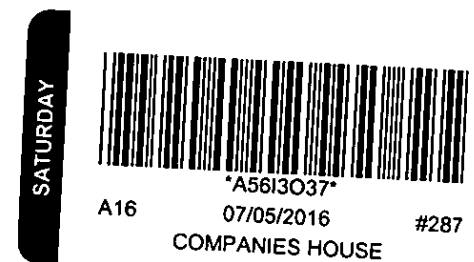


JPMorgan American Investment Trust plc

Annual Report & Financial Statements for the year ended 31st December 2015



J.P.Morgan
Asset Management

Features

Objective

To achieve capital growth from North American investments by outperformance of the Company's benchmark

Investment Policies

- To invest in North American quoted companies including, when appropriate, exposure to smaller capitalisation companies

- To emphasise capital growth rather than income

Please refer to page 17 for full details of the Company's investment policies

Gearing and Hedging Policies

- To use short and long term gearing to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. The Manager is accountable for tactically managing the gearing, within a +/- 2.0% range around a 'normal' gearing level. The normal gearing level, which is set by the Board and kept under review, is currently 10%.

- To hedge the currency risk only in respect of the Company's sterling debenture. All other debt is drawn in dollars.

Benchmark Index

The S&P 500 Index expressed in sterling total return terms

Capital Structure

As at 31st December 2015, the Company's share capital comprised 281,633,910 ordinary shares of 5p each, including 5,350,884 shares held in Treasury.

The Company has a £50 million debenture in issue, carrying a fixed interest rate of 6.875%, per annum, repayable in June 2018. The Company currently also has two floating rate debt facilities totalling £60 million.

Management & Performance Fees

The management fee is charged at a rate of 0.5% per annum, paid quarterly in arrears, on the Company's total assets less current liabilities. The performance fee is calculated at the rate of 10% of the difference between the net asset value total return and the total return of the S&P 500 Index. The performance fee is capped in any one year at 0.25% of the cum-income debt at par net asset value at the Company's latest year end, and any negative fee resulting from underperformance is deducted from any unpaid fees brought forward from prior years with any remaining amount carried forward until paid in full. Please refer to page 23 for full details.

Management Company

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

FCA regulation of 'non-mainstream pooled 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.

AIC

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

Website

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

Contents

FINANCIAL RESULTS

STRATEGIC REPORT

- 3** Chairman's Statement
- 8** Investment Manager's Report
- 13** Summary of Results
- 14** Ten Year Performance
- 15** Ten Year Financial Record
- 16** Ten Largest Equity Investments
- 16** Investment Activity
- 17** Business Review
- GOVERNANCE**
- 21** Board of Directors
- 23** Directors' Report
- 25** Corporate Governance Statement
- 30** Directors' Remuneration Report
- 32** Statement of Directors' Responsibilities

33 INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

- 38** Statement of Comprehensive Income
- 39** Statement of Changes in Equity
- 40** Statement of Financial Position
- 41** Statement of Cash Flow
- 42** Notes to the Financial Statements

REGULATORY DISCLOSURES

- 62** AIFMD Disclosures

SHAREHOLDER INFORMATION

- 63** Notice of Annual General Meeting
- 66** Glossary of Terms and Definitions
- 67** Where to buy J P Morgan Investment Trusts
- 69** Information about the Company

Financial Results to 31st December 2015

TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED)

-2.4%

Return to shareholders¹
(2014: +22.6%)

+4.7%

Return on net assets²
(2014: +20.8%)

+6.9%

Benchmark total return^{1,3}
(2014: +20.4%)

4.0p

Dividend⁴
(2014: 3.25p)

Long Term Performance (total returns)
FOR PERIODS ENDED 31ST DECEMBER 2015

¹ Source: Morningstar

² Source: J.P. Morgan

³ The Company's benchmark index is the S&P 500 Index, net of the appropriate withholding tax, expressed in sterling total return terms

⁴ Subject to the approval by Shareholders at the Annual General Meeting of the final dividend of 2.5p

Strategic Report

CHAIRMAN'S STATEMENT

As shareholders will be aware, this report covers a particular 12 month period in the life of JPMorgan American Investment Trust. We publish estimated Net Asset Values daily and our share price is quoted minute by minute. The Trust has been in existence since 1881. I therefore see the Chairman's Statement as an opportunity both to bring shareholders up to date with the Board's thinking, and to put the year covered by the annual report and financial statements into a longer term context. Over the longer term, your Company has performed well and has provided strong returns. Since the end of the reporting period, markets have seen some turbulence.

In 2015, the US equity market, as measured by the S&P 500 total return Index in sterling terms, provided a return of 6.9%. In local currency terms, the market was more or less flat and the gain to investors arose largely from the strength of the US dollar compared with sterling.

Over the period, your Company's net asset value ('NAV') underperformed the S&P 500 by just over 2%. The 10 year record (over which period Garrett Fish has been responsible for fund management) remains ahead of the Index and the performance of the NAV of the trust, over the 10 years to 31st December 2015, ranks it in the top 2% of the 270 US large capitalisation 'blend' funds in the relevant Morningstar universe. Garrett produced a very strong relative performance in 2008, and outperformed in 2013 and 2014 and has started this year well. He reports upon the reasons behind the performance returns for 2015 in his statement on pages 8 to 12. Overall, the underperformance in the period was due to his long term preference for "value" stocks which led him not to invest in some of the strongest performers over the year, such as Amazon, which he considered to be expensive. In addition, he had one or two stock disappointments.

The share price total return was -2.4%. This was somewhat disappointing to us as it represents the combination of portfolio underperformance and the establishment of a small discount. Having issued shares at a small premium in 2014 and early 2015, we saw investors changing preferences in mid 2015. We have therefore, as we indicated we would, bought back shares and will continue so to do. From the emergence of the discount in the first quarter of 2015, we have now repurchased 10,468,652 shares into Treasury as at the date of this statement, representing 3.7% of the Company's issued share capital at the beginning of 2015.

Dividend growth from the portfolio was again quite significant, helped by the strength of the dollar. This enables your Company to provide an increased final dividend of 2.5p per share, taking the dividends for the year as a whole to 4.0p per share, an increase of 23.1% on 2014.

Gearing

Gearing has remained within the Board's strategic gearing level of 10%, plus or minus 2% over the year. The investment manager, Garrett Fish, has the ability to hold cash of up to 5% of net assets if he believes there to be a real risk of capital loss and we have indicated that our highest level of gearing would be 20%. The ability to gear is an important feature of a closed end investment vehicle. The Board has developed a diversified debt strategy in order to avoid having to refinance all our debt at a particular point, to alleviate the need to time a particular interest rate level and to maintain flexibility. In April 2015, the Company put in place an additional £25 million of flexible bank debt through a five year facility with National Australia Bank to ensure that the Board's strategic gearing level could be maintained. The Company now has bank facilities totalling £60 million which are or will be drawn down in dollars, together with a £50 million sterling debenture in respect of which the currency mismatch is hedged. Repayment dates for the bank debt are December 2016 and April 2020, the debenture matures in June 2018. For full details of the terms of these facilities please refer to pages 49 and 50.

Dividends

US companies continued to provide a reasonably strong dividend flow and the income we received last year showed further gains. The increase in your Company's income was approximately 12%. Our analysis shows that, just over 7% of the income increase over the year came from the strengthening of the US dollar vs sterling. The remainder was due to an increase in dividends.

CHAIRMAN'S STATEMENT *CONTINUED*

received in the portfolio. The Company paid an interim dividend in respect of the 2015 financial year of 1.5p on 9th October 2015. Subject to shareholder approval at the Annual General Meeting, a final dividend of 2.5p will be paid on 13th May 2016 to shareholders on the register on 15th April 2016, making a total of 4.0p per share, compared with last year's total of 3.25p per share.

After the payment of the proposed final dividend, we will have a balance in the revenue reserves of £13.7 million (equivalent to 5.0 pence per share or 1.25 times the current dividend). It is our intention that such reserves be used to support dividend payments when corporate pay outs are less healthy, or if there are other fluctuations in the revenue account which we assess to be temporary. Our manager expects further income growth from the portfolio in 2016.

Share Price and Premium/Discount

In January 2015, the Company issued 600,000 shares. The shares were issued at a premium to estimated NAV. In early February 2015, the Company's shares began trading at a consistent discount, having in the main traded at a premium over the prior three years. Accordingly, having monitored the discount level on a daily basis, the Board authorised the repurchase in 2015 of a total of 5,350,884 shares into Treasury. So far this year and to the date of this report, the Company has repurchased a further 5,117,768 shares into Treasury.

As evidenced above, and as we have stated in previous years, the Board has this year demonstrated its willingness to buy shares back when they stand at anything more than a small discount. The Board remains aware of its responsibility not to let the discount widen significantly and therefore the Company will again be asking shareholders to approve the relevant share buyback resolutions at the Annual General Meeting. We will also be seeking shareholder permission to issue shares, where Directors are confident of sustainable market demand. The authority, if approved, will allow the Company to issue up to 10% of its issued share capital at prices in excess of the estimated NAV including income with the value of our debt deducted at market prices.

(Discount)/Premium level

Source: Datastream

— (Discount)/Premium level (calculated with debt at fair value and including income)

Investment Manager

The Company's objective is to achieve capital growth from North American investments by outperformance of the Company's benchmark, which is the S&P 500 Index (with both net asset value and benchmark measured in sterling total return terms).

In 2015, Directors met with the investment managers of both the large and small capitalisation portfolios and the investment company team in London, and had conversations over the teleconference system with our managers in New York if they are not in London. In 2015, the Board again visited the Manager's offices in New York where it held meetings with senior management, the behavioural finance team of which Garrett is a member, the corporate engagement and dealing teams. In addition to investment management, the Manager provides other services to the Company, including marketing, accounting and company secretarial services. We have analysed our relationship with the Manager in detail and robustly as we must, and have concluded that the ongoing appointment of the Manager is in the continuing interests of shareholders.

Costs and Directors' Fees

In 2015, we have continued to keep our focus on costs through the year given that it is important that we continue to offer attractive value for shareholders and potential shareholders. After increasing our fees in 2015, your Directors resolved not to increase the rate of fees for 2016. The table set out below is in the same format as we have used for the last two years. It aims to show the returns generated on the Company's investments, the extent to which the capital base of the Company has grown or shrunk through share issuance and buy-backs, and the full costs of the Company's operations. Management fees generally vary with the size of the Company and therefore rose. No performance fee was payable and the Company clawed back prior amounts. Another significant cost for the Company this year was the payment of the depositary's fees. This was the first full year that such fees have been paid, subsequent to the regulatory requirement to appoint a depositary arising from the AIFM Directive. Despite these extra costs, we note that the Company's Ongoing Charges remain relatively low at 0.62% (2014: 0.64%).

	2015 £'000s	2015 Percentage of opening net assets	2014 £'000s	2014 Percentage of opening net assets
Net assets at start of year	804,150	100.00	642,213	100.00
Increase in net assets during the year from investing	34,762	4.32	139,421	21.71
Brokerage fees/commissions and other dealing charges	(236)	(0.03)	(173)	(0.03)
Net investment performance	838,676	104.29	781,461	121.68
Income received from investing - net of withholding tax	15,293	1.90	12,567	1.96
Dividends paid to shareholders	(10,448)	(1.30)	(7,467)	(1.16)
Interest paid on borrowings	(3,907)	(0.49)	(3,826)	(0.60)
Losses on currency (including hedging)	(4,940)	(0.61)	(4,884)	(0.76)
Management fee	(4,266)	(0.53)	(3,717)	(0.58)
Performance fee write back/(charged)	507	0.06	(359)	(0.06)
Directors' fees	(165)	(0.02)	(152)	(0.02)
Other costs of the Company	(582)	(0.07)	(495)	(0.08)
Issue of new shares (net of costs)	1,708	0.21	31,022	4.83
Repurchase of shares into Treasury (net of costs)	(15,176)	(1.89)	-	-
Net assets at end of year	816,700	101.56	804,150	125.22

CHAIRMAN'S STATEMENT *CONTINUED*

Operation of the Performance Fee

In 2015 and as reported at the interim stage, we considered the operation of the performance fee. From its introduction the fee has been based on the difference between the capital return of the NAV and the capital return of the S&P 500 Index. We believe that the broad structure of the fee remains in shareholders' interests as it is capped and has a mechanism to offset underperformance and thus no fee is payable for 2015, and will not be payable until this year's underperformance is recovered, as described below. However, we have amended the calculation slightly so that outperformance is measured in total return terms, which is better aligned with the returns experienced by shareholders. That is, the NAV total return is compared with the total return provided by the S&P 500, both in sterling terms. We believe this is a better measure of performance and removed distortions which can be caused by retained income, particularly as the Company's income receipts are rising. In our calculations for the 2014 performance fee we removed the retained income element from the capital calculation and have now put in place the new calculation with effect from 1st January 2015.

In relation to the Company's financial year ended 31st December 2015, the Company's NAV total return underperformed the total return of the S&P 500 Index, expressed in sterling terms, resulting in a negative performance fee calculation of £1,818,000. This amount when deducted from the £507,000 performance fee provision brought forward leaves a balance of negative £1,312,000, which will be carried forward and offset against future outperformance. Full details of the mechanics of the performance fee payments are detailed on page 23.

The Board

The Board has procedures in place to ensure that the Company complies fully with the AIC Code on Corporate Governance and the UK Corporate Governance Code. In accordance with corporate governance best practice, all Directors will be retiring and seeking re-election at the Company's forthcoming Annual General Meeting. The Nomination Committee met formally to evaluate the effectiveness of the Board as a whole and of each individual Director and is satisfied that all retiring Directors possess the experience and attributes required of a Director for this Company. Accordingly, the re-elections of all Directors at the forthcoming Annual General Meeting are recommended to shareholders.

The Board continues to manage succession so that it has an appropriate balance of skills and diverse approaches to its tasks. Having served as a Director since 2005, Kate Bolsover will retire from the Board by the end of 2016. Kate has contributed enormously to the deliberations of the Board over her tenure and we wish her well for the future. The Board is currently in the process of recruiting a new non-executive Director. Having chaired the Board since 2012 and having been appointed to the Board in 2005, I plan to step down from the Board during 2017. The Company's Senior Independent Director, Sir Alan Collins has overseen the process to select my successor and I am delighted to say that Dr Kevin Carter will succeed me at that point.

