



Margaret Payn (Chairman of the Audit & Risk Committee)

A Director since March 2019.

Last re-elected to the Board: 2020.

Other directorships/relevant experience: Non-Executive Director and Audit Committee Chair of Albion Technology and General VCT PLC. Former CFO/COO of AMP Capital Limited, one of Australia's largest investment managers, and a former Director of McPhersons Consumer Products Limited. She is a chartered accountant having qualified at KPMG.

Connections with the Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: Nil.



Hannah Philp (Chairman of the Marketing & Communications Committee)

A Director since March 2020.

Last re-elected to the Board: 2020.

Other directorships/relevant experience: CEO and Founder of ARC Club, a neighbourhood co-working space which aims to support UK professionals that work remotely. Prior to this she obtained direct and relevant experience within the sector, particularly in the fields of marketing and communication, having been director of marketing at Witan Investment Trust, a FTSE 250 investment company. She was also an account director within the investor relations team at Edison Investment Research.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: Nil.

The Directors present their report and the audited financial statements for the year ended 30th June 2021.

Management of the Company

The Manager and Company Secretary is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the FCA. 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, N.A. which, through other subsidiaries, also provides marketing, banking, dealing and custodian services to the Company.

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

The 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 the Company and shareholders as a whole. In arriving at this view, the Board also considered the investment strategy and process of the Investment Management Team and the support that the Company receives from JPMF.

The Alternative Investment Fund Managers Directive ('AIFMD')

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

JPMF delegates 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 remains responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at www.jpmmidcap.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 75 and 76.

Management Fee

The management fee paid to the Manager is a tiered fee of 0.65% per annum on total assets less current liabilities, excluding amounts held in a liquidity fund, up to £250 million and 0.60% per annum for assets in excess of £250 million.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are detailed on page 32. Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 44.

All Directors will be standing for reappointment at the Company's forthcoming Annual General Meeting. The Board recommends to shareholders the reappointment of those Directors. Please refer to page 36 for more information.

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity, as defined by Section 234 of the Companies Act 2006. The indemnity was 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.

Disclosure of information to Auditors

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

- (a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act) of which the Company's auditors are unaware; and
- (b) each of the Directors has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provision of Section 418(2) of the Companies Act 2006.

Independent Auditors

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

Capital Structure and Voting Rights

Capital Structure

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

Voting Rights in the Company's shares

As at 15th September 2021 (being the latest business day prior to the publication of this report), the Company's called-up share capital consists of 23,462,770 Ordinary shares (excluding Treasury shares) carrying one vote each. Therefore the total voting rights in the Company are 23,462,770.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	Number of voting rights	%
Tilney Smith & Williamson Limited	2,358,016	10.1
Rathbone Investment Management Ltd	1,487,169	6.3
Charles Stanley	1,325,569	5.6

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 on voting rights nor 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 a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this report.

Annual General Meeting

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

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

(i) Authority to issue relevant securities and disapply pre-emption rights (resolutions 11 & 12)

The Directors will seek renewal of the authority to issue up to 2,346,277 new shares or sell shares held in Treasury other than by a pro rata issue to existing shareholders up to an aggregate nominal amount of £586,569 such amount being equivalent to approximately 10% of the current called-up share capital (excluding Treasury shares). The full text of the resolutions is set out in the Notice of Annual General Meeting on pages 78 to 83.

It is advantageous for the Company to be able to issue new shares or sell Treasury shares to investors when the Directors consider that it is in the best interest of shareholders to do so. Any such issues would only be made at prices greater than the NAV per share, thereby, increasing the assets per share.

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

The authority to repurchase up to 14.99% of the Company's called-up share capital, granted by shareholders at the 2020 AGM, will expire on 29th April 2023 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewal of the authority is in the interests of shareholders as a whole as the repurchase of shares at a discount to NAV enhances the NAV of the remaining shares. The Board will therefore seek shareholder approval at the Annual General Meeting to renew this authority, which will last until 1st May 2023 or until the whole of the 14.99% has been acquired, whichever is the earlier. The full text of the resolution is set out in the Notice of Annual General Meeting on pages 78 to 83. Repurchases will be made at the discretion of the Board, and will only be made in the market at prices below the prevailing NAV per share as and when market conditions are appropriate, thereby enhancing the NAV of the remaining shares.

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

Resolution 14, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Existing Articles'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in

market practice since the Existing Articles were adopted. See Appendix to AGM Notes on pages 82 and 83 for further details.

Recommendation

The Board considers that resolutions 11 to 14 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 17,500 shares representing approximately 0.1% of the voting rights of the Company.

Corporate Governance Statement

Compliance

The Board is committed to high standards of corporate governance. It has considered the principles and provisions of the AIC Code of Corporate Governance published in 2019 (the 'AIC Code'), which addresses the principles and provisions set out in the UK Corporate Governance Code (the 'UK Code') published in 2018, as they apply to investment trust companies. It considers that reporting against the AIC Code, therefore, provides more appropriate information to the Company's shareholders. Through ongoing advice throughout the year from the Company Secretary and the use of a detailed checklist the Board confirms that the Company has complied with the principles and provisions of the AIC Code, in so far as they apply to the Company's business, throughout the year under review. As all of the Company's day-to-day management and administrative functions are outsourced to third parties, it has no executive directors, employees or internal operations and therefore has not reported in respect of the following:

- the role of the executive directors and senior management;
- executive directors' and senior management remuneration; and
- the workforce

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

Role of the Board

A management agreement between the Company and JPMF sets out the matters over which the Manager has 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 been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing

policy, dividend policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements.

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

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

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

Board Composition

The Board, chaired by John Evans, currently consists of five non-executive Directors. All Directors are considered to be independent of the Company's Manager. The Board believes that it is appropriate to have a Senior Independent Director and Richard Huntingford fulfils this role. He is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman. The Directors have a breadth of investment, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 32.

The Board's policy on diversity, including gender, is to take account of the benefits of this during the appointment process. The Board remains committed to appointing the most appropriate candidate and seeks to ensure that it does not unwittingly exclude any group. Therefore, no targets have been set against which to report.

Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on page 32. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long term success of the Company, are summarised below. All Directors will stand for reappointment at the Annual General Meeting.

Resolution 5 concerns the reappointment of John Evans. He joined the Board in June 2016 and has served for five years as a Director. He assumed the role of Chairman from Michael Hughes in October 2020.

John has in-depth knowledge and experience in UK equity investment management and of the investment trust sector in general. He brings strong leadership credentials to the position of Chairman.

For details of his current directorships, please refer to page 32 of the Report.

Resolution 6 concern the reappointment of Richard Gubbins. He joined the Board in January 2017 and has served for four years as a Director.

Richard has vast experience in the corporate finance sector having acted as a lead corporate partner for Ashurst LLP on M&A and corporate finance transactions for over 27 years. With this experience, and having chaired Henderson Alternative Strategies Trust PLC for over six years, he continues to contribute to Board deliberations with sound and relevant advice.

For details of his current directorships, please refer to page 32 of the Report.

Resolution 7 concerns the reappointment of Richard Huntingford. He joined the Board in December 2013 and has served for eight years as a Director.

Richard has extensive commercial and public company leadership and governance experience, having held a number of executive and non-executive directorships at FTSE companies for over 30 years. He has considerable media and marketing experience, including digital, and is also a chartered accountant, having qualified with KPMG.

For details of his current directorships, please refer to page 32 of the Report.

Resolution 8 concerns the reappointment of Margaret Payn. She joined the Board in March 2019 and has served for two years as a Director.

Margaret has a strong accounting and financial background, having held the office of CFO and COO at AMP Capital Limited, one of Australia's largest investment managers. She is a chartered accountant, having qualified with KPMG and brings this skill set to her role as Chairman of the Company's Audit & Risk Committee.

For details of her current directorships, please refer to page 32 of the Report.

Resolution 9 concerns the reappointment of Hannah Philp. She joined the Board in March 2020 and has served for one year as a Director.

Hannah brings to the Board recent and relevant experience in the somewhat niche area of investment trust marketing. She is key to the Board's plans to increase the promotion of the Company and

attract more shareholders to the benefits of long term investing in UK mid cap stocks.

For details of her current directorships, please refer to page 32 of the Report.