Annual General Meeting and Shareholder Contact

This year's Annual General Meeting is the Company's 100th and it will be held on Wednesday, 11th May 2016 at 2.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP. As in previous years, in addition to the formal part of the meeting, there will be a presentation from our investment manager Garrett, who will answer questions on the portfolio and performance. There will also be an opportunity to meet the Board, Garrett, and representatives of JPMF after the meeting. I look forward to welcoming as many shareholders as possible to this meeting. Last year, following the publication of our results for 2014, I did contact our largest shareholders and had useful discussions with several. I am pleased to hear from shareholders, and can be contacted through our Company Secretary whose details are set out on page 69.

Outlook

Obviously there is much comment about the forthcoming US elections this year. There is also concern about rates of growth outside the US (particularly in China) as well as worries about geopolitical tensions. Interest rates have finally begun to rise although how far and how fast is very unclear. Valuations are not cheap. At the same time the US corporate sector, relative to many other places to invest, looks relatively attractive. Although there are problems in the energy and resource sectors, elsewhere profits kept growing in 2015. Profit expectations for 2016 are currently modest but corporate dividend growth is expected to continue. We expect the US equity market to continue to be a reasonable place to invest given the extraordinary breadth of opportunity it provides.

Sarah Bates
Chairman

23rd March 2016

INVESTMENT MANAGER'S REPORT

Market Review

Despite an intra-year drop of -12%, the US stock market, as represented by the S&P 500, finished almost flat in US dollar terms. Large cap stocks outperformed small caps in most sectors and growth trumped value within all size segments. The two macro themes of 2015, very low oil prices and robust US consumer spending, were reflected in the worst and best performing S&P 500 sector returns, with the energy sector falling 24% and the consumer discretionary sector rising 8% in US dollar terms.

Investor concerns in 2015 that contributed to market volatility primarily revolved around three issues: the slowdown in economic growth in China, weakness in commodity prices and a strong US dollar. The slower growth in China can be attributed to the transition to a more service-based economic model, which inherently has slower productivity growth than a manufacturing intensive economy. Furthermore, China's ability to increase exports has been muted by an overall slow-growing global economy. With regards to commodity prices, the decline in oil prices can be linked to an oversupply while softness in other commodities has resulted from a slowdown in global demand, predominantly in China. Finally, the strong US dollar weighed on equity markets in 2015 as multinationals were hurt by falling demand and it remains to be seen whether the dollar will weaken this year. It is worth noting, though, that the last three times the Federal Reserve ('Fed') began to raise rates, the dollar appreciated leading up to the rate hike and subsequently fell in the following six months.

The Fed's long awaited first move finally came on 16th December 2015 when it raised the federal funds rate from 0.25% to 0.50% ending seven years of a 'near-zero' interest rate policy. In her press conference, Fed's Chair, Yellen, emphasised that 'gradual' did not mean 'mechanical', suggesting that investors should not necessarily expect one rate hike at every other meeting.

The Company's net asset value total return (in sterling terms) rose by 4.7%, which was below our benchmark, the S&P 500 Index, which returned 6.9%.

Overall Asset Allocation and Performance

The investment management team is responsible for managing the allocation between the large and the small cap portfolios, together with the levels of cash and gearing. In 2015, the Company's gearing ranged between 8.2% and 9.7% of shareholders' funds, with the level at the year end being 8.2%. The level of gearing has been adjusted at regular intervals within the gearing guidelines laid down by the Board. Despite the market rising overall over the year, gearing and the cost of gearing detracted from relative performance.

The weighting in the small cap portfolio ranged between 3.3% and 4.9% of the Company's total assets less current liabilities and ended the year at 4.2%. Our allocation model caused us to add and trim from our small cap allocation during the year. We believe that our ability to move between the two segments enhances returns to shareholders over the long term and also helps to balance our overall risk.

Attribution data for 2015 shows that both our large cap portfolio and our smaller companies portfolio detracted for the period.

Large Companies Portfolio

Our investment methodology continues to focus on investing in high quality, reasonably valued companies. This style leads us to invest in companies that exhibit good growth characteristics with growing earnings, strong cash flows and reasonable valuations. When constructing our portfolio, we use the core tenets of behavioural finance to narrow our investment universe. Behavioural finance theory indicates that on average, high quality, fast

growing cheap stocks with good news-flow outperform lower quality, slow growing, and expensive stocks with bad news-flow. Taking this approach, we rank the stocks in our universe to uncover those companies that are high quality, attractively valued and are also exhibiting improving sentiment (momentum). We then undertake fundamental research to validate the rankings. This leads us to invest in quality companies that exhibit good growth characteristics with growing earnings, strong cash flows and reasonable valuations.

2015 was a difficult investment environment for our strategy. Throughout the year there was a reduction of cyclical and beta in the portfolio as the global economic background decelerated. The returns from the broad market were driven by companies with very strong momentum characteristics, whereas those companies which we would define as high quality and looked particularly attractive from a valuation perspective underperformed. Although your portfolio had some exposure to stocks with momentum characteristics during the year, it was not enough to offset the impact of holding higher quality companies that were cheaper than the market. Since the end of the reporting period the outperformance of those companies that have high momentum characteristics is showing signs of coming to an end, which will benefit our strategy.

The large companies portfolio detracted from performance for the period under review. This underperformance was mainly driven by weak stock selection in information technology, consumer discretionary and telecom sectors. Good sector calls did however offset some of the negative impact from disappointing stock selection. Our positioning in the information technology and consumer discretionary sectors had the largest negative impact on our performance. The best performing stocks over the year were led by a handful of mega cap leaders in internet commerce: Facebook, Amazon, Netflix and Google (now renamed Alphabet), the now eponymous 'FANG' stocks. This group of stocks captured much of the attention and soared by an average of 80% during the year. To put that performance into perspective the S&P 500 ex-FANG average stock return ended at -2%. Despite their strong momentum characteristics we did not own them on valuation grounds. This underexposure to the FANG-stocks in the portfolio detracted from performance materially.

Among individual names, our lack of exposure to Amazon detracted from relative performance the most. Amazon reported accelerating growth globally with Amazon Prime being a key driver of retail growth and Amazon Web Services being a key driver of business growth. Our largest portfolio position was in Apple, which performed very well in the first half of the year but fell sharply in late August on concerns that slowing Chinese growth would impact sales of the iPhone. We remain positive on the longer term prospects for the Company despite the recent set back in performance.

In the telecom services sector, an overweight position in CenturyLink was the largest detractor. The integrated communications company posted weak results early in the year with total revenue falling year-on-year. The decline in revenue was driven by weakness in data centre hosting revenue and flat growth in TV and broadband. However, operating metrics remain on track and we maintain confidence in this company. In contrast, our stock selection within industrials and healthcare proved beneficial. Solid stock selection in the energy space, the worst performing sector for the year, also aided relative performance.

Marathon Petroleum and Valero were two of the largest contributors to performance over the time period. Both companies are involved in refining crude oil into different petroleum products and benefitted from the continued decline in crude prices throughout the year. Refiners continue to look very attractive from a valuation and operating momentum standpoint. In the industrials sector, our overweight position in Northrop Grumman, a global aerospace and defence company, contributed the most to returns for the year. Northrop started 2015 on a positive note, providing profit guidance for 2015 that topped Wall Street expectations. Additionally, it continued this strength with solid earnings and reported

INVESTMENT MANAGER'S REPORT *CONTINUED*

improved guidance for the full year. Strong momentum and quality factors underpin our overweight position in this name. Within healthcare, our overweight positions in both Anthem and Cigna added value. The health benefits company Anthem, formerly known as WellPoint, rallied early in the year after it announced it has closed the acquisition of Simply Healthcare, a Florida managed care operator focused on the Medicaid and Medicare Advantage markets. The company's growth continues to be balanced with contributions from both commercial and government segments. Additionally we believe execution remains strong as does the company's pipeline of future revenue growth. During the year senior management held merger talks with Cigna. This information caused Cigna to rally strongly during the summer period. Our position in Cigna ensured that we benefitted from this rally though the company has also had a strong record of earnings per share as well as raising full year guidance for 2015.

PERFORMANCE ATTRIBUTION FOR THE YEAR ENDED 31ST DECEMBER 2015

	%	%
Contributions to total returns		
Net asset value total return (in sterling terms)		4.7
Benchmark total return (in sterling terms)		6.9
Excess return		-2.2
Contributions to total returns		
Large cap portfolio		-0.9
Allocation effect	0.4	
Selection effect	-1.3	
Small cap portfolio		-0.2
Allocation and selection effect	-0.2	
Gearing		-0.1
Cost of debt		-0.5
Currency hedge		-0.1
Share issuance/buy back		0.1
Management fee/expenses		-0.6
Performance fee write back		0.1
Total		-2.2

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

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

A glossary of terms and definitions is provided on page 66.

In terms of portfolio positioning, we added to our consumer staples exposure and trimmed from consumer discretionary. Consumer staples is now the second largest overweight and consumer discretionary is our largest underweight. Our largest overweight remains in the information technology sector. We find technology to be a fertile ground for stock picking supported by its valuation and free cash flow. We are overall optimistic on the technology sector, with a broadly diversified exposure to semiconductors, semi cap equipment, data processing and computer hardware. Our third largest absolute position, healthcare, remains relatively unchanged. On the other hand, we retain our underweight in the materials sector, as we are less excited about the long term growth prospects as well as unappealing valuation levels relative to other sectors. We have also shifted to a larger underweight in industrials during the year.

Sector Weightings of the Large Cap Portfolio versus S&P 500 as at 31st December 2015

Sector	Large company portfolio %*	S&P 500 %	Overweight/ (underweight) %
Information Technology	25.6	20.7	4.9
Financials	15.4	16.5	(1.1)
Healthcare	15.6	15.2	0.4
Consumer Discretionary	8.5	12.9	(4.4)
Consumer Staples	13.9	10.1	3.8
Industrials	8.2	10.1	(1.9)
Energy	7.0	6.5	0.5
Telecom Services	2.2	2.4	(0.2)
Utilities	2.9	3.0	(0.1)
Materials	0.8	2.8	(2.0)

*Does not include small cap stocks and net current assets

Source: Wilshire. Based on the MSCI Global Industry Classification Standards

The table below shows the largest positive and negative stock contributors to the Company's portfolio performance in 2015

Stock	Average position relative to Benchmark over year %	Stock return (based on average weight over the year) %	Contribution %
Positive Contributors			
Marathon Petroleum	1.1	24.1	0.50
Northrop Grumman	1.9	38.0	0.47
Broadcom	0.9	42.7	0.37
Valero Energy	0.7	22.6	0.34
Tyson Foods	1.0	42.2	0.29
Negative Contributors			
Amazon	(1.0)	0.0	(0.62)
CenturyLink	1.3	(27.8)	(0.57)
Yahoo	0.8	(30.3)	(0.49)
Best Buy	0.9	(14.1)	(0.39)
General Electric	(1.5)	0.0	(0.36)

Smaller Companies Portfolio

US small caps came under pressure in 2015 and ended the period lagging their large cap peers for a second year in a row. The year presented a challenging environment for our investment style and our US small cap portfolio detracted from overall performance.

In particular, our stock selection in healthcare proved unsatisfactory and was the main driver behind our results. While much of our small cap healthcare portfolio did well, a few of our earlier stage investments materially hindered performance. On the positive side, stock selection was very strong in the materials and processing space.

For our smaller companies portfolio we believe that long-term investments in companies with leading competitive positions, run by highly motivated and talented management that can sustain growth over a period of many years, will lead to stock market outperformance. We identify companies with predictable and durable business models deemed capable of achieving sustained growth.

Outlook

As always, we remain firmly committed to our disciplined and dispassionate investment process. We will continue to monitor risks at all levels, taking only risks for which we believe we will be compensated. We continue to see valuation as the key driver of long-term returns.

We continue to believe that the global economic deceleration remains the biggest risk to the US equity markets. With the lowered economic growth it is more difficult for companies to increase their revenues and also their profits. US companies have done an admirable job of keeping their cost structures competitive with their global peers.

A lower dollar in 2016 would be a significant tailwind for the investment environment and particularly US equities, as it would provide a boost to global commodity prices and increase the dollar value of international corporate earnings.

Central bank interventions in the global financial markets through quantitative easing and low interest rates have recently benefitted equity markets. The situation is more complex at the moment with the introduction of negative interest rates. In this increasingly volatile environment, we believe that the strongest, best positioned companies will be best able to weather the turbulence.

Garrett Fish

Investment Manager

23rd March 2016

SUMMARY OF RESULTS

	2015	2014	
Total returns for the year ended 31st December			
Return to shareholders ¹	-2.4%	+22.6%	
Return on net assets with debt at par value ²	+4.7%	+20.8%	
Return on net assets with debt at fair value ²	+5.0%	+21.0%	
Benchmark ^{1,3}	+6.9%	+20.4%	
Net asset value, share price, discount and market data at 31st December			
			% change
Net asset value per share with debt at par value	295.6p	286.1p	+3.3
Net asset value per share with debt at fair value ⁴	293.4p	283.1p	+3.6
Share price	277.9p	288.7p	-3.7
Share price (discount)/premium to net asset value per share with debt at par value	(6.0)%	0.9%	
Share price (discount)/premium to net asset value per share with debt at fair value	(5.3)%	2.0%	
Shareholders' funds (£'000)	816,700	804,150	+1.6
Market capitalisation (£'000)	767,791	811,345	-5.4
S&P 500 Index expressed in sterling (capital only) ⁵	1,386.8	1,320.4	+5.0
Exchange rate	£1=\$1.4819	£1=\$1.5592	-5.0
Shares in issue (excluding shares held in Treasury)	276,283,026	281,033,910	-1.7
Revenue for the year ended 31st December			
Net revenue attributable to shareholders (£'000)	12,911	10,412	+24.0
Return per share	4.64p	3.76p	+23.4
Dividend per share	4.00p	3.25p	+23.1
Gearing at 31st December⁶	8.2%	8.7%	
Ongoing Charges⁷	0.62%	0.62%	
Ongoing Charges including any performance fee payable⁸	0.62%	0.64%	
Management Fee⁹	0.50%	0.50%	

A glossary of terms and definitions is provided on page 66

¹ Source: Morningstar

² Source: J.P. Morgan

³ The Company's benchmark is the S&P 500 Index expressed in sterling total return terms

⁴ The fair value of the £50m debenture issued by the Company has been calculated using discounted cash flow techniques using the yield from a similarly dated gilt plus a margin based on the five year average for the AA Barclays Sterling Corporate Bond spread

⁵ Source: Datastream

⁶ Gearing represents the excess amount above shareholders' funds of total assets less cash/cash equivalents expressed as a percentage of the shareholders' funds. If the amount so calculated is negative this is shown as a net cash position

⁷ Ongoing charges represent the management fee and all other operating expenses excluding interest expressed as a percentage of the average of the daily net assets during the year. The ongoing charges are calculated in accordance with guidance issued by the Association of Investment Companies (the AIC) in May 2012

⁸ Ongoing charges including any performance fee payable represents the management fee, performance fee and all other operating expenses excluding interest expressed as a percentage of the average of the daily net assets during the year

⁹ The level of the management fee excluding any performance fee payable

TEN YEAR PERFORMANCE

Total Return

FIGURES HAVE BEEN REBASED TO 100 AT 31ST DECEMBER 2005

Source Morningstar

Performance Relative to Benchmark

FIGURES HAVE BEEN REBASED TO 100 AT 31ST DECEMBER 2005

Source Morningstar

TEN YEAR FINANCIAL RECORD

At 31st December	2005 ¹	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Shareholders' funds (£m)	309.0	312.0	321.5	293.7	321.5	374.0	400.4	464.7	642.2	804.2	816.7
Net asset value per share with debt at par value (p) ²	142.1	144.2	150.5	137.5	150.5	174.6	173.3	185.0	239.4	286.1	295.6
Net asset value per share with debt at fair value (p) ²	138.1	141.8	147.5	132.4	146.3	170.2	168.6	180.9	236.6	283.1	293.4
Share price (p) ²	126.6	130.8	133.1	125.2	139.4	167.4	171.8	181.2	238.2	288.7	277.9
Share price (discount)/premium with debt at fair value (%)	(8.4)	(7.7)	(9.8)	(5.5)	(4.7)	(1.6)	1.9	0.2	0.7	2.0	(5.3)
Gearing/(net cash) (%) ³	8.8	4.3	(2.9)	12.8	11.3	4.2	(2.8)	(0.6)	9.1	8.7	8.2
Exchange rate (£1=\$)	1.72	1.96	1.99	1.44	1.61	1.57	1.55	1.63	1.66	1.56	1.48

Year ended 31st December

Earnings per share (p) ²	1.56	2.26	2.14	2.27	2.13	2.11	2.24	2.76	3.00	3.76	4.64
Dividend per share (p) ²	1.60	2.20	2.20	2.20	2.20	2.20	2.20	2.50	2.70	3.25	4.00
Ongoing charges (%) ⁴	0.72	0.76	0.69	0.71	0.75	0.70	0.69	0.68	0.63	0.62	0.62
Ongoing charges (%) including any performance fee payable ⁵	0.72	0.76	0.69	0.82	0.86	0.81	0.69	0.68	0.66	0.64	0.62

Rebased to 100 at 31st December 2005

Share price total return	100.0	104.6	108.2	103.6	117.5	143.0	148.6	159.4	212.0	259.8	253.5
Net asset value per share - total return ⁶	100.0	102.1	108.3	99.6	112.2	132.3	132.6	144.8	191.8	231.9	242.9
Benchmark - total return ⁶	100.0	101.2	104.6	90.9	102.0	120.7	123.8	136.8	177.2	213.3	228.1

A glossary of terms and definitions is provided on page 66

¹ The results for the year ended 31st December 2005 have been restated in accordance with Financial Reporting Standards 21, 25 and 26

² 2005-2013 comparative figures have been restated due to the sub division of each existing ordinary share of 25p into five ordinary shares of 5p each on 8th May 2014

³ Gearing represents the excess amount above shareholders' funds of total assets less cash/cash equivalents, expressed as a percentage of the shareholders' funds. If the amount so calculated is negative this is shown as a 'net cash' position

⁴ Ongoing charges represents the management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the daily net assets during the year. The ongoing charges are calculated in accordance with guidance issued by the Association of Investment Companies (the AIC) in May 2012

⁵ Ongoing charges including any performance fee payable represents the management fee, performance fee and all other operating expenses excluding interest, expressed as a percentage of the average of the daily net assets during the year

⁶ Source: Morningstar

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

TEN LARGEST EQUITY INVESTMENTS AT 31ST DECEMBER

For a full list of the Company's investments please refer to the Company's website at www.jpmanmerican.co.uk, where the portfolio is available a month in arrears

Company	Sub sector	2015 Valuation		2014 Valuation	
		£'000	% ¹	£'000	% ¹
Apple	Information Technology	50,618	5.6	50,194	5.7
Microsoft	Information Technology	45,527	5.0	36,050	4.1
Citigroup	Financials	28,248	3.1	16,422	1.8
Northrop Grumman	Industrials	24,775	2.8	15,090	1.7
Wells Fargo	Financials	24,343	2.7	19,048	2.1
Gilead Sciences	Healthcare	23,496	2.6	16,496	1.9
Pfizer ²	Healthcare	17,270	1.9	13,498	1.5
Tyson Foods 'A' ²	Consumer Staples	15,606	1.7	2,233	0.3
Wal-Mart Stores ³	Consumer Staples	15,380	1.7	–	–
Cisco Systems ²	Information Technology	15,062	1.7	14,584	1.6
Total		260,325	28.8		

¹ Based on total investments of £903.9m (2014: £886.9m)

² Not included in the ten largest equity investments at 31st December 2014

³ Not included in the total investments at 31st December 2014

At 31st December 2014 the value of the ten largest equity investments amounted to £229.8m representing 26.0% of total investments

INVESTMENT ACTIVITY DURING THE YEAR ENDED 31ST DECEMBER 2015

	Value at 31st December 2014		Purchases £'000	Sales £'000	Changes in value £'000	Value at 31st December 2015	
	£'000	% of portfolio				£'000	% of portfolio
Large Companies	843,570	95.1	319,883	(347,907)	32,084	847,630	93.8
Small Companies ¹	32,131	3.6	33,962	(29,595)	1,255	37,753	4.2
Liquidity Fund ²	11,234	1.3	123,181	(117,126)	1,195	18,484	2.0
Total investments	886,935	100.0	477,026	(494,628)	34,534	903,867	100.0

¹ This includes investments in unquoted companies

² The Company invests its surplus cash in the JPMorgan US Dollar Liquidity Fund. The dollar price per unit of this investment has not changed. Changes in valuation are due to exchange rate movements.

Portfolio turnover was 42% (2014: 29%). This is based on the average purchases and sales expressed as a percentage of average opening and closing portfolio values, excluding the liquidity fund transactions and values.

BUSINESS REVIEW

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review

Structure and Objective of the Company

JPMorgan American Investment Trust plc is an investment trust and has a premium listing on the London Stock Exchange. Its objective is to provide shareholders with capital growth from North American investments. In seeking to achieve this objective, the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') which, in turn, delegates portfolio management to JPMorgan Asset Management ('JPMAM') which further delegates to JPMorgan Asset Management, Inc., to manage the Company's assets actively. The Board has determined an investment policy and related guidelines and limits as described below. It aims to outperform the S&P 500 Index, with net dividends reinvested, expressed in sterling terms.

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

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

Investment Policies and Risk Management

In order to achieve its investment objectives and to seek to manage risk, the Company mainly invests in a diversified portfolio of quoted companies including, when appropriate, exposure to smaller capitalisation stocks. The Company currently has separate portfolios dedicated to larger capitalisation and smaller capitalisation companies. The number of investments in the larger capitalisation portfolio will normally range between 60-100 stocks representing between 80-100% of the Company's equity portfolio. The number of investments in the smaller capitalisation portfolio will normally range between 100-120 stocks representing between 0-20% of the Company's equity portfolio. The Company may invest in pooled funds to achieve these aims.

Investment Limits and Restrictions (all at time of investment)

- The Company will not normally invest more than 8% of its gross assets in any one individual stock

- The Company will normally limit its five largest investments to 40% of its gross assets
- The Company will not invest more than 10% of its gross assets in liquidity funds in normal market conditions
- The Company will not invest more than 10% of gross assets in companies that themselves may invest more than 15% of gross assets in UK listed investment companies
- The Company will not invest more than 15% of its gross assets in other UK listed investment companies
- The Company will use gearing when appropriate to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. The Manager is accountable for tactically managing the gearing, within a +/-2.0% range around a 'normal' gearing level. The normal gearing level, which is set by the Board and kept under review, is currently 10%.
- The Company only hedges its currency risk in respect of the full value of the sterling debenture.

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

Performance

In the year ended 31st December 2015, the Company produced a total return to shareholders of -2.4% and a total return on net assets of +4.7%. This compares with the return on the Company's benchmark in sterling terms, of +6.9%. At 31st December 2015, the value of the Company's investment portfolio was £904 million. The Investment Manager's Report on pages 8 to 12 includes a review of developments during the year as well as information on investment activity within the Company's portfolio and the factors likely to affect the future performance of the Company.

Total Return, Revenue and Dividends

As detailed on page 38, gross total return for the year amounted to £47.4 million (2014: £149.6 million) and net total return after deducting finance costs, administrative expenses and taxation, amounted to £36.5 million (2014: £138.4 million). Distributable income for the year totalled £12.9 million (2014: £10.4 million).

The Company paid an interim dividend of 1.5p per share on 9th October 2015. Directors recommend a final dividend of 2.5p per share, payable on 13th May 2016 to shareholders on the register at the close of business on 15th April 2016. The total dividend distribution for 2015 represents an increase of 23.1% on last year's 3.25p distribution. These distributions total £11.1 million (2014: £9.1 million). After payment of the final dividend the revenue reserve will amount to £13.7 million (2014: £11.8 million).

BUSINESS REVIEW *CONTINUED*

Key Performance Indicators ('KPIs')

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

- **Performance against the benchmark index**

This is an important KPI by which performance is judged

Please refer to the graphs on page 14 for details of the Company's performance relative to its benchmark index over 10 years

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

The principal objective is to achieve capital growth relative to the benchmark. However, the Board also monitors performance relative to a broad range of appropriate competitor funds both in the UK and the US

- **Performance attribution**

The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as asset allocation, gearing and stock selection. Details of the attribution analysis for the year ended 31st December 2015 are given in the Investment Manager's Report on page 10

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

The Board has adopted a share issuance and repurchase policy that seeks to address imbalances in supply of and demand for the Company's shares in the market and thereby seeks to manage the volatility and absolute level of the premium and discount to NAV per share at which the Company's shares trade. In the year to 31st December 2015, the shares traded between a premium of 1.4% and a discount of 5.3% (month end figures calculated with debt at fair value and including income). Please refer to the Chairman's Statement on pages 3 and 7 for further information

- **Ongoing charges**

The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs and any performance fee payable, expressed as a percentage of the average daily net assets during the year. The ongoing charges excluding any performance fee for the year ended 31st December 2015 is 0.62% (2014: 0.62%). The ongoing charges including any performance fee payable is the ratio, expressed in percentage terms, of the management fee plus all other operating expenses plus any performance fee payable, but excluding finance costs, to the average of the daily net assets during the year. Since no performance fee was payable in 2015 the ongoing charges including performance fee payable for the year ended 31st December 2015 is also 0.62% (2014: 0.64%)

Share Capital

The Company has authority to both purchase shares for cancellation or holding in Treasury and issue new shares in the market for cash at a premium to net asset value

During the financial year, the Company repurchased 5,350,884 shares, into Treasury, for a total consideration of £15,176,000. Since the year end, the Company has repurchased 5,117,768 shares, into Treasury, for a total consideration of £13.7 million

In January 2015, the Company issued 600,000 new shares of 5p to the market at an average price of 284.94p per share, for a total net consideration of £1,708,000. No further shares were issued over the year

Special Resolutions to renew the authorities to issue and repurchase shares will be put to shareholders for approval at the 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. 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 pages 21 and 22. At 31st December 2015, there were three male Directors and two female Directors on the Board. Please refer to pages 26 and 27 for more information on the workings of the Nomination and Remuneration Committee

Employees, Social, Community and Human Rights Issues

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

Social, Community, Environmental and Human Rights

JPMAM believes that companies should act in a socially responsible manner. Although our priority at all times is the best economic interests of our clients, we recognise that, increasingly, non-financial issues such as social and environmental factors have the potential to

impact the share price, as well as the reputation of companies. Specialists within JPMAM's environmental, social and governance ('ESG') team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their industry. JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our detailed approach to how we implement the principles is available on request.

Greenhouse Gas Emissions

The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. JPMAM is also a signatory to Carbon Disclosure Project. JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

Principal Risks

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

With the assistance of JPMF, the Risk Committee has drawn up a risk matrix, which identifies the key risks to the Company. These are reviewed and noted by the Board. These key risks fall broadly under the following categories:

- **Market** Market risk arises from uncertainty about the future prices of the Company's investments. This market risk comprises three elements – equity market risk, currency risk and interest rate risk. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by JPMF. The Board monitors the implementation and results of the investment process with the Manager. However, the fortunes of the portfolio are significantly determined by market movements in US equities, the rate of exchange between the US dollar and sterling and interest rate changes. This is a risk that investors take having invested into a single country fund.
- **Investment and Strategy** An inappropriate investment strategy, for example asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading at a wider discount. The Board manages this risk by insisting on diversification of investments through its investment restrictions

and guidelines which are monitored and reported on regularly by the Managers. JPMF provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the investment manager, who attends the majority of Board meetings, and reviews data which shows statistical measures of the Company's risk profile. The investment manager employs the Company's gearing within a strategic range set by the Board.