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

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter, subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for each Director to seek reappointment. In accordance with corporate governance best practice, Directors continuing in office seek annual reappointment and, no Director, including the Chair, will normally seek reappointment after having served for nine years on the Board. The Board keeps plans for its orderly succession and refreshment under continual review.

The average tenure of Directors is less than six years, as detailed in the table below, which shows the tenure of Directors as at the forthcoming Annual General Meeting and projected forward to 2027.

Director	Appointment Date	2021 AGM	2022 AGM	2023 AGM	2024 AGM	2025 AGM	2026 AGM	2027 AGM
Richard Huntingford	1st December 2013	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years
John Evans	1st June 2016	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years
Richard Gubbins	1st January 2017	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years
Margaret Payn	1st March 2019	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years
Hannah Philp	1st March 2020	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years	7-9 years

Key - Tenure

■ 1 - 6 years ■ 7 - 9 years ■ 9+ years

Please note that the above table is a guide only and does not account for retirements of current Directors nor the appointment of new Directors.

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

A list of potential conflicts of interest for each Director is maintained by the Company. These are considered carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved.

Training and Appraisal

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter regular briefings are provided on changes in regulatory requirements that affect the Company and Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts. As part of the Board's annual evaluation process the Chairman reviews with each Director their training and development needs.

The Board conducts a formal evaluation of its own performance and that of its committees and individual Directors. The responses to questionnaires are discussed at a private meeting. The evaluation of individual Directors is led by the Chairman, and the Senior Independent Director leads the evaluation of the Chairman's performance.

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 32.

The table below details the number of Board and Committee meetings attended by each Director. During the year there were five Board meetings. In addition, a private meeting of the Directors to evaluate the Manager, two Audit & Risk Committee meetings, a Nomination Committee meeting and a Management Engagement Committee meeting were held.

Meetings Attended

Director	Board	Audit & Risk
	Meetings Attended	Committee Meetings Attended
John Evans	5	2
Richard Gubbins	5	2
Michael Hughes ¹	3	1
Richard Huntingford	5	2
Margaret Payn	5	2
Hannah Philp	5	2

Director	Nomination	Management
	Committee Meeting Attended	Engagement Committee Meeting Attended
John Evans	1	1
Richard Gubbins	1	1
Michael Hughes ¹	1	1
Richard Huntingford	1	1
Margaret Payn	1	1
Hannah Philp	1	1

¹Retired on 29th October 2020.

As well as the formal meetings detailed above, the Board meets and communicates frequently by email, video conferencing or telephone to deal with day to day matters as they arise.

Board Committees

Nomination Committee

The Nomination Committee consists of all Directors and is chaired by John Evans. The Board believes that this is appropriate as it is a combined committee. The Committee meets at least annually to ensure that the Board has an appropriate balance of skills to carry out its fiduciary duties and to select and propose suitable candidates when necessary for appointment. A variety of sources, including the employment of external search consultants, is used to ensure that a wide range of candidates is considered. The appointment process takes into account the benefits of diversity, including gender.

The Committee has a succession plan to refresh the Board in an orderly manner over time.

The Committee undertakes an annual performance evaluation, as described above, to ensure that all members of the Board have devoted sufficient time and contributed adequately to the work of the Board.

Management Engagement Committee

The membership of the Management Engagement Committee consists of all Directors and is chaired by John Evans. The Committee meets at least once a year to review the terms of the management agreement between the Company and the Manager, to review the performance of the Manager, to review the notice period that the Board has with the Manager and to make recommendations to the Board. The Committee also reviews the Company's agreements with other major service providers.

Marketing & Communications Committee

Since the year end a new Marketing & Communications Committee was formed. Chaired by Hannah Philp, the Committee comprises all of the Directors and meets twice each year. The Committee reviews the effectiveness and results of JPMAM's Sales and Marketing strategy in relation to the Company.

Audit & Risk Committee

The report of the Audit & Risk Committee is set out on pages 40 and 41.

Terms of Reference

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

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports to shareholders by way of the Annual Report and Financial Statements and the Half Year Report. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value and share price of the Company's shares and the monthly publication of a Company factsheet.

In normal circumstances all shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet with and answer shareholders' questions. In addition, a presentation is given by the Investment Managers who review the Company's performance. During the year the Company's brokers and the Investment Managers hold regular discussions with shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 87.

The Company's Annual Report and Financial Statements are published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 87.

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by JPMF and

its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure that they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal and Emerging Risks on pages 23 to 26). This process has been in place for the year under review and up to the date of the approval of the annual report and financial statements and it accords with the Financial Reporting Council's guidance. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Manager's internal audit department conducts regular and rigorous reviews of the various functions within its asset management business. Any significant findings that are relevant to the Company and/or the Manager's investment trust business are reported to the Board. The key elements designed to provide effective internal control are as follows:

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

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

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

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

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

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

- the Board reviews every six months an independent report on the internal controls and the operations of JPMF's investment trust department.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 30th June 2021, and to the date of approval of the Annual Report & Financial Statements.

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

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM. The following information in italics is a summary of JPMAM's policy statements on corporate governance, voting policy and stewardship/engagement issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included in the Strategic Report on page 23.

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

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

JPMAM's formal stewardship structure is designed to identify risks and understand its portfolio companies' activities, in order to enhance value and mitigate risks associated with them. JPMAM has identified five main investment stewardship priorities it believes have universal applicability and will stand the test of time: governance; strategy alignment with the long term; human capital management; stakeholder engagement; and climate risk. Within each priority area, JPMAM identified related themes it is seeking to address over a shorter time frame. These themes will evolve as JPMAM engages with companies to understand issues and promote best practice. This combination of long-term priorities and evolving, shorter-term themes provides JPMAM with a structured and targeted framework to guide its investors and investment stewardship teams globally as JPMAM engages with investee companies around the world.

JPMAM is also committed to reporting more widely on our activities, including working closely with the Financial Reporting Council ("FRC") on the best practices laid out in the UK Stewardship Code and on embodying those principles. While JPMAM is not yet a signatory to the recently revised 2020 Stewardship Code, its current focus is on ensuring its reporting to the FRC reflects the most robust standards.

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website:
<https://am.jpmorgan.com/gb/en/asset-management/institutional/about-us/investment-stewardship/>

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

16th September 2021

Audit & Risk Committee Report

Role and Composition

The Audit & Risk Committee consists of all Directors and is chaired by Margaret Payn. The Committee meets at least twice each year. The members of the Audit & Risk Committee consider that at least one member has recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which the Company operates. As permitted under the AIC Code and given the number of Directors on the Board and the straightforward nature of the Company's operations, the Chairman is a member of the Audit & Risk Committee.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual report & financial statements and the Company's compliance with the AIC Code. At the request of the Board, the Audit & Risk Committee provides confirmation to the Board as to how it has discharged its responsibilities so that the Board may ensure that information presented to it is fair, balanced and understandable, together with details of how it has done so.

The Audit & Risk Committee also 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 effectiveness and the independence and objectivity of the external auditors. In the Directors' opinion the Auditors are independent.

Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, including its COVID-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Board has, in particular, considered the impact of heightened market volatility since the COVID-19 outbreak but does not believe the Company's going concern status is affected. The Company's assets, the vast majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly under all stress test scenarios reviewed by the Board and reviews of the impact of market factors, structural and financial factors and operating factors. These factors are also referenced in the Company's Long Term Viability Statement on page 27.

Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis.

Furthermore, the Directors are satisfied that the Company and its key third party service providers have in place appropriate

business continuity plans and confirm they have been able to maintain service levels through the pandemic.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal risks and other matters, including the impact of the coronavirus pandemic, that the Company will continue in operational existence for a period of at least 12 months. The Company's longer-term viability is considered in the Viability Statement on page 27.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 30th June 2021, the Audit & Risk 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. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations. 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 remains responsible for the oversight of the custody of the Company's assets.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the Financial Statements. Income reporting is conducted by the Manager and reviewed by the Board at every meeting.
Compliance with Sections 1158 and 1159 of the Corporation Tax Act 2010	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager, who reports on a monthly basis to the Board on the Company's continuing compliance.