- **Operational and Cybercrime** Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the custodian's or depositary's records could prevent accurate reporting and monitoring of the Company's financial position. On 1st July 2014, the Company appointed BNY Mellon Trust & Depositary (UK) Limited to act as its depositary, responsible for overseeing the operations of the custodian, JPMorgan Chase Bank, N.A. and the Company's cash flows. Details of how the Board monitors the services provided by the Manager and its associates and the key elements designed to provide effective internal control are included in the Internal Control section of the Corporate Governance report on pages 28 and 29. The threat of cyber attack, in all its guises, is regarded as at least as important as more traditional physical threats to business continuity and security. The Board has received the cyber security policies for its key third party service providers and JPMF has assured Directors that the Company benefits directly or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested by Deloitte and reported every six months against the AAF Standard.
- **Loss of Investment Team or Investment Manager** The sudden departure of the investment manager or several members of the wider investment management team could result in a short term deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team based approach. The Board continues to stress to JPMF the importance of retaining the current investment manager.
- **Share Price Relative to Net Asset Value ('NAV') per Share** If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. Throughout the majority of 2015, the Company's shares traded at a discount. The Board monitors the Company's premium/discount level and, although the rating largely depends upon the relative attractiveness of the trust, the Board will seek, where deemed

BUSINESS REVIEW *CONTINUED*

prudent, to address imbalances in the supply and demand of the Company's shares through a programme of share issuance and buybacks

- **Accounting, Legal and Regulatory** In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given under 'Business of the Company' above. Were the Company to breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by JPMF and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, as its shares are listed on the London Stock Exchange, the UKLA Listing Rules and Disclosure & Transparency Rules ('DTRs'). A breach of the Companies Act 2006 could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing, which in turn would breach Section 1158. The Directors seek to comply with all relevant regulation and legislation in the UK, Europe and the US and rely on the services of its Company Secretary, JPMF, and its professional advisers to monitor compliance with all relevant requirements.
- **Political and Economic** Changes in financial or tax legislation, including in the US and the European Union, may adversely affect the Company either directly or because of restrictions or enforced changes on the operations of the Manager. JPMF makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. In addition, the Company is subject to political risks, such as the imposition of restrictions on the free movement of capital. The Company is therefore at risk from changes to the regulatory, legislative and taxation framework within which it operates, whether such changes were designed to affect it or not.

Long Term Viability

The Company was established in 1881 and has now been in existence for 135 years. This year it will be hosting its 100th AGM. The Company is an investment trust and has the objective of achieving long term capital growth investing in US equities. The Company has been investing over many economic cycles and some difficult market conditions.

Although past performance and a long historic track record is no guide to the future, the Directors believe that the Company has an attractive future for investors as a long term investment proposition. Unfortunately, it is impossible to look forward too far into the future, so the Directors have adopted a somewhat shorter time horizon to assess the Company's viability, which is five years. This is regarded by many as the minimum time for investing in equities. This exceeds the term of the Company's fixed indebtedness which expires in 2018.

The Directors have considered the Company over the next five years and examined its prospects, principal risks and the outlook for the US economy, its equity market and the market for investment trusts. They have examined the robustness of these base case estimates using further more cautious scenarios, including in one case repeating some of the returns data for the (1929-1934) Wall Street Crash.

The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years until 31st December 2020.

Future Developments

The future development of the Company is much dependent upon the success of the Company's investment strategy in the light of economic and equity market developments. The Chairman and the Investment Manager discuss the market outlook in their reports on pages 7 and 12.

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

23rd March 2016

Governance

BOARD OF DIRECTORS

Sarah Bates (Chairman of the Board and Nomination & Remuneration Committee)†

A Director since 2005

Last reappointed to the Board 2015

Remuneration £43,000

Chairman of St James's Place plc and Witan Pacific Investment Trust plc. A Director of U+i plc, Polar Capital Technology Trust plc and Worldwide Healthcare Trust. She sits on or is advisor to various pension fund and charitable investment committees including that of the Universities Superannuation Scheme and East Riding Pension Scheme. She was previously a director and chairman of the Association of Investment Companies.

Shared appointments with other Directors: Universities Superannuation Scheme Limited Investment Committee with Dr Kevin Carter

Shareholding in Company 25,000

Kate Bolsover* †

A Director since 2005

Last reappointed to the Board 2015

Remuneration £28,500

Until June 2005 Director of Corporate Communications at Cazenove & Co. Mrs Bolsover was previously Managing Director of Signature Financial Group. She is Chairman of Tomorrow's People Trust Limited and Fidelity Asian Values plc. She is also a Director of Montanaro UK Smaller Companies Investment Trust plc.

Shared directorships with other Directors: None

Shareholding in Company 11,397

Simon Bragg (Chairman of the Audit Committee)* †

A Director since 2012

Last reappointed to the Board 2015

Remuneration £34,500

Chairman and Chief Executive of Stifel Nicolaus Europe Limited, a UK broker dealer, which acquired Oriel Securities in 2014, a firm Mr Bragg founded. Mr Bragg is also a member of the Financial Conduct Authority's Listing Authority Advisory Panel together with its Wholesale Markets Practitioner Panel. Having qualified as a Chartered Accountant at KPMG, Mr Bragg previously worked at Hoare Govett, Cargill and HSBC.

Shared directorships with other Directors: None

Shareholding in Company 58,993

BOARD OF DIRECTORS *CONTINUED*

Dr Kevin Carter * †

A Director since 2014

Last reappointed to the Board 2015

Remuneration £28,500

Currently Chairman and Director of Murray International Trust PLC, a Director of Lowland Investment Company plc, Chairman of the Investment Committee and a trustee director of the BBC Pension Scheme. He is also a Director of the Centrica Combined Common Investment Fund Limited, a trustee director of Universities Superannuation Scheme Limited and Chairman of its Investment Committee. Dr Carter is a CFA charter holder and has a doctorate awarded in mathematical statistics with a research subject in financial economics.

Shared appointments with other Directors: Universities Superannuation Scheme Limited Investment Committee with Mrs Sarah Bates

Shareholding in Company 24,000

Sir Alan Collins (Chairman of the Risk Committee and Senior Independent Director)* †

A Director since 2012

Last reappointed to the Board 2015

Remuneration £30,000

Sir Alan had a successful career in the British Diplomatic Service where he held a number of Ambassador and High Commissioner appointments and was until August 2011 the Consul General New York and the Director General for Trade and Investment USA. He was also the managing director in United Kingdom Trade and Investment responsible for the business legacy from the London 2012 Olympic and Paralympic Games, having been part of the team that won the bid to bring the Olympics to London. He is now a non-executive Director of Prudential Assurance Singapore Ltd, Prudential Hong Kong Ltd, Prudential General Insurance Hong Kong Ltd and ICICI Bank UK plc. He is also an advisor to a number of other limited companies and a member of the Advisory Council of the London Philharmonic Orchestra.

Shared directorships with other Directors: None

Shareholding in Company 5,493

* Member of the Audit Committee

† Member of the Risk Committee

All Directors are considered independent by the Board and are members of the Nomination & Remuneration and Risk Committees

DIRECTORS' REPORT

The Directors present their Annual Report and the Audited Financial Statements for the year ended 31st December 2015

Management of the Company

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

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

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

The Alternative Investment Fund Managers Directive ('AIFMD')

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

JPMF has delegated responsibility for the day to day management of the Company's portfolio to JPMAM. The Company has appointed BNY Mellon Trust and Depositary (UK) 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.jpnamerican.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 page 62.

Management and Performance Fees

The basic management fee is calculated and paid quarterly in arrears and is charged at a rate of 0.5% per annum of the Company's total assets less current liabilities. Investments in funds on which the Manager or any of its associated companies earn a management fee are excluded from the calculation and therefore attract no fee. In addition, a performance fee may be payable. The Company's investment in the JPMorgan US Dollar Liquidity Fund is not subject to a management fee, and therefore not excluded from the calculation.

The performance fee is calculated at the rate of 10% of the difference between the cum income debt at par net asset value total return and the total return of the S&P 500 Index, expressed in sterling terms. The performance fee due in respect of any single year is divided into equal parts payable over three years.

Any negative fee resulting from underperformance is deducted from any unpaid fees brought forward from prior years with any remaining amount of the negative fee carried forward to be absorbed in future years.

The performance fee paid in any one year will not exceed 0.25% of the cum income debt at par net asset value at the Company's latest year end with any unpaid excess being carried forward until paid in full.

In the year ended 31st December 2015 the Company's cum income debt at par net asset value total return underperformed the total return of the S&P 500 Index, expressed in sterling terms, by 2.26 percentage points on the above basis. This results in a negative performance fee calculation of £1,818,000. This amount when deducted from the £507,000 performance fee provision brought forward leaves a negative balance of £1,312,000, which will be carried forward and offset against any future outperformance.

Directors

The Directors of the Company who held office at the end of the year as detailed on pages 21 and 22. In accordance with corporate governance best practice, all Directors will retire by rotation at the forthcoming Annual General Meeting and, being eligible, will offer

DIRECTORS' REPORT *CONTINUED*

themselves for reappointment. The Nomination and Remuneration Committee, having considered their qualifications, performance and contribution to the Board and its committees, confirms that each Director continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that they be reappointed. For further details on the experience and skills of each Director please refer to pages 21 and 22.

Director Indemnification and Insurance

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

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

Disclosure of information to Auditor

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

- (a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware, and
- (b) each of the Directors has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

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

Independent Auditor

Deloitte LLP has expressed its willingness to continue in office as auditor 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.

Section 992 Companies Act 2006

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

Capital Structure

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

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of Annual General Meeting on page 65.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	Number of voting rights	%
Brewin Dolphin Limited	44,991,672	16.6
Investec Wealth & Investment Limited	25,150,913	9.3
Quilter Cheviot Limited	14,003,486	5.2

The Company is also aware that approximately 3.3% of the Company's total voting rights are held by individuals through savings products managed by JPMAM, registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under certain circumstances the Manager has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

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

At the Annual General Meeting the Directors will seek authority to issue up to 27,116,525 new shares or shares held in Treasury for cash up to an aggregate nominal amount of £1,355,826 (such amount being equivalent to 10% of the issued share capital) and disapply pre-emption rights upon such issues. The full text of the resolutions is set out in the Notice of Meeting on pages 63 and 65. This authority will expire at the conclusion of the Annual General Meeting of the Company in 2017 unless renewed at a prior general meeting.

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

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

At the Annual General Meeting held on 13th May 2015, shareholders gave authority to the Company to purchase up to 14.99% of its then issued share capital. At that time, shareholders were informed that this authority would expire on 12th October 2016 but could be renewed by shareholders at any time at a general meeting of the Company. The Directors consider that the renewal of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying net asset value ('NAV') enhances the NAV of the remaining shares and helps to control the discount and its volatility. Resolution 13 gives the Company authority to buy back its own issued shares in the market as permitted by the Companies Act 2006 (the 'Act'). The authority limits the number of shares that could be purchased to a maximum of 40,647,672 shares representing approximately 14.99% of the Company's issued shares as at 22nd March 2016 (being the latest practicable date prior to the publication of this document). The authority also sets minimum and maximum prices.

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

The full text of the resolution is set out in the Notice of Meeting on pages 63 and 65. Repurchases will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares as and when market conditions are appropriate.

Recommendation

The Board considers that resolutions 11 to 13 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 126,331 shares representing approximately 0.1% of the existing issued share capital of the Company.

Corporate Governance Statement

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 32, indicates how the Company has applied the principles of good governance of the UK Corporate Governance Code and the AIC's Code of Corporate Governance (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.¹

The Board is responsible for ensuring the appropriate level of corporate governance and considers that the Company has complied with the best practice provisions of the UK Corporate Governance Code, insofar as they are relevant to the Company's business, and the AIC Code throughout the year under review.

Role of the Board

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

The Board met seven times during the year and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities. Further information on meetings and committees can be found on page 26.

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

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

¹ Copies of the UK Corporate Governance Code and the AIC Code may be found on the respective organisations' websites: www.frc.org.uk and www.theaic.co.uk

DIRECTORS' REPORT CONTINUED

Board Composition

The Board consists of five non-executive Directors, chaired by Sarah Bates, all of whom are considered to be independent of the Company's Manager. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 21 and 22.

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

Tenure

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

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.

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

The Company has a succession plan in place. To ensure adequate succession planning and continuity it has been agreed that, barring any unforeseen circumstances, Kate Bolsover and Sarah Bates will retire by the end of 2016 and 2017 respectively.

Induction and Training

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

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Details of membership of committees are shown with the Directors' profiles on pages 21 and 22.

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

Director	Board Meetings Attended	Audit Committee Meetings Attended	Risk Committee Meetings Attended	Nomination & Remuneration Committee Meetings Attended
Sarah Bates	7	2 ¹	2	2
Kate Bolsover	7	2	2	2
Simon Bragg	7	2	2	2
Dr Kevin Carter	7	2	2	2
Sir Alan Collins	7	2	2	2

¹ Attended by invitation of the Audit Committee.

As well as the formal meetings detailed above, the Board communicates frequently by email or telephone to deal with day to day matters as they arise. Directors also visited the fund management team in New York and spent time with a number of longer term strategists as well as with senior management and the dealing desk in JPMAM's offices.

Board Committees

Nomination & Remuneration Committee

The Nomination & Remuneration Committee, chaired by Sarah Bates, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. A variety of sources, including external search consultants, may be used to ensure that a wide range of candidates is considered.

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.

The Directors commissioned Lintstock, a firm of independent consultants, to facilitate the evaluation of the Board. The process involved the completion of questionnaires by the Board. The resulting written report was discussed by Directors under the remit of the Nomination & Remuneration Committee. The evaluation of individual Directors is led by the Chairman and the Chairman is evaluated by the Senior Independent Director. An externally

facilitated Board evaluation was conducted by Lintstock in respect of the Company's year ended 31st December 2014

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

Audit Committee

The Audit Committee, chaired by Simon Bragg, consists of all the Directors, except the Chairman of the Board, and meets at least twice each year. The Chairman of the Board attends by invitation of the Committee. The members of the Audit Committee consider that they have recent and relevant financial expertise and the requisite skills and experience to fulfil the responsibilities of the Committee.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual accounts and the Company's compliance with the UK Corporate Governance Code. At the request of the Board, the Audit 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.