Significant issue	How the issue was addressed
The risk that the global economic disruption caused by the ongoing COVID-19 will affect the Company's ability to continue in operation due to the impact on the share price of portfolio companies or the ability of key service providers (including the Manager, the Depository, the Custodian, the Fund Accountant, the Brokers and the Registrar) to maintain business continuity and continue to provide appropriate service levels	The Audit & Risk Committee has reviewed the impact of market volatility related to the continuing COVID-19 pandemic on the Company's portfolio and receives regular updates on portfolio performance from the portfolio manager. The Audit & Risk Committee has also reviewed recent portfolio liquidity and updated revenue and expense forecasts in light of the ongoing COVID-19 pandemic and its anticipated impact on portfolio liquidity, revenue and market valuations and considers that the Company's business model remains viable and that the Company has sufficient resources to continue in operation and to meet all liabilities as they fall due.
	The Audit & Risk Committee has further reviewed the Company's borrowing and debt facilities and considers that despite the market falls in the first quarter of 2020, the Company has continually met its financial covenants in respect of these facilities and has a wide margin before any relevant thresholds are reached.
	The Audit & Risk Committee is confident that the Company has appropriate controls and processes in place to manage the principal risks and uncertainties identified above and to maintain its operating model, notwithstanding the global economic challenges posed by the continuing COVID-19.
	The Audit & Risk Committee has received representations and updates from the Company's key service providers in respect of their business continuity plans to address the issues posed by COVID-19 and are confident that all such providers will be able to continue to provide the required level of service for the foreseeable future.

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

Auditors Appointment and Tenure

The Audit & Risk Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of the external auditors and their fee. Representatives of the Company's Auditors attended the Audit & Risk Committee meeting at which the draft Annual Report & Financial Statements were considered and also engage with Directors as and when required. The Company's current Auditors, PricewaterhouseCoopers LLP, have audited the Company's financial statements since its year ended 30th June 2011 and following a tender process conducted by the Committee in

February 2020, were recommended to the Board to be reappointed as Auditors on the basis of the breadth of experience demonstrated of the investment funds sector, and the resources and strength of their audit team. The Board supported this recommendation. The Company's current senior statutory auditor has been in the position since 2020, and the Company's 2021 audit will be Shujaat Khan's first year of a maximum five years in the role.

Fair, Balanced and Understandable

As a result of the work performed, the Committee has concluded that the Annual Report & Financial Statements for the year ended 30th June 2021, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, 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 46.

Margaret Payn
Audit & Risk Committee Chairman

16th September 2021

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

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 48 to 54.

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote. The shareholders approved the resolution in favour of the Company's Directors' Remuneration Policy at the 2018 AGM. Therefore an ordinary resolution to approve this policy will be put to shareholders at the forthcoming Annual General Meeting. The policy, 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 Chairs of the Audit & Risk Committee and Marketing & Communications Committee are paid higher fees than other Directors, reflecting the greater time commitment involved in fulfilling those roles.

Reviews are based on information provided by the Manager and industry research carried out by third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The involvement of remuneration consultants has not been deemed necessary as part of this review. The Company has no Chief Executive Officer and no employees and therefore no consultation of employees is required and there is no employee comparative data to provide, in relation to the setting of the remuneration policy for Directors.

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

Directors' fees were paid at the fixed rate of £38,000 for the Chairman, £31,750 for the Chairman of the Audit & Risk Committee and £25,500 for the other Directors. Following a review, Directors' fees were increased with effect from 1st July 2021 and will be paid at the fixed rate of £39,000 for the

Chairman, £32,700 for the Chair of the Audit & Risk Committee, £30,150 for the Chair of the newly formed Marketing & Communications Committee and £26,250 for the other Directors.

The Company's Articles of Association stipulate that aggregate fees must not exceed £200,000 per annum. Any increase in this maximum aggregate amount requires both Board and shareholder approval. The Directors propose that the aggregate maximum be increased in the Company's Articles to £250,000 per annum.

The Company has not sought shareholder views on its remuneration policy. The Board considers any comments received from shareholders on remuneration policy on an ongoing basis and will take account of those views.

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 36.

The Company's Remuneration policy also applies to new Directors.

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the Remuneration policy compared with the year ended 30th June 2020 and no changes are proposed for the year ending 30th June 2022.

At the Annual General Meeting held on 29th October 2020, of votes cast, 99.6% of votes cast were in favour of (or granted discretion to the Chair who voted in favour of) the remuneration report and 0.4% voted against. Votes withheld were 15,255, the equivalent of less than 0.01% of votes cast.

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

Single total figure of remuneration

The total figure of remuneration for the Board for the year ended 30th June 2021 was £154,669. The total remuneration for each Director is detailed below together with the prior year comparative.

DIRECTORS' REMUNERATION REPORT

Single total figure table¹

Directors' Name	2021 Taxable		Total £	2020 Taxable		Total £
	Fees £	expenses ² £		Fees £	expenses ² £	
John Evans ³	33,924	–	33,924	25,500	4,057	29,557
Richard Gubbins	25,500	–	25,500	25,500	446	25,946
Michael Hughes ⁴	12,495	–	12,495	38,000	1,558	39,558
Richard Huntingford	25,500	–	25,500	25,500	–	25,500
Margaret Littlejohns ⁵	–	–	–	10,526	–	10,526
Margaret Payn ⁶	31,750	–	31,750	29,723	–	29,723
Hannah Philp ⁷	25,500	–	25,500	8,500	–	8,500
Total	154,669	–	154,669	163,249	6,061	169,310

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 Assumed role of Chairman on 29th October 2020.

⁴ Retired on 29th October 2020.

⁵ Retired on 30th October 2019.

⁶ Appointed on 1st March 2019.

⁷ Appointed on 1st March 2020.

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 30th June 2021:

Directors' name	Percentage change on prior year
John Evans ¹	+49.0%
Richard Gubbins	–
Michael Hughes ²	n/a
Richard Huntingford	–
Margaret Littlejohns ³	n/a
Margaret Payn ⁴	+6.8%
Hannah Philp ⁵	–

¹ Assumed role of Chairman on 29th October 2020. Had Mr Evans been Chairman throughout the financial year ended 30th June 2021, his fee increase would have been nil.

² Retired on 29th October 2020.

³ Retired on 30th October 2019.

⁴ Appointed on 1st March 2019 and assumed role of Audit & Risk Committee Chair on 30th October 2019. Had Ms Payn been Audit & Risk Committee Chair throughout the financial year ended 30th June 2021, her fee increase would have been nil.

⁵ Appointed on 1st March 2020; for ease of comparison, the percentage change shown assumes Ms Philp was a Director for the whole of the financial year ended 30th June 2021.

A table showing the total remuneration for the Chairman over the five years ended 30th June 2021 is below:

Remuneration for the Chairman over the five years ended 30th June 2021

Year ended 30th June	Fees	Performance related benefits received as a percentage of maximum payable ¹
2021	£38,000	n/a
2020	£38,000	n/a
2019	£37,000	n/a
2018	£36,000	n/a
2017	£33,000	n/a

¹ In respect of one year period and periods of more than one year.

Directors' Shareholdings¹

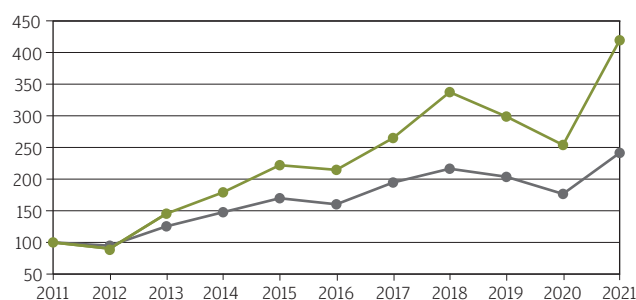
There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The Directors' beneficial shareholdings are detailed below:

Ordinary	30th June 2021	30th June 2020
John Evans (Chairman)	5,000	5,000
Richard Gubbins	5,000	5,000
Richard Huntingford	7,500	7,500
Margaret Payn	–	–
Hannah Philp	–	–

¹ Audited information.

In accordance with the Companies Act 2006, a graph showing the Company's share price total return compared with its benchmark, the FTSE 250 Index (excluding investment trusts), 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 Index Total Return to 30th June 2021



Source: Morningstar.

— Share price total return.

— Benchmark total return.

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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th June	
	2021 £	2020 £
Remuneration paid to all Directors	154,669	169,310
Distribution to shareholders		
– by way of dividend	6,915,000	6,995,000
– by way of share repurchases	2,699,000	66,000

For and on behalf of the Board
John Evans
Chairman

16th September 2021

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 that law and those regulations.

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

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 Board confirms that it is satisfied that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For and on behalf of the Board

John Evans

Chairman

16th September 2021

To the members of JPMorgan Mid Cap Investment Trust plc

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 30th June 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Financial Statements (the 'Annual Report'), which comprise: the Statement of Financial Position as at 30th June 2021; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

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

Our audit approach

Overview

Audit scope

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

Key audit matters

- Valuation and existence of investments.
- Income from investments.
- Consideration of the impact of COVID-19.

Materiality

- Overall materiality: £3,403,610 (2020: £2,373,900) based on 1% of Net Assets.
- Performance materiality: £2,552,708.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

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

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter

How our audit addressed the key audit matter

Valuation and existence of investments

Refer to page 40 (Audit & Risk Committee Report), and page 59 (Accounting Policies and Notes to the Financial Statements).

The investment portfolio at the year end principally comprised quoted equity investments valued at £371.8 million.

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 investments by agreeing the prices used in the valuation to independent third-party sources.

We tested the existence of the investment portfolio by agreeing investment holdings to an independent custodian confirmation.

No material issues were identified.

Income from investments

Refer to pages 59 and 60 (Accounting Policies) and page 62 (Notes to the Financial Statements).

We focused on the accuracy, completeness and occurrence of investment income as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover.

We also focused on the accounting policy for investment income recognition and the presentation of investment income in the Statement of Comprehensive Income for compliance with the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'), as incorrect application could indicate a misstatement in income recognition.

We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income from investments has been accounted for in accordance with the stated accounting policy.

We tested accuracy of dividend receipts by agreeing the dividend rates from investments to independent third party data.

To test for occurrence, we confirmed that all dividends recorded had occurred in the market to independent third-party data, and traced a sample of cash payments to bank statements.

To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent third-party data of dividends declared for all listed investments during the year.

We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP.

No material issues were identified.

Key audit matter

Consideration of the impact of COVID-19

Refer to the Chairman's Statement (pages 6 to 9), Investment Manager's Report (pages 10 to 12), Principal and Emerging Risks (pages 23 to 26), Going Concern (page 40), and the Viability Statement (page 27) which reference the COVID-19 coronavirus pandemic.

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in the first quarter of 2020. The pandemic had a significant adverse humanitarian and financial impact during the financial year. It caused significant economic uncertainty globally and has caused volatility in global markets and exchange rates. As a result, this may have an impact on the valuation of investments in the Company as well as wider operational impacts due to the Company's reliance on third-party organisations.

The Directors have prepared the financial statements of the Company on a going concern basis, and therefore believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third-party service providers have in place appropriate business continuity plans and will be able to maintain service levels throughout the COVID-19 pandemic.

How our audit addressed the key audit matter

We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by:

- Obtaining the Company's risk assessment and considering whether it addresses the relevant ongoing threats presented by COVID-19.
- Evaluating management's assessment of operational and financial impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements.
- Obtaining and evaluating the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report.
- Obtaining evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and loan covenant compliance as well as their review of the operational resilience of the Company and oversight of key third-party service providers.

Assessing the relevant disclosures presented in the Annual Report in relation to COVID-19 by:

- Reading the other information, including Principal and Emerging Risks and Long Term Viability set out in the Strategic Report and the Going Concern Statement, and assessing their consistency with the financial statements and the evidence we obtained in our audit.

Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report.

Our conclusions relating to going concern are set out in the 'Conclusions relating to going concern' section below.

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.

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.

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 £3,403,610 (2020: £2,373,900).

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 this provides an appropriate and consistent year-on-year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £2,552,708 for the Company financial statements.

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

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above £170,181 (2020: £119,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- Evaluating the Directors' risk assessment and whether it has addressed the relevant ongoing threats presented by COVID-19;
- Evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- Reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- Assessing the implication of significant reductions in net assets as a result of market performance on the ongoing ability of the Company to operate.

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

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

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

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

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

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

INDEPENDENT AUDITORS' REPORT

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30th June 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Directors' Remuneration

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

Corporate governance statement

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

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

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

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

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

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 (see page 40 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the Manager and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant committee meeting minutes, including those of the Board and Audit and Risk Committee;
- Review of financial statement disclosures to underlying supporting documentation;
- Identifying and testing manual journal entries posted by the Administrator during the preparation of the financial statements; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the members on 29th October 2010 to audit the financial statements for the year ended 30th June 2011 and subsequent financial periods. The period of total uninterrupted engagement is eleven years, covering the years ended 30th June 2011 to 30th June 2021.

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

16th September 2021

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF CHANGES IN EQUITY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2021

	Notes	Revenue £'000	2021 Capital £'000	Total £'000	Revenue £'000	2020 Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	3	–	108,764	108,764	–	(42,958)	(42,958)
Net foreign currency gains		–	–	–	–	12	12
Income from investments	4	5,960	–	5,960	5,945	–	5,945
Interest receivable and similar income	4	4	–	4	79	–	79
Gross return/(loss)		5,964	108,764	114,728	6,024	(42,946)	(36,922)
Management fee	5	(585)	(1,364)	(1,949)	(578)	(1,348)	(1,926)
Other administrative expenses	6	(433)	–	(433)	(507)	–	(507)
Net return/(loss) before finance costs and taxation		4,946	107,400	112,346	4,939	(44,294)	(39,355)
Finance costs	7	(146)	(341)	(487)	(205)	(477)	(682)
Net return/(loss) before taxation		4,800	107,059	111,859	4,734	(44,771)	(40,037)
Taxation	8	(29)	–	(29)	(64)	–	(64)
Net return/(loss) after taxation		4,771	107,059	111,830	4,670	(44,771)	(40,101)
Return/(loss) per share	9	20.32p	455.96p	476.28p	19.69p	(188.82)p	(169.13)p

Details of dividends are given in note 10 on page 64.

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. Net return/(loss) after taxation represents the profit/(loss) for the year and also Total Comprehensive Income.

The notes on pages 59 to 73 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2021

	Called up share capital £'000	Share Premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve ¹ £'000	Total £'000
At 30th June 2019	6,350	–	3,650	259,930	14,624	284,554
Repurchase of shares into Treasury	–	–	–	(66)	–	(66)
Net (loss)/return	–	–	–	(44,771)	4,670	(40,101)
Dividends paid in the year (note 10)	–	–	–	–	(6,995)	(6,995)
At 30th June 2020	6,350	–	3,650	215,093	12,299	237,392
Issue of shares from Treasury	–	454	–	299	–	753
Repurchase of shares into Treasury	–	–	–	(2,699)	–	(2,699)
Net return	–	–	–	107,059	4,771	111,830
Dividends paid in the year (note 10)	–	–	–	–	(6,915)	(6,915)
At 30th June 2021	6,350	454	3,650	319,752	10,155	340,361

¹ The revenue reserve is distributable. The amount of the revenue reserve that is distributable is not necessarily the full amount of the reserve as disclosed in these financial statements of £10,155,000 as at 30th June 2021. This reserve may be used to fund distributions to investors.

The notes on pages 59 to 73 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	371,795	250,727
Current assets			
Debtors	12	892	953
Cash and cash equivalents		12,847	5,973
		13,739	6,926
Current liabilities			
Creditors: amounts falling due within one year	13	(15,173)	(10,261)
Net current liabilities		(1,434)	(3,335)
Total assets less current liabilities		370,361	247,392
Creditors: amounts falling due after more than one year	14	(30,000)	(10,000)
Net assets		340,361	237,392
Capital and reserves			
Called up share capital	15	6,350	6,350
Share premium	16	454	–
Capital redemption reserve	16	3,650	3,650
Capital reserves	16	319,752	215,093
Revenue reserve	16	10,155	12,299
Total shareholders' funds		340,361	237,392
Net asset value per share	17	1,450.6p	1,001.3p

The financial statements on pages 56 to 73 were approved and authorised for issue by the Directors on 16th September 2021 and signed on their behalf by:

John Evans
Director

The notes on pages 59 to 73 form an integral part of these financial statements.

Company registration number: 1047690.