During its review of the Company's financial statements for the year ended 31st December 2015, the Audit Committee considered the following significant issues, in particular those communicated by the auditor during its reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies disclosed in note 1 to the accounts. The Company has appointed BNY Mellon Trust and Depositary (UK) 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.
Valuation of Derivative instruments	The Company uses derivative instruments to hedge the currency element of the GBP debenture. The Company enters into short term currency contracts with a range of counterparties. The contracts and counterparties are notified to the Board on a monthly basis. The Company's policy is to fair value the derivatives as recorded in the Statement of Financial Position.
Calculation of management and performance fees	The management and performance fees are calculated in accordance with the Investment Management Agreement. The Board reviews controls, reports, expense schedules and the performance fee calculation.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(e) to the accounts. Income recording is conducted by the Manager and the methodology is reported upon to the Board within a six monthly independent report on the operations of the Manager.

Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager, who reports on a monthly basis to the Board on the Company's continuing compliance.
--	---

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.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 31st December 2015, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, 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 32.

The Audit 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 cost effectiveness and the independence and objectivity of the external auditor. In the Directors' opinion the auditor is independent.

The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of the external auditor. Representatives of the Company's auditor attended the Audit Committee meeting at which the draft Annual Report & Accounts were considered and also engage with Directors as and when required. Having reviewed the performance of the external auditor, including assessing the quality of work, timing of communications and work with the Manager, the Committee considered it appropriate to recommend its reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The current tenure of the external auditor dates from 10th August 2006. The Board opened the external auditor position up to tender in 2015 and three firms, including the incumbent, pitched for the position. Based upon the presentations, the Board approved the continuing appointment of Deloitte as auditor to the Company. In respect of the Company's financial year ended 31st December 2015, a new audit partner was appointed to oversee the audit. It is the intention that the current partner will remain in this position for a five year term, subject to the annual reappointment of Deloitte LLP by shareholders.

Risk Committee

The Risk Committee, chaired by Sir Alan Collins, consists of all the Directors and meets at least twice each year. The Committee discusses the Company's overall risk appetite, tolerance and strategy, taking into account the current and prospective macroeconomic and financial environment. It further reviews the Company's key risks and identifies and manages any new risks that

DIRECTORS' REPORT *CONTINUED*

arise during the year. Finally, the Committee reviews compliance with the Company's investment restrictions and guidelines.

Terms of Reference

The Nomination & Remuneration Committee, Audit Committee and 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.

Going Concern

The Directors believe that having considered the Company's investment objective (see page 17), risk management policies (see pages 54 to 60), capital management policies and procedures (see page 61), the nature of the portfolio and expenditure projections that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the Company's financial statements. They have not identified any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of these financial statements.

Relations with Shareholders

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

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 shareholders and answer questions. In addition, a presentation is given by the investment manager who reviews the Company's performance. During the year the investment management team, JPMF and the Company's brokers held regular discussions with larger shareholders. The Directors are made aware of their views. The Chairman further writes to the Company's largest shareholders each year to offer a meeting with herself and other members of the Board, with or without representatives from the Manager. The Chairman met independently with shareholders in 2015. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 69.

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

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

Risk Management and Internal Control

The UK Corporate Governance Code requires the Directors, at least annually, to review the effectiveness of the Company's system of risk management and internal control and to report to shareholders that they have done so. This encompasses a review of all controls, 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 JPMorgan and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by JPMorgan and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 19 and 20). The Company does not have an internal audit function of its own, but relies on the internal audit department of JPMF which reports any material failings or weaknesses. This arrangement is kept under review. The key elements designed to provide effective internal control are as follows:

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

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

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

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

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

- the Board, through the Audit Committee, 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,
- the Board reviews every six months a report from the Company’s Depositary BNY Mellon Trust and Depositary (UK) Limited, which summarises the activities performed by the Depositary during the reporting period, and
- the Board reviews every six months an independent report on the internal controls and the operations of JPMF’s investment trust department.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company’s system of risk management and internal control for the year ended 31st December 2015, and to the date of approval of this Annual Report and Accounts.

During the course of its review of the system of risk management and internal control, the Board has not identified 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 social and environmental issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included in the Strategic Report on pages 18 and 19.

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

JPMAM recognises its wider stewardship responsibilities to its clients as a major asset owner.

JPMAM is a signatory to the Principles for Responsible Investment, an initiative of the UN Secretary-General and supports the principles of best practice elsewhere. We believe that regular contact with the companies in which we invest is central to our investment process and we also recognise the importance of being an ‘active’ owner on behalf of our clients.

JPMAM’s Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM’s website
<http://www.jpmorganinvestmenttrusts.co.uk/governance>

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

23rd March 2016

DIRECTORS' REMUNERATION REPORT

Introduction

The Board presents the Directors' Remuneration Report for the year ended 31st December 2015 which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The auditor's opinion is included in their report on pages 33 to 37

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote. However, the Board has resolved that for good governance purposes, the policy vote will be put to shareholders every year. Accordingly a resolution to approve the policy will be put to shareholders at the 2016 Annual General Meeting. The policy, subject to the vote, is set out in full below and is currently in force

At the Annual General Meeting held on 13th May 2015, of votes cast, 99.8% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration policy and 0.2% voted against

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

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

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

In the year under review, Directors' fees were paid at the following rates: Chairman £43,000, Audit Committee Chairman £34,500 and

£28,500 for other Directors. The roles of Senior Independent Director and Chairman of the Risk Committee both attract an additional fee of £2,000 per role

The Company's Articles of Association stipulate that aggregate fees must not exceed £225,000 per annum. Any increase in this maximum aggregate amount requires both Board and shareholder approval

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

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

The Directors do not have service contracts with the Company. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 26

Directors' Remuneration Report

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 31st December 2014 and no changes are proposed for the year ending 31st December 2016

At the Annual General Meeting held on 13th May 2015, of votes cast, 99.9% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.1% voted against

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

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 31st December 2015 was £164,500. The single total figure of remuneration for each Director is detailed below together with the prior year comparative

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

Single total figure table¹

	Total amount of salary and fees	
	2015	2014
Sarah Bates	£43,000	£37,500
Kate Bolsover	£28,500	£25,000
Simon Bragg	£34,500	£30,000
Dr Kevin Carter	£28,500	£12,500
Sir Alan Collins	£30,000	£25,000
James Williams ²	—	£21,987
Total	£164,500	£151,987

¹ Audited information

² Retired from the Board on 18th November 2014

Expenditure by the Company on remuneration and distributions to shareholders¹

	Year ended 31st December	
	2015	2014
Remuneration paid to all Directors	£164,500	£151,987
Distributions to shareholders by way of dividend	£10,448,000	£7,467,000
Share repurchases	£15,176,000	—
Percentage of remuneration paid to Directors of Shareholders' funds	0.02%	0.02%

¹ Management and performance fees paid to JPMF in 2015 were £4,266,000 (2014: £4,076,000) or 0.52% (2014: 0.51%) of Shareholders' funds. Please refer to page 23 for more details.

A table showing the total remuneration for the Chairman over the five years ended 31st December 2015 is below

Remuneration for the Chairman over the five years ended 31st December 2015

Year ended 31st December	Fees
2015	£43,000
2014	£37,500
2013	£37,500
2012	£37,500
2011	£37,500

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. The Directors have no other share interests or share options in the Company and no share schemes are available.

	31st December 2015	1st January 2015
Sarah Bates	25,000	25,000
Kate Bolsover	11,397	11,397
Simon Bragg	58,993	19,866
Dr Kevin Carter	24,000	12,000
Sir Alan Collins	5,493	5,493

¹ Audited information

All of the holdings of the Directors are beneficial. Since the year end, Simon Bragg's beneficial holding has increased by 1,448 ordinary shares.

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

Seven Year Ordinary Share Price and Benchmark Total Returns to 31st December 2015

Source: Morningstar

— Share price total return
— Benchmark total return

For and on behalf of the Board
Sarah Bates
Chairman
23rd March 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

and the Directors confirm that they have done so

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

The accounts are published on the www.jpmanmerican.co.uk website, which is maintained by the Company's Manager. The maintenance

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

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

Each of the Directors, whose names and functions are listed on pages 21 and 22 confirm that, to the best of their knowledge

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

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

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

For and on behalf of the Board
Sarah Bates
Chairman

23rd March 2016

Independent Auditor's Report

TO THE MEMBERS OF JPMORGAN AMERICAN INVESTMENT TRUST PLC

Opinion on financial statements of JPMorgan American Investment Trust plc

In our opinion

- the financial statements give a true and fair view of the state of the Company's affairs as at 31st December 2015 and of the Company's return for the year then ended,
- the Company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

The financial statements comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 24. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Company

As required by the Listing Rules we have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting on page 28 in the Directors' Report and referenced at note 1(a) to the financial statements and the Directors' statement on the longer-term viability of the Company contained within the strategic report on page 20.

We have nothing material to add or draw attention to in relation to

- the Directors' confirmation on page 19 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity,
- the disclosures on pages 19 and 20 that describe those risks and explain how they are being managed or mitigated,
- the Directors' statement in page 28 in the Directors' Report and referenced at note 1(a) to 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 on page 20 as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Independent Auditor's Report *continued*

Risk	How the scope of our audit responded to the risk
Valuation and ownership of equity investments The equity investments of the Company at year end are £885.4m (2014: £875.7m) There is a risk that investments within the portfolio may not be actively traded and the prices quoted may not be reflective of fair value or that they may not represent the property of the Company See accounting policy at note 1(c) and detailed disclosures at note 11	We reviewed and assessed the Global Custody SOX1 controls report of JPMorgan Chase Bank over the valuation of investments and evaluated the design and implementation of the controls in place We agreed 100% of the bid prices of quoted investments on the investment ledger at year end to closing bid prices published by an independent pricing source To test the liquidity of investments as at 31 December 2015, we obtained the trading activity and volume of shares traded around the period end, by sampling across the portfolio held at the period end, focussing on the small cap holdings, and identified investments which were not frequently traded and considered indicators of impairment by monitoring the price of any post period-end sales We challenged the Manager and directors regarding their assessment of the portfolio pricing and liquidity We reviewed the completeness and appropriateness of disclosures in relation to fair value measurements and liquidity risk We agreed 100% of the Company's investment portfolio at the year end to the confirmation received directly from the independent custodian
Calculation of performance fees There is a performance fee write back of £0.5m (2014: charge of £0.4m) Please refer to page 23 for details of the performance fee calculation. The calculation is a complex calculation, there is a risk the performance fee may be calculated incorrectly See accounting policy at note 1(f) and detailed disclosure at notes 5 and 16	We tested the design and implementation of controls in place to calculate the performance fee We reperformed the calculation of the negative performance fee using inputs provided by management and the basis per the terms of the signed investment management agreement We reviewed the provision schedule, recalculated the provision carried forward and determined whether the allocation of the fee was in line with the disclosed policy

Risk	How the scope of our audit responded to the risk
Recognition of investment income Dividends from equity shares of £17.8m (2014 £15.2m) are accounted for on an ex-dividend basis Dividends are accounted for as revenue, except where, in the opinion of management and the board, the dividend is capital in nature, in which case it is treated as a return of capital There is a risk that revenue is incomplete or that it is incorrectly allocated between revenue and capital accounts See accounting policy at note 1(e) and detailed disclosure at note 4	We evaluated the design and implementation of the controls over revenue recognition, completeness and allocation For a sample of corporate actions and special dividends received, we challenged the Manager's rationale for the allocation between revenue and capital against the requirements of Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') and agreed details of the dividend to a third party source to evidence the nature of the dividend We developed an expectation of the dividends received for the year using market yield to assess the reasonableness of the dividends recorded To test the completeness of investment income, for a sample of investments held in the year we agreed the ex-dividend dates and rates for dividends declared, obtained from an independent pricing source, and traced these to the dividend entitlement report to ensure that investment income has been recorded appropriately

Last year our report included one other risk which is not included in our report this year. Valuation of derivative instruments. This risk is not considered to have had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team, due to the low complexity of the derivative instruments.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 27.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Company to be £8,166,000 (2014 £8,057,500) which is approximately 1% (2014 1%) of Net Assets.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £50,000 (2014 £50,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

There were no changes to the scope of our audit since the prior year. Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

As part of our audit we assessed the controls in place at the administrator who prepares the financial statement of the Company by reviewing a controls report over their activities.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

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

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us or
- the Company financial statements are not in agreement with the accounting records and returns

We have nothing to report in respect of these matters

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters

Corporate Governance Statement

Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is

- materially inconsistent with the information in the audited financial statements, or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit, or
- otherwise misleading

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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

Scope of the audit of the financial statements

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


Andrew Partridge (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
London, United Kingdom

23rd March 2016

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2015

			2015		2014	
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000
Gains on investments held at fair value						
through profit or loss	3	–	34,526	34,526	–	139,248
Net foreign currency losses ¹		–	(4,940)	(4,940)	–	(4,884)
Income from investments	4	17,780	–	17,780	15,228	–
Interest receivable and similar income	4	1	–	1	–	–
Gross return		17,781	29,586	47,367	15,228	134,364
Management fee	5	(853)	(3,413)	(4,266)	(743)	(2,974)
Performance fee write back/(charged)	5	–	507	507	–	(359)
Other administrative expenses	6	(747)	–	(747)	(647)	–
Net return on ordinary activities before						
finance costs and taxation		16,181	26,680	42,861	13,838	131,031
Finance costs	7	(782)	(3,125)	(3,907)	(765)	(3,061)
Net return on ordinary activities before						
taxation		15,399	23,555	38,954	13,073	127,970
Taxation	8	(2,488)	–	(2,488)	(2,661)	–
Net return on ordinary activities after						
taxation		12,911	23,555	36,466	10,412	127,970
Return per share	10	4 64p	8 47p	13 11p	3 76p	46 24p

¹ Includes gains and losses on forward foreign currency contracts which are used to hedge the currency risk in respect of the geared portion of the portfolio. Details of the Company's hedging strategy are given in note 23(a)(i) on page 54.

The dividends payable in respect of the year ended 31st December 2015 amount to 4 0p (2014 3 25p) per share, costing £11,051,000 (2014 £9,114,000). Details of dividends paid and proposed are given in note 9 on page 47.

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

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

The notes on pages 42 to 61 form an integral part of these financial statements.