The Company is registered in England and Wales.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2021

	Notes	2021 £'000	2020 £'000
Net cash outflow from operations before dividends and interest	18	(2,388)	(2,419)
Dividends received		5,623	7,125
Interest received		4	52
Overseas tax recovered		119	2
Interest paid		(443)	(697)
Net cash inflow from operating activities		2,915	4,063
Purchases of investments		(127,383)	(136,132)
Sales of investments		113,201	145,345
Net cash (outflow)/inflow from investing activities		(14,182)	9,213
Dividends paid		(6,915)	(6,995)
Re-issue of shares from Treasury		753	–
Repurchase of shares into Treasury		(2,699)	(66)
Drawdown of bank loan		42,000	19,000
Repayment of bank loan		(15,000)	(21,000)
Net cash inflow/(outflow) from financing activities		18,139	(9,061)
Increase in cash and cash equivalents		6,872	4,215
Cash and cash equivalents at start of year		5,973	1,753
Exchange movements		2	5
Cash and cash equivalents at end of year		12,847	5,973
Increase in cash and cash equivalents		6,872	4,215
Cash and cash equivalents consist of:			
Cash and short term deposits		254	410
Cash held in JPMorgan Sterling Liquidity Fund		12,593	5,563
Total		12,847	5,973

The notes on pages 59 to 73 form an integral part of these financial statements.

RECONCILIATION OF NET DEBT

	As at 30th June 2020 £'000	Cash flows £'000	Other non-cash charges £'000	As at 30th June 2021 £'000
Cash and cash equivalents				
Cash	410	(158)	2	254
Cash equivalents	5,563	7,030	–	12,593
	5,973	6,872	2	12,847
Borrowings				
Debt due within one year	(8,000)	(7,000)	–	(15,000)
Debt due after one year	(10,000)	(20,000)	–	(30,000)
	(18,000)	(27,000)	–	(45,000)
Total	(12,027)	(20,128)	2	(32,153)

FOR THE YEAR ENDED 30TH JUNE 2021**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 October 2019.

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

The financial statements have been prepared on a going concern basis. In forming this opinion, the Directors have considered any potential impact of the COVID-19 pandemic on the going concern and viability of the Company. In making their assessment, the Directors have reviewed income and expense projections and the liquidity of the investment portfolio, and considered the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience particularly in light of COVID-19.

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

(b) Valuation of investments

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

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

Accordingly, upon initial recognition the investments are designated by the Company as held at fair value through profit or loss. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

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

(c) Accounting for reserves

Gains and losses on sales of investments including the related foreign exchange gains and losses, realised gains and losses on foreign currency, 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.

1. Accounting policies *continued*

(d) Income *continued*

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

Underwriting commission is recognised in revenue where it relates to shares that the Company is not required to take up. Where the Company is required to take up a proportion of the shares underwritten, the same proportion of commission received is deducted from the cost of the shares taken up, with the balance taken to revenue.

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

Dividends from Real Estate Investment Trusts ('REITs') are taken to revenue on an accruals basis. UK REIT dividends can be Property Income Distribution ('PID') or non-PID for tax purposes. The exact split is determined by the underlying company. PID revenue is taxable. Non-PID revenue is treated similarly to UK dividends.

(e) Expenses

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

- The management fee is allocated 30% to revenue and 70% to capital, in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- Expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 11 on page 65.

(f) Finance costs

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

Finance costs are allocated 30% to revenue and 70% to capital, in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(g) Financial instruments

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

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 received net of direct issue costs. Loans are subsequently measured at amortised cost using the effective interest method. Interest payable on the bank loan is accounted for on an accruals basis in the Statement of Comprehensive Income.

The Company has not utilised any derivative financial instruments in the current and comparative year.

(h) Taxation

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

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

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

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

(i) Value Added Tax ('VAT')

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

(j) Functional currency

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

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

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

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature. Gains and losses on investments arising from a change in exchange rates are included in 'Investment holding gains and losses' for investments still held at year end, and in 'Gains and losses on sales of investments' for investments sold during the year.

(k) Dividends payable

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

(l) Repurchase of shares for cancellation

The cost of repurchasing 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 share capital repurchased and cancelled is transferred out of called up share capital and into capital redemption reserve.

(m) Repurchase of shares to hold in Treasury

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

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

2. Significant accounting judgements and estimates

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/(losses) on investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Realised gains/(losses) on sales of investments	12,163	(4,084)
Net change in unrealised gains and losses on investments	96,613	(38,867)
Other capital charges	(12)	(7)
Total capital gains/(losses) on investments held at fair value through profit or loss	108,764	(42,958)

4. Income

	2021 £'000	2020 £'000
Income from investments		
UK dividends	4,295	5,261
Overseas dividends	1,515	304
Property income distributions	150	380
	5,960	5,945
Interest receivable and similar income		
Underwriting commission	–	29
Interest from liquidity funds	3	48
Deposit interest	1	2
	4	79
Total income	5,964	6,024

5. Management fee

	Revenue £'000	2021 Capital £'000	Total £'000	Revenue £'000	2020 Capital £'000	Total £'000
Management fee	585	1,364	1,949	578	1,348	1,926

Details of the management fee are given in the Directors' Report on page 62.

6. Other administrative expenses

	2021 £'000	2020 £'000
Administration expenses	192	246
Directors' fees ¹	155	169
Depositary fees ²	42	46
Auditors' remuneration for audit services ³	44	38
Savings scheme costs ⁴	–	8
	433	507

¹ Full disclosure is given in the Directors' Remuneration Report on pages 43 and 44.

² Includes £7,000 (2020: £8,000) irrecoverable VAT.

³ Includes £7,000 (2020: £6,000) irrecoverable VAT.

⁴ Paid to the Manager for administration of saving scheme products. Includes £nil (2020: £1,000) irrecoverable VAT.

7. Finance costs

	Revenue £'000	2021 Capital £'000	Total £'000	Revenue £'000	2020 Capital £'000	Total £'000
Interest on bank loans and overdrafts	146	341	487	205	477	682

8. Taxation

(a) Analysis of tax charge in the year

	2021 £'000	2020 £'000
Overseas withholding tax	29	64
Total tax charge for the year	29	64

(b) Factors affecting total tax charge for the year

The tax charge for the year is lower (2020: higher) than the Company's applicable rate of corporation tax of 19% (2020: 19%).

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

	Revenue £'000	2021 Capital £'000	Total £'000	Revenue £'000	2020 Capital £'000	Total £'000
Net return/(loss) before taxation	4,800	107,059	111,859	4,734	(44,771)	(40,037)
Net return/(loss) before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2020: 19%)	912	20,341	21,253	899	(8,506)	(7,607)
Effects of:						
Non taxable capital (gains)/losses	–	(20,665)	(20,665)	–	8,159	8,159
Non taxable UK dividends	(816)	–	(816)	(1,000)	–	(1,000)
Non taxable overseas dividends	(288)	–	(288)	(56)	–	(56)
Income taxed in different years	–	–	–	65	–	65
Tax attributable to expenses and finance costs allocated to capital	(324)	324	–	(347)	347	–
Double taxation relief	–	–	–	(10)	–	(10)
Unrelieved expenses	516	–	516	449	–	449
Overseas withholding tax	29	–	29	64	–	64
Total tax charge for the year	29	–	29	64	–	64

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £12,006,000 (2020: £11,490,000) based on a prospective corporation tax rate of 19% (2020: 19%). 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/(loss) per share

	2021 £'000	2020 £'000
Revenue return	4,771	4,670
Capital return/(loss)	107,059	(44,771)
Total return/(loss)	111,830	(40,101)
Weighted average number of shares in issue during the year	23,479,879	23,710,378
Revenue return per share	20.32p	19.69p
Capital return/(loss) per share	455.96p	(188.82)p
Total return/(loss) per share	476.28p	(169.13)p

10. Dividends
(a) Dividends paid and proposed

	2021 £'000	2020 £'000
Dividends paid		
2020 Final dividend of 21.5p (2019: 21.5p) per share	5,042	5,098
2021 Interim dividend of 8.0p (2020: 8.0p) per share	1,873	1,897
Total dividends paid in the year	6,915	6,995
Dividend proposed		
2021 Final dividend proposed of 21.5p (2020: 21.5p) per share	5,044	5,098
Total dividends proposed for year	5,044	5,098

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

The Final dividend proposed in respect of the year ended 30th June 2020 amounted to £5,098,000.

However the actual payment amounted to £5,042,000 due to share repurchases after the balance sheet date but prior to the share register record date.

The dividend proposed in respect of the year ended 30th June 2021 is subject to shareholder approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 30th June 2022.