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2015

	Notes	Revenue £'000	2015 Capital £'000	Total £'000	Revenue £'000	2014 Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	3	–	34,526	34,526	–	139,248	139,248
Net foreign currency losses ¹		–	(4,940)	(4,940)	–	(4,884)	(4,884)
Income from investments	4	17,780	–	17,780	15,228	–	15,228
Interest receivable and similar income	4	1	–	1	–	–	–
Gross return		17,781	29,586	47,367	15,228	134,364	149,592
Management fee	5	(853)	(3,413)	(4,266)	(743)	(2,974)	(3,717)
Performance fee write back/(charged)	5	–	507	507	–	(359)	(359)
Other administrative expenses	6	(747)	–	(747)	(647)	–	(647)
Net return on ordinary activities before finance costs and taxation		16,181	26,680	42,861	13,838	131,031	144,869
Finance costs	7	(782)	(3,125)	(3,907)	(765)	(3,061)	(3,826)
Net return on ordinary activities before taxation		15,399	23,555	38,954	13,073	127,970	141,043
Taxation	8	(2,488)	–	(2,488)	(2,661)	–	(2,661)
Net return on ordinary activities after taxation		12,911	23,555	36,466	10,412	127,970	138,382
Return per share	10	4 64p	8 47p	13 11p	3.76p	46 24p	50 00p

¹ Includes gains and losses on forward foreign currency contracts which are used to hedge the currency risk in respect of the geared portion of the portfolio. Details of the Company's hedging strategy are given in note 23(a)(i) on page 54.

The dividends payable in respect of the year ended 31st December 2015 amount to 4 0p (2014 3 25p) per share, costing £11,051,000 (2014 £9,114,000). Details of dividends paid and proposed are given in note 9 on page 47.

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

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

The notes on pages 42 to 61 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves ¹ £'000	Revenue reserve ¹ £'000	Total £'000
At 31st December 2013	13,411	119,791	8,151	485,676	15,184	642,213
Issue of ordinary shares net of costs to the market	641	30,381	—	—	—	31,022
Net return on ordinary activities	—	—	—	127,970	10,412	138,382
Dividends appropriated in the year	—	—	—	—	(7,467)	(7,467)
At 31st December 2014	14,052	150,172	8,151	613,646	18,129	804,150
Issue of ordinary shares net of costs to the market	30	1,678	—	—	—	1,708
Repurchase of shares into Treasury	—	—	—	(15,176)	—	(15,176)
Net return on ordinary activities	—	—	—	23,555	12,911	36,466
Dividends appropriated in the year	—	—	—	—	(10,448)	(10,448)
At 31st December 2015	14,082	151,850	8,151	622,025	20,592	816,700

¹ These reserves form the distributable reserves of the Company and may be used to fund distribution of profits to investors via dividend payments

The notes on pages 42 to 61 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER 2015

	Notes	2015 £'000	2014 £'000
Fixed assets	11		
Investments held at fair value through profit or loss		885,383	875,701
Investments in liquidity funds held at fair value through profit or loss		18,484	11,234
		903,867	886,935
Current assets	12		
Derivative financial assets		939	–
Debtors		923	776
Cash and short term deposits		305	3
		2,167	779
Current liabilities			
Creditors amounts falling due within one year	13	(36,417)	(1,808)
Derivative financial liabilities	14	(2,990)	(1,529)
Net current liabilities		(37,240)	(2,558)
Total assets less current liabilities		866,627	884,377
Creditors amounts falling due after more than one year	15	(49,927)	(79,720)
Performance fees	16	–	(507)
Net assets		816,700	804,150
Capital and reserves			
Called up share capital	17	14,082	14,052
Share premium	18	151,850	150,172
Capital redemption reserve	18	8,151	8,151
Capital reserves	18	622,025	613,646
Revenue reserve	18	20,592	18,129
Total equity shareholders' funds		816,700	804,150
Net asset value per share	19	295.6p	286.1p

The financial statements on pages 38 to 61 were approved and authorised for issue by the Directors on 23rd March 2016 and were signed on their behalf by

Sarah Bates
Director

The notes on pages 42 to 61 form an integral part of these financial statements

The Company's registration number is 15543

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2015

	Notes	2015 £'000	2014 £'000
Net cash outflow from operations before dividends and interest received	20	(4,378)	(3,666)
Dividends received		15,041	12,528
Interest received		33	20
Interest paid		(3,865)	(3,709)
Overseas tax recovered		100	11
Net cash inflow from operating activities		6,931	5,184
Purchases of investments ¹		(354,123)	(252,234)
Sales of investments ¹		377,466	213,833
Settlement of forward currency contracts		(2,239)	338
Net cash inflow/(outflow) from investing activities		21,104	(38,063)
Dividends paid		(10,448)	(7,467)
Repayment of bank loans		(6,446)	–
Draw down of bank loans		10,369	11,173
Issue of ordinary shares		1,708	30,998
Repurchase of shares into Treasury		(14,758)	–
Net cash (outflow)/inflow from financing activities		(19,575)	34,704
Increase in cash and cash equivalents		8,460	1,825
Cash and cash equivalents at the start of the year		10,329	8,504
Cash and cash equivalents at the end of the year		18,789	10,329
Increase in cash and cash equivalents		8,460	1,825
Cash and cash equivalents consist of			
Cash and short term deposits		305	3
Bank overdraft		–	(908)
Investments in liquidity funds		18,484	11,234
Total		18,789	10,329

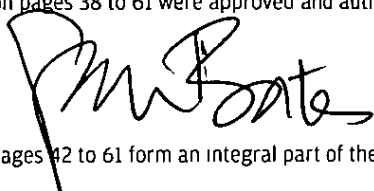
¹ Excludes liquidity funds

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER 2015

	Notes	2015 £'000	2014 £'000
Fixed assets	11		
Investments held at fair value through profit or loss		885,383	875,701
Investments in liquidity funds held at fair value through profit or loss		18,484	11,234
		903,867	886,935
Current assets	12		
Derivative financial assets		939	—
Debtors		923	776
Cash and short term deposits		305	3
		2,167	779
Current liabilities			
Creditors amounts falling due within one year	13	(36,417)	(1,808)
Derivative financial liabilities	14	(2,990)	(1,529)
Net current liabilities		(37,240)	(2,558)
Total assets less current liabilities		866,627	884,377
Creditors amounts falling due after more than one year	15	(49,927)	(79,720)
Performance fees	16	—	(507)
Net assets		816,700	804,150
Capital and reserves			
Called up share capital	17	14,082	14,052
Share premium	18	151,850	150,172
Capital redemption reserve	18	8,151	8,151
Capital reserves	18	622,025	613,646
Revenue reserve	18	20,592	18,129
Total equity shareholders' funds		816,700	804,150
Net asset value per share	19	295 6p	286 1p

The accounts on pages 38 to 61 were approved and authorised for issue by the Directors on 23rd March 2016 and were signed on their behalf by

Sarah Bates
Director



The notes on pages 42 to 61 form an integral part of these accounts

The Company's registration number is 15543

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2015

	Notes	2015 £'000	2014 £'000
Net cash outflow from operations before dividends and interest	20	(4,378)	(3,666)
Dividends received		15,041	12,528
Interest received		33	20
Interest paid		(3,865)	(3,709)
Overseas tax recovered		100	11
Net cash inflow from operating activities		6,931	5,184
Purchases of investments ¹		(354,123)	(252,234)
Sales of investments ¹		377,466	213,833
Settlement of forward currency contracts		(2,239)	338
Net cash inflow/(outflow) from investing activities		21,104	(38,063)
Dividends paid		(10,448)	(7,467)
Repayment of bank loans		(6,446)	–
Draw down of bank loans		10,369	11,173
Issue of ordinary shares		1,708	30,998
Repurchase of shares into Treasury		(14,758)	–
Net cash (outflow)/inflow from financing activities		(19,575)	34,704
Increase in cash and cash equivalents		8,460	1,825
Cash and cash equivalents at the start of the year		10,329	8,504
Cash and cash equivalents at the end of the year		18,789	10,329
Increase in cash and cash equivalents		8,460	1,825
Cash and cash equivalents consist of			
Cash and short term deposits		305	3
Bank overdraft		–	(908)
Investments in liquidity funds		18,484	11,234
Total		18,789	10,329

¹ Excludes liquidity funds

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared 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 United Kingdom and the Republic of Ireland and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in November 2014. All of the Company's operations are of a continuing nature.

The financial statements have been prepared on a going concern basis. The disclosures on going concern on page 28 of the Directors' Report form part of these financial statements.

(b) Transition to FRS 102

This set of financial statements, in accordance with the SORP, includes changes arising from the adoption of FRS 102 which the Company is required to comply with for the first time for the year ended 31st December 2015.

Aside from amendments to the disclosure of fair value hierarchy information and presentational aspects relating to the Statement of Cash Flows, no significant changes have arisen from the adoption of the new standards. Where changes have arisen, they are substantially in relation to presentation, disclosure and non-quantifiable aspects - there has been no impact to financial position or financial performance and no comparative figures required restating.

(c) 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. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as 'held at fair value through profit or loss'. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off in the capital column of the Statement of Comprehensive Income 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.

(d) Accounting for reserves

Gains and losses on sales of investments including the related foreign exchange gains and losses, realised exchange gains and losses on cash and short term deposits, realised gains and losses on foreign currency contracts, any performance fee realised, 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, unrealised gains and losses on forward foreign currency contracts and any performance fee provision, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Holding gains and losses on investments'.

(e) 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.

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

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

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

(f) Expenses

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

- any performance fee is allocated 100% to capital
- the management fee is allocated 20% to revenue and 80% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio
- expenses incidental to the purchase of an investment are included within the cost of the investment and those incidental to the sale are deducted from the sale proceeds. These expenses are commonly referred to as transaction costs and comprise mainly brokerage commission. Details of transaction costs are given in note 11 on page 48.

(g) Finance costs

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

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

(h) 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) as well as cash equivalents. 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 as reduced by appropriate allowances for estimated irrecoverable amounts.

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

Forward foreign currency contracts are included in the Statement of Financial Position as derivative financial instruments and are carried at fair value, which is the cost of closing out those contracts. Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

(i) Foreign currency

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the accounts are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Assets and liabilities denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

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

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

1. Accounting policies *continued*

(j) Taxation

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

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

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

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.

(k) Dividends payable

The final dividend is included in the accounts in the year in which it is approved by shareholders.

(l) Value Added Tax ("VAT")

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

2. Significant accounting judgements and estimates

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

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

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

	2015 £'000	2014 £'000
Gains on sales of investments held at fair value through profit or loss based on historical cost	84,177	39,643
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	(82,093)	(42,925)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	2,084	(3,282)
Net movement in investment holding gains and losses	32,450	142,538
Other capital charges	(8)	(8)
Total capital gains on investments held at fair value through profit or loss	34,526	139,248

4. Income

	2015 £'000	2014 £'000
Income from investments		
Dividends from overseas investments	17,747	15,204
Interest from liquidity funds	33	20
Scrip dividends	–	4
	17,780	15,228
Interest receivable and similar income		
Deposit interest	1	–
Total income	17,781	15,228

5. Management fee and performance fee

	Revenue £'000	2015 Capital £'000	Total £'000	Revenue £'000	2014 Capital £'000	Total £'000
Management fee ¹	853	3,413	4,266	743	2,974	3,717
Performance fee ¹	–	(507)	(507)	–	359	359
	853	2,906	3,759	743	3,333	4,076

¹ Details of the management fee and performance fee are given in the Directors' Report on page 23

6. Other administrative expenses

	2015 £'000	2014 £'000
Administration expenses	266	253
Directors' fees ¹	165	152
Depository fees	149	76
Savings scheme costs ²	135	134
Auditor's remuneration - for audit services	24	24
Auditor's remuneration - for all other services ³	8	8
	747	647

¹ Full disclosure is given in the Directors' Remuneration Report on pages 30 and 31

² These fees were paid to the Manager for the marketing and administration of savings scheme products

³ Comprises the Company's contribution to the audit of the Manager's control procedures amounting to £5,000 (2014: £5,000) plus fees payable for the audit of the debenture compliance certificate amounting to £3,000 (2014: £3,000)

7. Finance costs

	Revenue £'000	2015 Capital £'000	Total £'000	Revenue £'000	2014 Capital £'000	Total £'000
Interest on debenture	695	2,781	3,476	708	2,834	3,542
Bank loans and overdraft interest	87	344	431	57	227	284
	782	3,125	3,907	765	3,061	3,826

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**8. Taxation****(a) Analysis of tax charge in the year**

	Revenue £'000	2015 Capital £'000	Total £'000	Revenue £'000	2014 Capital £'000	Total £'000
Overseas withholding tax	2,488	–	2,488	2,661	–	2,661
Current tax charge for the year	2,488	–	2,488	2,661	–	2,661

(b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (2014 lower) than the Company's applicable rate of corporation tax for the year of 20.25% (2014 21.49%). The factors affecting the total tax charge for the year are as follows

	Revenue £'000	2015 Capital £'000	Total £'000	Revenue £'000	2014 Capital £'000	Total £'000
Net return on ordinary activities before taxation	15,399	23,555	38,954	13,073	127,970	141,043
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 20.25% (2014 21.49%)	3,118	4,770	7,888	2,809	27,501	30,310
Effects of						
Non taxable overseas dividends	(3,551)	–	(3,551)	(3,267)	–	(3,267)
Non taxable capital returns	–	(5,991)	(5,991)	–	(28,875)	(28,875)
Non taxable scrip dividends	–	–	–	(1)	–	(1)
Overseas withholding tax	2,488	–	2,488	2,661	–	2,661
Income tax timing difference	–	–	–	1	–	1
Unrelieved expenses and charges	433	1,221	1,654	458	1,374	1,832
Total tax charge for the year	2,488	–	2,488	2,661	–	2,661

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £12,207,000 (2014 £11,930,000) based on a prospective corporation tax rate of 20% (2014 20%). The UK Government announced in July 2015 that the corporate tax rate is set to be cut to 19% in 2017 and 18% in 2020. These reductions in the standard rate of corporation tax were substantively enacted on 26th October 2015 and became effective 18th November 2015. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