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

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year, shown below. The revenue available for distribution by way of dividend for the year is £4,771,000 (2020: £4,670,000). The revenue reserve after payment of the final dividend will amount to £5,111,000 (2020: £7,201,000).

	2021 £'000	2020 £'000
Interim dividend of 8.0p (2020: 8.0p) per share	1,873	1,897
Final dividend of 21.5p (2020: 21.5p) per share	5,044	5,098
	6,917	6,995

11. Investments

	2021 £'000	2020 £'000
Investments listed on a recognised stock exchange	371,795	250,727
Opening book cost	231,781	239,247
Opening investment holding gains	18,946	57,813
Opening valuation	250,727	297,060
Movements in the year:		
Purchases at cost	125,248	138,030
Sales proceeds	(112,956)	(141,412)
Gains/(losses) on investments	108,776	(42,951)
	371,795	250,727
Closing book cost	256,236	231,781
Closing investment holding gains	115,559	18,946
Total investments held at fair value through profit or loss	371,795	250,727

Transaction costs on purchases during the year amounted to £533,000 (2020: £647,000) and on sales during the year amounted to £68,000 (2020: £80,000). These costs comprise mainly stamp duty on purchases and brokerage commission.

The company received £112,956,000 (2020: £141,412,000) from investments sold in the year. The book cost of these investments when they were purchased was £100,793,000 (2020: £145,496,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

12. Current assets

	2021 £'000	2020 £'000
Debtors		
Securities sold awaiting settlement	–	251
Dividends and interest receivable	789	661
Overseas tax recoverable	85	24
Other debtors	18	17
	892	953

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

	2021 £'000	2020 £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	–	2,135
Bank loan	15,000	8,000
Interest payable	79	35
Other creditors	94	91
	15,173	10,261

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

As at 30th June 2021 the Company had two floating rate loan facilities in place. A £30 million five year unsecured multi currency loan facility with Scotiabank (Ireland) Europe expiring on 22nd February 2024, and a £15 million unsecured loan facility with National Australia Bank expiring on 15th February 2022.

Under the terms of the five year £30 million Scotiabank (Europe) Plc multi currency loan facility, the Company may draw down up to £30 million at an interest rate of LIBOR as quoted in the market for the loan period, plus a margin of 1.5%, plus mandatory costs. At the year end, the Company had £30 million (2020: £10 million) drawn down on this facility. Since the year end this loan facility was amended and restated ahead of the cessation of LIBOR.

Under the terms of the one year £15 million National Australia Bank loan facility, the Company may draw down up to £15 million at an interest rate of LIBOR as quoted in the market for the loan period, plus a margin of 0.75%, plus mandatory costs. At the year end, the Company had £15 million (2020: £8 million) drawn down on this facility. Since the year end this facility was expired prematurely at the agreement of the Company and National Australia Bank. It was replaced with new £25 million loan facility with an interest rate of SONIA, plus a margin of 1.15%, plus mandatory costs. This facility will expire in February 2023.

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

	2021 £'000	2020 £'000
Bank loan (see note 13)	30,000	10,000

15. Called up share capital

	2021 £'000	2020 £'000
Ordinary shares allotted and fully paid:		
Opening balance of 23,709,359 (2020: 23,715,680) shares excluding shares held in Treasury	5,928	5,930
Reissue of 50,000 (2020: nil) shares from Treasury	12	–
Repurchase of 296,589 (2020: 6,321) shares into Treasury	(74)	(2)
Subtotal of 23,462,770 (2020: 23,709,359) shares of 25p each excluding shares held in Treasury	5,866	5,928
1,935,310 (2020: 1,688,721) shares held in Treasury	484	422
Closing balance of 25,398,080 (2020: 25,398,080) shares of 25p each including shares held in Treasury	6,350	6,350

Further details of transactions in the Company's shares are given in the Business Review on page 22.

16. Capital and reserves

	Capital reserves						Total £'000
	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	Revenue reserve ¹ £'000	
Opening balance	6,350	–	3,650	196,147	18,946	12,299	237,392
Realised gains on sale of investments	–	–	–	12,163	–	–	12,163
Net change in unrealised gains on investments	–	–	–	–	96,613	–	96,613
Re-issue of shares from Treasury	–	454	–	299	–	–	753
Repurchase of shares into Treasury	–	–	–	(2,699)	–	–	(2,699)
Management fee and finance costs allocated to capital	–	–	–	(1,705)	–	–	(1,705)
Other capital charges	–	–	–	(12)	–	–	(12)
Dividends paid in the year	–	–	–	–	–	(6,915)	(6,915)
Retained revenue for the year	–	–	–	–	–	4,771	4,771
Closing balance	6,350	454	3,650	204,193	115,559	10,155	340,361

¹ The revenue reserve is distributable. The amount of the revenue reserve that is distributable is not necessarily the full amount of the reserve as disclosed in these financial statements of 10,155,000 as at 30th June 2021. This reserve may be used to fund distributions to investors.

17. Net asset value per share

	2021	2020
Net assets (£'000)	340,361	237,392
Number of shares in issue	23,462,770	23,709,359
Net asset value per share	1,450.6p	1,001.3p

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

	2021 £'000	2020 £'000
Net gain/(loss) before finance costs and taxation	112,346	(39,355)
(Less capital return)/add capital loss before finance costs and taxation	(107,400)	44,294
(Increase)/decrease in accrued income and other debtors	(129)	1,266
Decrease in accrued expenses	(3)	(23)
Management fee charged to capital	(1,364)	(1,348)
Overseas withholding tax	(209)	(83)
Dividends received	(5,623)	(7,125)
Interest received	(4)	(52)
Realised (losses)/gains on foreign currency transactions	(2)	7
Net cash outflow from operations before dividends and interest	(2,388)	(2,419)

19. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2020: same).

20. Transactions with the Manager and related party transactions

Details of the management contract are set out in the Directors' Report on page 33. The management fee payable to the Manager for the year was £1,949,000 (2020: £1,926,000) of which £nil (2020: £nil) was outstanding at the year end.

During the year £nil (2020: £8,000), including VAT, was payable to the Manager for administration of savings scheme products, of which £nil (2020: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 62 are safe custody fees amounting to £5,000 (2020: £5,000) payable to JPMorgan Chase, N.A. of which £3,000 (2020: £1,000) 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 £2,000 (2020: £1,000) of which £nil (2020: £nil) was outstanding at the year end.

The Company also holds cash in the JPMorgan Sterling Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £12,593,000 (2020: £5,563,000). Interest amounting to £3,000 (2020: £48,000) was receivable during the year of which £nil (2020: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £12,000 (2020: £7,000) were payable to JPMorgan Chase, N.A. during the year of which £7,000 (2020: £1,000) was outstanding at the year end.

At the year end, total cash of £254,000 (2020: £410,000) was held with JPMorgan Chase, N.A. A net amount of interest of £1,000 (2020: £2,000) was receivable by the Company during the year from JPMorgan Chase, N.A. of which £nil (2020: £nil) was outstanding at the year end.

The Directors are related parties and full details of their remuneration and shareholdings can be found on pages 43 and 44 and in note 6 on page 62.

21. Disclosures regarding financial instruments measured at fair value

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

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 59.

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

	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	371,795	–	250,727	–
Total	371,795	–	250,727	–

There were no transfers between Level 1, 2 or 3 during the year (2020: none).

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

As an investment trust, the Company invests in equities for the long term so as to secure its investment objective stated on the 'Key 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 other price risk and interest rate 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 Company has no significant direct exposure to foreign currency risk.

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 listed equity shares of UK companies, which are held in accordance with the Company's investment objective;
- cash held within a liquidity fund and time deposits;
- short term debtors, creditors and cash arising directly from its operations; and
- loan facilities, the purpose of which are to finance the Company's operations.

(a) Market risk

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

(i) Other price risk

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

Management of other price risk

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

Other price risk exposure

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

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	371,795	250,727

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 18 to 20. All of the investments are listed in the UK. Accordingly there is a concentration of exposure to the UK. 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.

22. Financial instruments' exposure to risk and risk management policies *continued*
(a) Market risk *continued*
(i) Other price risk *continued*
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 20% (2020: 20%) 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.