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

9. Dividends¹

(a) Dividends paid and proposed

	2015 £'000	2014 £'000
Dividends paid		
2014 Final dividend paid of 2 25p (2013 1 7p)	6,304	4,676
2015 Interim dividend of 1 5p (2014 1 0p)	4,144	2,791
Total dividends paid in the year	10,448	7,467

¹ All dividends paid and declared in the period have been funded from the Revenue Reserve

The final dividend proposed in respect of the year ended 31st December 2014, amounted to £6,323,000. However, the actual payment amounted to £6,304,000 due to net shares repurchased after the balance sheet date but prior to the final dividend record date

	2015 £'000	2014 £'000
Dividends proposed		
2015 Final dividend proposed of 2 5p (2014 2 25p)	6 907	6,323

The final dividend has been proposed in respect of the year ended 31st December 2015 and is subject to approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 31st December 2016

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

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

	2015 £'000	2014 £'000
2015 Interim dividend of 1 5p (2014 1 0p)	4,144	2,791
2015 Final dividend proposed of 2 5p (2014 2 25p)	6,907	6,304
Total	11,051	9,095

The revenue available for distribution by way of dividend for the year is £12,911,000 (2014 £10,412,000)

10. Return per share

The revenue return per ordinary share of 4 64p (2014 3 76p) is based on the revenue earnings attributable to the ordinary shares of £12,911,000 (2014 £10,412,000) and on the weighted average number of shares in issue during the year of 278,231,109 (2014 276,739,581)

The capital return per ordinary share of 8 47p (2014 46 24p) is based on the capital return attributable to the ordinary shares of £23,555,000 (2014 £127,970,000) and on the weighted average number of shares in issue during the year of 278,231,109 (2014 276,739,581)

The total return per ordinary share of 13 11p (2014 50 00p) is based on the total return attributable to the ordinary shares of £36,466,000 (2014 £138,382,000) and on the weighted average number of shares in issue during the year of 278,231,109 (2014 276,739,581)

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

11. Investments

	2015 £'000	2014 £'000
Investments listed or quoted on a recognised stock exchange	884,169	874,553
Investment in liquidity funds	18,484	11,234
Unquoted investments	1,214	1,148
	903,867	886,935

	Listed overseas £'000	Unquoted £'000	Total £'000
Opening book cost	631,762	116	631,878
Opening investment holding gains	254,025	1,032	255,057
Opening valuation	885,787	1,148	886,935
Movements in the year			
Purchases at cost	477,026	–	477,026
Sales – proceeds	(494,628)	–	(494,628)
Gains on sales of investments based on the carrying value at the previous balance sheet date	2,084	–	2,084
Net movement in investment holding gains and losses	32,384	66	32,450
Closing valuation	902,653	1,214	903,867
Closing book cost	698,337	116	698,453
Closing investment holding gains	204,316	1,098	205,414
Total investments held at fair value through profit or loss	902,653	1,214	903,867

During the year, prior year investment holding gains amounting to £82,093,000 were transferred to gains on sales of investments as disclosed in notes 3 and 18.

Transaction costs on purchases during the year amounted to £112,000 (2014: £85,000) and on sales during the year amounted to £124,000 (2014: £88,000). These costs comprise mainly brokerage commission.

At the current and comparative year end, the Company held 10% or more of a class of the issued share capital of the following company, which is valued in the accounts at the Company's share of net assets:

	2015 %	2014 %
Kane Holdings	15.8	15.8

The Company does not exercise significant influence over the operating and financial policies of the above company, which is therefore not considered to be an associated company.

12. Current assets

	2015 £'000	2014 £'000
Derivative financial assets		
Forward foreign currency contracts	939	–

The forward currency contracts settle on 19th January 2016 and are for the purpose of hedging the risk of fluctuation in the £/\$ exchange rate. Details of the Company's hedging strategy are given in note 23(a)(i) on page 54.

	2015 £'000	2014 £'000
Debtors		
Securities sold for future settlement	32	4
Overseas tax recoverable	16	12
Dividends and interest receivable	823	709
Other debtors	52	51
	923	776

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

Cash and short term deposits

Cash and short term deposits comprises bank balances and cash held by the Company, including short term deposits. The carrying amount of these represents their fair value.

13. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Securities purchased for future settlement	–	278
Repurchases of Company's own shares awaiting settlement	418	–
Bank loan	35,489	–
Bank overdraft ¹	–	908
Other creditors and accruals	510	486
Performance fee	–	136
	36,417	1,808

¹ Repaid in full on 6th January 2015.

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

The £35 million two year floating rate debt facility with ING Bank, has an interest rate of LIBOR as quoted in the market for the loan period, plus a margin of 0.80%, plus mandatory costs. Any undrawn amounts under the facility attract an interest rate of 0.25%. The facility is subject to covenants and restrictions which are customary for a facility of this nature, all of which have been met during the year.

14. Derivative financial liabilities

	2015 £'000	2014 £'000
Forward foreign currency contracts	2,990	1,529

The forward currency contracts settle on 19th January 2016 and are for the purpose of hedging the risk of fluctuation in the £/\$ exchange rate. Details of the Company's hedging strategy are given in note 23(a)(i) on page 54.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

	2015 £'000	2014 £'000
Bank loan	–	29,822
£50,000,000 6.875% debenture June 2018	49,927	49,898
	49,927	79,720

The £50 million debenture, which the Company has in issue, carries a fixed interest rate of 6.875% until the repayment date in June 2018. The debenture is secured by a floating charge over the assets of the Company.

The £25 million five year floating rate debt facility with NAB, has an interest rate of LIBOR as quoted in the market for the loan period, plus a margin of 1.05%, plus mandatory costs. As at 31st December 2015, this facility was undrawn and it attracts a commitment fee of 0.32%. The facility is subject to covenants and restrictions which are customary for a facility of this nature, all of which have been met during the year.

16. Provisions for liabilities and charges

	2015 £'000	2014 £'000
Opening balance	507	284
Performance fee (write back)/charge for the year	(507)	359
Amount realised during the year	–	(136)
Closing balance	–	507

Further details of the performance fee can be found in the Directors' report on page 23.

17. Called up share capital

	2015 £'000	2014 £'000
Allotted and fully paid		
Opening balance of 281,033,910 (2014: 53,643,782) ordinary shares of 5p each	14,052	13,411
Issue of nil (2014: 1,370,000) ordinary shares of 25p each to the market	–	343
Issue of 600,000 (2014: 5,965,000) ordinary shares of 5p each to the market	30	298
Repurchase of 5,350,884 (2014: nil) shares into Treasury	(268)	–
Closing balance of 276,283,026 (2014: 281,033,910) ordinary shares of 5p each	13,814	14,052
5,350,884 (2014: nil) shares held in Treasury	268	–
Closing balance of 281,633,910 (2014: 281,033,910) ordinary shares of 5p each including 5,350,884 (2014: nil) shares held in Treasury	14,082	14,052

During the year, 600,000 new ordinary shares of 5p were issued to the market at an average price of 284.94p per share, for a total net consideration of £1,708,000. Further 5,350,884 shares of 5p were repurchased from the market into Treasury at an average price of 282.01p per share, for a total net consideration of £15,176,000.

18. Reserves

	Capital reserves					
	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Gains and losses on sales of investments £'000	Holding gains and losses on investments £'000	Revenue reserve £'000
Opening balance	14,052	150,172	8,151	362,229	251,417	18,129
Gains on sales of investments based on the carrying value at the previous balance sheet date	—	—	—	2,084	—	—
Net movement in investment holding gains and losses	—	—	—	—	32,450	—
Net currency losses on cash and short term deposits held during the year	—	—	—	(1,145)	—	—
Unrealised losses on forward foreign currency contracts	—	—	—	—	(2,051)	—
Unrealised losses on forward foreign currency contracts now realised	—	—	—	(1,529)	1,529	—
Transfer on disposal of investments	—	—	—	82,093	(82,093)	—
Performance fee for the year	—	—	—	—	507	—
Repurchase of shares into Treasury	—	—	—	(15,176)	—	—
Issue of ordinary shares net of costs to the market	30	1,678	—	—	—	—
Unrealised currency losses on loans	—	—	—	—	(1,665)	—
Realised currency losses on repayment of loans	—	—	—	(79)	—	—
Transfer on loans repaid in period	—	—	—	(289)	289	—
Management fee and finance costs charged to capital	—	—	—	(6,538)	—	—
Other capital charges	—	—	—	(8)	—	—
Dividends appropriated in the year	—	—	—	—	—	(10,448)
Retained revenue for the year	—	—	—	—	—	12,911
Closing balance	14,082	151,850	8,151	421,642	200,383	20,592

19. Net asset value per Ordinary share

The net asset value per share of 295 6p (2014 286 1p) is based on the net assets attributable to the ordinary shareholders of £816,700,000 (2014 £804,150,000) and on the 276,283,026 (2014 281,033,910) shares in issue at the year end excluding 5 350 884 (2014 nil) shares held in Treasury

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

	2015 £'000	2014 £'000
Net return on ordinary activities before finance costs and taxation	42,861	144,869
Less capital return before finance costs and taxation	(26,680)	(131,031)
Scrip dividends received as income	–	(4)
Increase in accrued income	(114)	(158)
Increase in other debtors	(1)	(8)
Increase in accrued expenses	11	45
Increase in performance fee provision	–	223
Management and performance fee charged to capital	(3,548)	(3,333)
Overseas withholding tax	(2,592)	(2,518)
Dividends received	(15,041)	(12,528)
Interest received	(33)	(20)
Realised gain/loss on Liquidity Fund and Time Deposits	1,194	822
Realised gain/loss on foreign exchange transactions	(435)	(25)
Net cash outflow from operations before dividends and interest	(4,378)	(3,666)

21. Related party transactions

Details of the management contract are set out in the Directors' Report on page 23. The management fee payable to the Manager for the year was £4,266,000 (2014: £3,717,000), of which £nil (2014: £nil) was outstanding at the year end.

The performance fee write back for the year is £507,000 (2014: £359,000 charge) and £nil (2014: £136,000) was outstanding at the year end. An amount of £1,312,000 loss is carried forward and will be used to offset against any future outperformance.

During the year £135,000 (2014: £134,000) was payable to the Manager for the marketing and administration of savings scheme products, of which £nil (2014: £nil) was outstanding at the year end.

Included in other administration expenses in note 6 on page 45 are safe custody fees amounting to £8,000 (2014: £7,000) payable to JPMorgan Chase of which £1,000 (2014: £1,000) was outstanding at the year end.

Handling charges on dealing transactions amounting to £8,000 (2014: £8,000) were payable to JPMorgan Chase during the year of which £1,000 (2014: £2,000) was outstanding at the year end.

The Company holds an investment in the JPMorgan US Dollar Liquidity Fund which is managed by the Manager. The administrator of the JPMorgan US Dollar Liquidity Fund does not charge a management fee on the share class held by the Company. At 31st December 2015 this investment was valued at £18.5 million (2014: £11.2 million) and represented 2.0% (2014: 1.3%) of the Company's total investments of £903.9 million (2014: £886.9 million). During the year the Company made purchases of this investment with a total value of £123.2 million (2014: £91.3 million) and sales with a total value of £117.1 million (2014: £89.4 million). Income receivable from this investment for the year amounted to £33,000 (2015: £20,000) of which £nil (2014: £nil) was outstanding at the year end. The JPMorgan US Dollar Liquidity Fund invests primarily in certificates of deposit and commercial paper.

At the year end, a net cash deposit of £305,000 (2014: £905,000 cash overdraft) was held at JPMorgan Chase. The 2014 overdraft amount was repaid in full on 6th January 2015. There was no cash on deposit with external counterparties at the year end (2014: £nil). Information on the Company's exposure to counterparty risk is given in note 23(c) on pages 59 and 60. A net amount of interest of £1,000 (2014: £nil) was receivable by the Company during the year from JPMorgan Chase of which £nil (2014: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on pages 30 and 31. No fees were outstanding at the year end (2014: nil).

22. Disclosures regarding financial instruments measured at fair value

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

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

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

(a) Quoted prices for identical instruments in active markets

The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price

(b) Prices of recent transactions for identical instruments

When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (eg because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted

(c) Valuation techniques using observable market value

If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations

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(c) on page 42

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

	2015		2014	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Quoted prices for identical instruments in active markets	902,653	–	885,787	–
Valuation techniques using observable market value ¹	2,153	(2,990)	1,148	(1,529)
Total value of investments	904,806	(2,990)	886,935	(1,529)

¹ Includes forward foreign currency contracts and Kane Holdings which had a market value at 31st December 2015 of £1,214,000 (2014: £1,148,000)

There have been no transfers between Level (a), (b) or (c) during the year (2014: £nil). As a result in the transition from old UK GAAP to FRS 102 'The Financial Reporting Standard in the UK and the Republic of Ireland', the (£1,529,000) that was categorised as Level 2 (or (b)), has been reclassified as Level (c)

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

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

These risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year. The Company's financial instruments may comprise:

- investments in US equity shares and a \$ liquidity fund, which are held in accordance with the Company's investment objective,
- short term debtors, creditors and cash arising directly from its operations,
- a debenture issued by the Company and bank loans, the purpose of which is to finance the Company's operations, and
- forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the Company's investment activities.

(a) Market risk

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

(i) Currency risk

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

Management of currency risk

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

The Company has a £50 million debenture in issue which is repayable in June 2018. It is the Company's policy to hedge the currency risk in respect of this geared portion of the portfolio using three month forward contracts. At 31st December 2015 the Company held a number of open contracts with Merrill Lynch and Australian and New Zealand Bank. The net effect of these contracts is to purchase £50 million for settlement in \$ and the latest settlement date of these contracts was 19th January 2016. Upon maturity, these contracts were rolled over with Morgan Stanley, HSBC, Goldman Sachs and BNP and the settlement date of these new contracts is 18th April 2016.