	2021		2020	
	20% increase in fair value £'000	20% decrease in fair value £'000	20% increase in fair value £'000	20% decrease in fair value £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	(134)	127	(90)	98
Capital return	74,047	(74,063)	49,934	(49,918)
Total return after taxation for the year	73,913	(73,936)	49,844	(49,820)
Net assets	73,913	(73,936)	49,844	(49,820)

(ii) Interest rate risk

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

Management of interest rate risk

The Company does not normally hold significant cash balances. Short term borrowings are used when required. The Company may finance part of its activities through borrowings at levels approved and monitored by the Board. 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 the loan facility.

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.

	2021 £'000	2020 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	12,847	5,973
Bank loans	(45,000)	(18,000)
Total exposure	(32,153)	(12,027)

Interest receivable on cash balances is at a margin below LIBOR (2020: same).

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

Details of the bank loan are given in notes 13 and 14 on page 66.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1% (2020: 1%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2021		2020	
	1% increase in rate £'000	1% decrease in rate £'000	1% increase in rate £'000	1% decrease in rate £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	(7)	7	6	(6)
Capital return	(315)	315	(126)	126
Total return after taxation for the year	(322)	322	(120)	120
Net assets	(322)	322	(120)	120

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

(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.

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

Liquidity risk exposure

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

	2021		Total £'000
	Within one year £'000	More than one year £'000	
Creditors:			
Other creditors and accruals	94	–	94
Bank loans, including interest	15,635	30,787	46,422
	15,729	30,787	46,516

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

(b) Liquidity risk *continued*

Liquidity risk exposure *continued*

	Within one year £'000	2020 More than one year £'000	Total £'000
Creditors:			
Securities purchased awaiting settlement	2,135	–	2,135
Other creditors and accruals	91	–	91
Bank loans, including interest	8,413	10,871	19,284
	10,639	10,871	21,510

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.

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 Bank, N.A.'s own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase, N.A. were to cease trading. The Depository, 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. The Depository Agreement grants a lien over available assets credited to the securities account. The extent of this lien is limited to the amount of unpaid fees payable to Bank of New York Mellon (International) Limited.

Credit risk exposure

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

(d) Fair values of financial assets and financial liabilities

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

23. Capital management policies and procedures

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

	2021 £'000	2020 £'000
Debt:		
Bank loans	45,000	18,000
	45,000	18,000
Equity:		
Called up share capital	6,350	6,350
Reserves	334,011	231,042
	340,361	237,392
Total debt and equity	385,361	255,392

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 limit gearing within the range of 10% net cash to 20% geared, in normal market conditions.

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	371,795	250,727
Net assets	340,361	237,392
Gearing	9.2%	5.6%

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 opportunity for issues of new shares, and sales of shares held in Treasury.

24. Subsequent events

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

Regulatory Disclosures

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

Leverage

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

The Company's maximum and actual leverage levels at 30th June 2021 are shown below:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	113%	113%

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

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

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

Remuneration Policy

A summary of the Remuneration Policy 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 of the Management Company reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. The Board last reviewed and adopted the Remuneration Policy that applied for the 2020 Performance Year in June 2020 with no material changes and was satisfied with its implementation.

REGULATORY DISCLOSURES

Quantitative Disclosures

The table below provides an overview of the aggregate total remuneration paid to staff of the Management Company in respect of the 2020 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JP Morgan Asset Management (UK) Ltd (the relevant employing entity) and the number of beneficiaries, both apportioned to the Management Company on an Assets Under Management ('AUM') weighted basis.

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 30 Alternative Investment Funds (with 5 sub-funds) and 2 UCITS (with 40 sub-funds) as at 31st December 2020, with a combined AUM as at that date of £21.4 billion and £22.5 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (USD \$'000s)	19,241	11,862	31,103	139

The aggregate 2020 total remuneration paid to AIFMD Identified Staff was USD \$63,330,000, of which USD \$5,620,000 relates to Senior Management and USD \$57,710,000 relates to other Identified Staff¹.

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

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

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) or Total Return Swaps. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 30th June 2021.

Shareholder Information

Notice is hereby given that the forty ninth Annual General Meeting of JPMorgan Mid Cap Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Tuesday, 2nd November 2021 at 2.30 p.m. for the following purposes:

1. To receive the Directors' Report, the Financial Statements and the Auditors' Report for the year ended 30th June 2021.
2. To approve the Directors' Remuneration Report for the year ended 30th June 2021.
3. To approve the Directors' Remuneration Policy.
4. To approve a final dividend.
5. To reappoint John Evans as a Director of the Company.
6. To reappoint Richard Gubbins as a Director of the Company.
7. To reappoint Richard Huntingford as a Director of the Company.
8. To reappoint Margaret Payn as a Director of the Company.
9. To reappoint Hannah Philp as a Director of the Company.
10. To reappoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

11. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £586,569, representing approximately 10% of the Company's called-up ordinary share capital (excluding Treasury shares) 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 2022 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

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

12. THAT subject to the passing of Resolution 11 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 570 and 573 of the 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 £586,569, representing approximately 10% of the called-up ordinary share capital (excluding Treasury shares) 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 pursuance of such offers, or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

13. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693 of the Act) of its issued shares of 25p each in the capital of the Company

PROVIDED ALWAYS THAT

- (i) the maximum number of shares hereby authorised to be purchased shall be 3,517,069 or, if less, that number of shares which is equal to 14.99% of the Company's called-up share capital as at the date of the passing of this Resolution;
- (ii) the maximum price which may be paid for a share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for a share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;
- (iii) any purchase of shares will be made in the market for cash at prices below the prevailing net asset value per share (as determined by the Directors) at the date following not more than seven days before the date of purchase;

- (iv) the authority hereby conferred shall expire on 1st May 2023 unless the authority is renewed at the Company's Annual General Meeting in 2022 or at any other general meeting prior to such time; and
- (v) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

Adoption of New Articles of Association – Special Resolution

- 14. THAT the Articles of Association produced to the meeting and signed by the Chairman of the meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the meeting.

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

23rd September 2021

Notes

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

1. If law or Government guidance so requires at the time of the Meeting, the Chairman of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the Meeting. In addition, the Company may still impose entry restrictions on certain persons wishing to attend the AGM in order to secure the orderly and proper conduct of the Meeting.
2. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. However, please note that, in the light of the ongoing COVID-19 pandemic and associated Government guidance, it may be the case that your vote will not be counted where a proxy other than the Chairman of the Meeting is appointed as additional third parties may not be permitted entry to the meeting.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person. However, please note that in the current circumstances, your vote may not be counted where a proxy other than the Chairman of the Meeting is appointed as additional third parties may not be permitted entry to the meeting.
4. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.
5. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
6. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting,

NOTICE OF ANNUAL GENERAL MEETING

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

7. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
8. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. However, please note that, in the light of the COVID-19 pandemic and associated Government guidance, including the rules on physical distancing and limitations on public gatherings, it is unlikely that your vote will be counted where a representative other than the Chairman of the Meeting is appointed as additional third parties are unlikely to be permitted entry to the meeting.

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

9. 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 Financial Statements (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
10. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.

11. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
12. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
13. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmmidcap.co.uk.
14. The register of interests of the Directors and connected persons in the called-up 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 AGM. No Director has any contract of service with the Company.
15. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.

16. As an alternative to completing a hard copy Form of Proxy/Voting Direction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
17. As at 15th September 2021 (being the latest business day prior to the publication of this Notice), the Company's called-up share capital consists of 23,462,770 Ordinary shares (excluding treasury shares) carrying one vote each. Therefore the total voting rights in the Company are 23,462,770.
18. A copy of the proposed new articles of association of the Company, together with a copy showing all of the proposed changes to the existing articles of association, will be available for inspection on the Company's website, www.jpmmidcap.co.uk, and at the offices of J.P. Morgan Asset Management, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00 a.m. and 5.00 p.m. (Saturdays, Sundays and public holidays excepted), from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

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.

Summary of the principal amendments to the Company's articles of association

Set out below is a summary of the principal amendments which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 14 to be proposed at the AGM is approved by shareholders.

This summary is intended only to highlight the principal amendments to the Existing Articles. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. This summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection on the Company's website, www.jpmmidcap.co.uk and at the offices of J.P. Morgan Asset Management, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00am and 5.00pm (Saturdays, Sundays and public holidays excepted), from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

Hybrid/virtual-only shareholder meetings

The New Articles permit the Company to hold shareholder meetings on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means, or may be held on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means. This should make it easier for the Company's shareholders to attend shareholder meetings if the Board elects to conduct meetings using electronic means. Amendments have been made throughout the New Articles to facilitate the holding of hybrid or virtual-only shareholder meetings.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best of interests of shareholders for a hybrid or virtual-only meeting to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

Payment of dividends from capital

The proposed New Articles allow for the payment of dividends from the Company's realised capital profits.

The Companies Act 2006 (Amendment of Part 23) (Investment Companies) Regulations 2012 removed the requirement that the articles of association of an investment company must prohibit the distribution of capital profits. In compliance with the previous statutory regime, the Company currently has provisions in its Existing Articles which expressly prohibit the distribution of capital profits.

In the light of the amended statutory rules and in order to provide the Board with increased flexibility in relation to the payment of dividends in the future, the Board no longer considers it appropriate to have such a prohibition in the Company's articles and therefore proposes that it is removed. The proposed New Articles therefore reflect this change and remove all references to the prohibition of the distribution of capital profits.

The Board does not presently intend to change its approach to the payment of dividends by utilising this new power to pay dividends out of the Company's realised capital profits. However, the Board may seek to use this power in the future where it considers it is in the best interests of shareholders to do so.

International tax regimes requiring the exchange of information

The Board is proposing to include provisions in the New Articles to provide the Company with the ability to require shareholders to co-operate in respect of the exchange of information in order to comply with the Company's international tax reporting obligations.

The Hiring Incentives to Restore Employment Act 2010 of the United States of America (commonly known as the Foreign Account Tax Compliance Act) and all associated regulations and official guidance ('**FATCA**') imposes a system of information reporting on certain entities including foreign financial institutions such as the Company following the enactment of the UK International Tax Compliance (United States of America) Regulations 2013 on 1st September 2013 (as replaced by the International Tax Compliance Regulations 2015 (the '**Regulations**').

The Existing Articles are being amended to provide the Company with the ability to require shareholders to co-operate with it in ensuring that the Company is able to comply with its obligations under the Regulations in order to avoid being deemed to be a 'Nonparticipating Financial Institution' for the purposes of FATCA and consequently having to pay withholding tax to the US Internal Revenue Service. The Existing Articles will also be amended to ensure that: (i) the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, as such liability would be to the detriment of shareholders as a whole; and (ii) the Company has the ability to require shareholders to co-operate and provide further information in respect of the broader obligations under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information.

Increase in annual cap on Directors' fees

The Existing Articles stipulate that Directors' fees, in aggregate, must not exceed £200,000 per annum. Any increase in this amount requires both the Board's and shareholders' approval. This cap was last increased in 2014 and the proposed New Articles will increase the cap to £250,000 in order to provide the Board with future flexibility to appoint additional directors as per the requirements of the Board.

Minor amendments

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles, including: (i) providing the Directors with the ability to postpone general meetings of the Company; (ii) minor amendments in response to the AIFMD and all applicable rules and regulations implementing that Directive in the UK; (iii) the inclusion of a procedure in the event an insufficient number of Directors are re-elected at an annual general meeting of the Company; (iv) clarifying that the consideration (if any) received by the Company upon the sale of any share which is forfeited by a shareholder pursuant to the New Articles will belong to the Company; (v) simplifying the procedure in relation to the untraced shareholders procedure by removing the requirement for the Company to publish newspaper advertisements and clarifying that the consideration (if any) received by the Company upon the sale of any share pursuant to the untraced shareholder provisions will belong to the Company; and (vi) allowing the Company to pay dividends through bank transfers instead of by way of cheques with the further ability to retain cash payments where bank details are not provided by a shareholder. These changes reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES ('APMs') (UNAUDITED)

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

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

Return to Shareholders (APM)

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

Total return calculation	Page	2021	2020	
Opening share price as at 30th June (p)	5	886.0	1,077.5	(a)
Closing share price as at 30th June (p)	5	1,420.0	886.0	(b)
Total dividend adjustment factor ¹		1.03028	1.033516	(c)
Adjusted closing share price (p) (d = b x c)		1,463.0	915.7	(d)
Total return to shareholders (e = d / a - 1)		65.1%	-15.0%	(e)

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

Return on Net Assets (APM)

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Total return calculation	Page	2021	2020	
Opening cum-income NAV per share as at 30th June (p)	5	1,001.3	1,199.9	(a)
Closing cum-income NAV per share as at 30th June (p)	5	1,450.6	1,001.3	(b)
Total dividend adjustment factor ¹		1.025902	1.030193	(c)
Adjusted closing cum-income NAV per share price (p) (d = b x c)		1,488.2	1,031.5	(d)
Total return on net assets (e = d / a - 1)		48.6%	-14.0%	(e)

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

Net asset value per share (APM)

The value of the Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please refer to note 17 on page 67 for the calculation.

Benchmark return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested in the shares of the underlying companies at the time the shares were quoted ex-dividend.

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

Share Price Discount/Premium to Net Asset Value ('NAV') per Ordinary 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. (See page 5).

Gearing/(Net Cash) (APM)

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

Gearing calculation	Page	2021 £'000	2020 £'000	
Investments held at fair value through profit or loss	57	371,795	250,727	(a)
Net assets	57	340,361	237,392	(b)
Gearing (c = a / b - 1)		9.2%	5.6%	(c)

Ongoing Charges Ratio (APM)

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

Ongoing charges ratio calculation	Page	2021 £'000	2020 £'000	
Management Fee	62	1,949	1,926	
Other administrative expenses	62	433	507	
Total management fee and other administrative expenses		2,382	2,433	(a)
Average daily cum-income net assets		285,691	276,483	(b)
Ongoing charges ratio (c = a / b)		0.83%	0.88%	(c)

Earnings/(Loss) per Ordinary Share

The earnings/(loss) per Ordinary share represents the return/(loss) after taxation divided by the weighted number of Ordinary shares in issue during the year.

Performance attribution

Analysis of how the Company achieved its recorded performance relative to its benchmark (see page 10).

Performance Attribution Definitions:

Stock/Sector selection

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

Gearing/Net Cash

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

Management fee/Other expenses

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

Share repurchases

Measures the positive effect on relative performance of repurchasing the Company's shares for cancellation, or repurchases into Treasury, at a discount to their net asset value ('NAV') per share.

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

1. Via a third party provider

Third party providers include:

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

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

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

2. Through a professional adviser

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

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

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

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

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

2 Check the FCA Warning List

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

3 Get impartial advice

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

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

Report a Scam

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

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

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



FINANCIAL CALENDAR

Financial year end	30th June
Final results announced	September
Half year end	December
Half year results announced	February
Half yearly dividends on ordinary shares paid	November, April
Annual General Meeting	November

History

JPMorgan Mid Cap Investment Trust plc was launched in 1972 as Crossfriars Trust Limited and raised £10 million by a public offer of shares. Its original policy was to invest up to 25% of its assets in UK unquoted shares. The Company changed its name to The Fleming Enterprise Investment Trust in 1982. It adopted its current investment policy of concentrating on FTSE 250 companies in 1993 and reaffirmed this policy in February 1997. The Company changed its name to The Fleming Mid Cap Investment Trust plc in October 1998, to JPMorgan Fleming Mid Cap Investment Trust plc in November 2001 and adopted its present name in November 2005.

Directors

John Evans (Chairman of the Board, Nomination Committee and Management Engagement Committee)
 Richard Gubbins
 Richard Huntingford (Senior Independent Director)
 Margaret Payn (Chair of the Audit & Risk Committee)
 Hannah Philp (Chair of the Marketing & Communications Committee)

Company Numbers

Company registration number: 1047690
 London Stock Exchange number: 0235761
 ISIN: GB0002357613
 Bloomberg code: JMF LN
 LEI: 549300QED71GEP4UFN49

Market Information

The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, The Times, the Daily Telegraph, The Scotsman and on the JPMorgan website at www.jpmmidcap.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmmidcap.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

Please contact Alison Vincent for company secretarial and administrative matters.

Depository

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

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

Registrars

Equiniti Group PLC
 Reference 1082
 Aspect House
 Spencer Road
 Lancing
 West Sussex BN99 6DA
 Telephone: 0371 384 2321

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 1082.

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

Independent Auditors

PricewaterhouseCoopers LLP
 Chartered Accountants and Statutory Auditors
 Altria One
 144 Morrison Street
 Edinburgh EH3 8EX

Brokers

Investec Bank plc
 30 Gresham Street
 London EC2V 7QP



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