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

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 31st December are shown below. Where the Company's equity investments, which are not monetary items, are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2015			2014		
	USD £'000	Euro £'000	Total £'000	USD £'000	Euro £'000	Total £'000
Cash equivalents (including liquidity funds) at fair value through profit or loss	18,484	–	18,484	11,234	–	11,234
Cash and short term deposits	5	3	8	(14)	3	(11)
Debtors – securities sold awaiting settlement, overseas tax recoverable, dividends and interest receivable	870	–	870	726	–	726
Creditors – securities purchased awaiting settlement and interest payable	–	–	–	(278)	–	(278)
Forward foreign currency contracts	(2,051)	–	(2,051)	(1,529)	–	(1,529)
Bank loan	(35,489)	–	(35,489)	(29,822)	–	(29,822)
Foreign currency exposure on net monetary items	(18,181)	3	(18,178)	(19,683)	3	(19,680)
Investments held at fair value through profit or loss that are equities	885,383	–	885,383	875,701	–	875,701
Total net foreign currency exposure	867,202	3	867,205	856,018	3	856,021

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

Foreign currency sensitivity

The following tables illustrate the sensitivity of the return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2014: 10%) appreciation or depreciation of sterling against the \$ which is deemed to be a reasonable illustration based on the volatility of exchange rates during the year.

If sterling had weakened by 10% (2014: 10%) against the \$ this would have had the following effect:

	2015 £'000	2014 £'000
Statement of Comprehensive Income return after taxation		
Revenue return	1,778	1,522
Capital return	(1,818)	(1,968)
Total return after taxation for the year	(40)	(446)
Net assets	(40)	(446)

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(a) Market risk *continued*

(i) Currency risk *continued*

Foreign currency sensitivity *continued*

If sterling had strengthened by 10% (2014 10%) against the \$ this would have had the following effect

	2015 £'000	2014 £'000
Statement of Comprehensive Income return after taxation		
Revenue return	(1,775)	(1,522)
Capital return	1,818	1,968
Total return after taxation for the year	43	446
Net assets	43	446

In the opinion of the Directors, the above sensitivity analyses with respect to monetary financial assets and liabilities are broadly representative of the whole of the current and comparative year. The sensitivity with regard to the Company's investments and foreign currency is subsumed into other price risk sensitivity on pages 57 and 58.

(ii) Interest rate risk

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

	2015 £'000	2014 £'000
Exposure to floating interest rates		
Cash deposits/(overdrafts) and short term deposits	305	(905)
JPMorgan US Dollar Liquidity Fund	18,484	11,234
Bank loan	(35,489)	(29,822)
Total exposure	(16,700)	(19,493)

Interest receivable on cash balances is at a margin below LIBOR and interest payable on overdrafts is at a margin over LIBOR or its foreign currency equivalent (2014 same).

The target interest earned on the JPMorgan US Dollar Liquidity Fund is the 7 day \$ London Interbank Bid Rate (2014 same).

Details of the bank loan are given in notes 13 and 15 on pages 49 and 50 respectively.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2014: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date, with all other variables held constant.

	2015		2014	
	0.5% Increase in rate £'000	0.5% Decrease in rate £'000	0.5% Increase in rate £'000	0.5% Decrease in rate £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	58	(58)	26	(26)
Capital return	(142)	142	(123)	123
Total return after taxation for the year and net assets	(84)	84	(97)	97

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

(iii) Other price risk

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

Management of other price risk

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

Other price risk exposure

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

	2015 £'000	2014 £'000
Equity investments held at fair value through profit or loss	885,383	875,701

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

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED***23. Financial instruments' exposure to risk and risk management policies** *continued***(a) Market risk** *continued***(iii) Other price risk** *continued***Other price risk sensitivity**

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2014: 10%) in the market value of equity investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities and includes the impact on the management fee but assumes all other variables are held constant.

	2015		2014	
	10% Increase in rate £'000	10% Decrease in rate £'000	10% Increase in rate £'000	10% Decrease in rate £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	(89)	89	(88)	88
Capital return	88,184	(88,184)	87,220	(87,220)
Total return after taxation for the year	88,095	(88,095)	87,132	(87,132)
Net assets	88,095	(88,095)	87,132	(87,132)

(b) Liquidity risk

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

Management of the risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary.

Liquidity risk exposure

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

	2015			Total £'000
	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	
Debenture stock including interest	–	3,438	55,156	58,594
Foreign currency bank loan including interest	35,592	–	–	35,592
Repurchases of Company's own shares awaiting settlement	418	–	–	418
Other creditors and accruals	143	–	–	143
Derivative - forward foreign currency contracts	2,990	–	–	2,990
	39,143	3,438	55,156	97,737

	2014			
	Three months or less	More than three months but not more than one year	More than one year	Total
	£'000	£'000	£'000	£'000
Debenture stock including interest	–	3,438	58,594	62,032
Foreign currency bank loan including interest	101	234	30,287	30,622
Securities purchased for future settlement	278	–	–	278
Bank overdraft	908	–	–	908
Other creditors and accruals	132	–	–	132
Performance fee payable	136	–	–	136
Performance fee provision	–	–	507	507
Derivative – forward foreign currency contracts	1,529	–	–	1,529
	3,084	3,672	89,388	96,144

(c) Credit risk

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

Management of credit risk

Portfolio dealing

The Company invests in markets that operate DVP (Delivery Versus Payment) settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. The Manager regularly monitors dealing activity to ensure best execution. Counterparty lists are maintained and adjusted accordingly.

Cash

Counterparties are subject to regular credit analysis by the Manager and trades can only be placed with counterparties that have been approved by both the JPMorgan Counterparty Risk Group and the Board.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED***23. Financial instruments' exposure to risk and risk management policies *continued*****(c) Credit risk *continued*****Management of credit risk *continued*****Exposure to JPMorgan Chase**

JPMorgan Chase is the custodian of the Company's assets. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading. The Depositary, BNY Mellon Trust and Depositary (UK) 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 following amounts shown in the Statement of Financial Position, represent the maximum exposure to credit risk at the current and comparative year end.

	2015		2014	
	Balance sheet £'000	Maximum exposure £'000 ¹	Balance sheet £'000	Maximum exposure £'000
Fixed assets - investments held at fair value through profit or loss	903,867	18,484	886,935	11,234
Current assets				
Cash and short term deposits	305	305	3	3
Debtors	923	923	776	776
Derivative financial instruments	939	939	—	—
	906,034	20,651	887,714	12,013

¹ The fixed asset exposure to credit risk comprises the Company's investment in the JPMorgan US Dollar Liquidity Fund. This Fund has been given a AAA credit rating by Standard & Poor's. The Fund's investments comprise mainly certificates of deposit, commercial paper, and floating rate notes with a weighted average maturity of 45 days.

There has been no stock lending during the year. Cash and short term deposits comprise balances held at banks that have a minimum rating of A1/P1 (2014: A1/P1) from Standard & Poor's and Moody's respectively.

(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 value is a reasonable approximation of fair value except for the debenture which the Company has in issue. The fair value of the £50 million debenture issued by the Company has been calculated using discounted cash flow techniques, using the yield from a similarly dated gilt plus a margin based on the five year average for the AA Barclays Sterling Corporate Bond spread.

	2015		2014	
	Accounts value £m	Fair value £m	Accounts value £m	Fair value £m
£50 million 6.875% debenture June 2018	49.9	56.2	49.9	58.0

24. Capital management policies and procedures

The Company's debt and capital structure comprises the following

	2015 £'000	2014 £'000
Debt		
Bank loan	35,489	29,822
£50,000,000 6.875% debenture June 2018	50,000	50,000
	85,489	79,822
Equity		
Equity share capital	14,082	14,052
Reserves	802,618	790,098
	816,700	804,150
Total debt and equity	902,189	883,972

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

The Board's policy is to limit gearing within the range of (5)% to 20%

	2015 £'000	2014 £'000
Investments held at fair value excluding liquidity fund holdings	885,383	875,701
Current assets excluding cash	1,862	776
Current liabilities excluding bank loan and overdraft	(3,918)	(2,429)
Total assets	883,327	874,048
Net assets	816,700	804,150
Gearing	8.2%	8.7%

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

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

Regulatory Disclosures

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

Leverage

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

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD as at 31st December 2015, which gives the following figures:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	123%	111%

JPMorgan Funds Limited ('JPMF') Remuneration

The Alternative Investment Fund Managers' Directive (the AIFMD), requires certain disclosures to be made with regard to the remuneration policy of the Company's AIFM.

Details of JPMF's AIFM Remuneration Policy are disclosed on the Company's website at www.jpmanmerican.co.uk and became applicable to the Manager on 1 January 2015, being the beginning of the first financial year of JPMF following the Manager's authorisation as an AIFM. The disclosure has been prepared in accordance with the AIFMD, the European Commission Delegated Regulation supplementing the AIFMD, the 'Guidelines on Sound Remuneration Policies' under the AIFMD issued by the European Securities and Markets Authority and the Financial Conduct Authority Handbook (SYSC 19B The AIFM Remuneration Code and FUND 3.3).

JPMF Remuneration Policy

The current remuneration policy for the EMEA Global Investment business of J.P. Morgan can be found at <https://am.jpmorgan.com/gb/en/asset-management/gim/adv/emea-remuneration-policy>. This policy includes details of the alignment with risk management, the financial and non-financial criteria used to evaluate performance and the measures adopted to avoid or manage conflicts of interest.

JPMF Quantitative Disclosures

Disclosures in accordance with FUND 3.3.5, Article 22(2)e and 22(2)f of the AIFMD and Article 107 of the Delegated Regulation are disclosed on the Company's website at www.jpmanmerican.co.uk.

Shareholder Information

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the one hundredth Annual General Meeting of JPMorgan American Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Wednesday, 11th May 2016 at 2 30 p.m. for the following purposes

- 1 To receive the Directors' Report, the Annual Accounts and the Auditor's Report for the year ended 31st December 2015
- 2 To approve the Directors' Remuneration Policy
- 3 To approve the Directors' Remuneration Report for the year ended 31st December 2015
- 4 To declare a final dividend on the ordinary shares of 2 5 pence per share
- 5 To reappoint Sarah Bates as a Chairman of the Company
- 6 To reappoint Kate Bolsover as a Director of the Company
- 7 To reappoint Simon Bragg as a Director of the Company
- 8 To reappoint Sir Alan Collins as a Director of the Company
- 9 To reappoint Dr Kevin Carter as a Director of the Company
- 10 To reappoint Deloitte LLP as auditor to the Company and to authorise the Directors to determine Deloitte LLP's remuneration

Special Business

To consider the following resolutions

Authority to allot new shares – Ordinary Resolution

- 11 THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £27,116,525, representing approximately 10% of the Company's issued ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2017 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 £1,355,826, representing approximately 10% of the issued ordinary share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 11 above, save that the Company may before such expiry make offers, or agreements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in 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 in the capital of the Company ('ordinary shares')

PROVIDED ALWAYS THAT

- (i) the maximum number of shares hereby authorised to be purchased shall be that number of shares which is equal to 14.99% of the Company's issued share capital as at the date of the passing of this resolution,
- (ii) the minimum price which may be paid for a share shall be the nominal value of the share,
- (iii) the maximum price which may be paid for a share shall be an amount equal to the highest of (a) 105% of the average of the middle market quotations for a share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased, or (b) the price of the last independent trade, or (c) the highest current independent bid,

NOTICE OF ANNUAL GENERAL MEETING *CONTINUED*

- (iv) any purchase of shares will be made in the market for cash or prices below the prevailing net asset value per share (as determined by the Directors),
- (v) the authority hereby conferred shall expire on 10th October 2017 unless the authority is renewed at the Company's Annual General Meeting in 2017 or at any other general meeting prior to such time, and
- (vi) the Company may make or contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry

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

30th March 2016

Notes

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

- 1 A member entitled to attend and vote at the meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him
- 2 A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If the voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person
- 3 Any instrument appointing a proxy to be valid, must be lodged in accordance with the instructions given on the proxy form
- 4 You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share
- 5 To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the meeting (the specified time). If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the adjourned meeting or, if the Company gives notice of the adjourned meeting at the time specified in that notice changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the meeting or adjourned meeting
- 6 Entry to the above Meeting will be restricted to shareholders and their proxy or proxies with guests admitted only by prior arrangement

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

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

- 8 Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM, or (b) any circumstances connected with auditor of the Company ceasing to hold office since the previous AGM which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
- 9 Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
- 10 Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting, and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person, or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the

business only) must be accompanied by a statement setting out the grounds for the request.

- 11 A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person; they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
- 12 In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpnamerican.co.uk.
- 13 The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
- 14 You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
- 15 As an alternative to completing a hard copy Form of Proxy/Voting Instruction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
- 16 As at 22nd March 2016 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 271,165,258 shares (carrying one vote each). Therefore the total voting rights in the Company are 271,165,258.

Electronic appointment - CREST members

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

GLOSSARY OF TERMS AND DEFINITIONS

Return to Shareholders

Total return to the investor, on a mid-market price to mid-market 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

Return on Net Assets

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

Benchmark Return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested, without transaction costs, into 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 'track' this index and consequently there may be some divergence between the Company's performance and that of the benchmark

Actual Gearing Factor

Investments excluding holdings in liquidity funds, expressed as a percentage of net assets. This shows the effect of gearing on the net asset value if the market value of the portfolio were to increase by 100%

Ongoing Charges

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

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

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

is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium

Portfolio Turnover

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

Performance Attribution

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

Performance Attribution Definitions:

Allocation Effect

Measures the effect of allocating assets to sectors or asset types differently to the weighting in the benchmark

Selection Effect

Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark or of investing in securities which are excluded from the benchmark

Gearing/(Net Cash)

Measures the impact of borrowings or cash balances on the Company's performance relative to its benchmark

Currency Hedge

Measures the effect on the Company's performance of a gain or loss arising from the Company's hedging activities

Management Fee/Expenses

The payment of fees and expenses reduces the level of total assets and therefore has a negative effect on the Company's relative performance

Shares Issued

The issue of shares at a price in excess of the net asset value per share, has a positive effect on the Company's relative performance

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

Savings Plan

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

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within J P Morgan's Stocks & Shares ISA. For the 2015/16 tax year, from 6th April 2015 and ending 5th April 2016, the total ISA allowance is £15,240. Details are available from J P Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk

There are a number of ways that you can buy shares in investment trust companies, you can invest through J P Morgan Online or on the following

Fund supermarkets

AJ Bell	James Brearley
Alliance Trust Savings	James Hay
Barclays Stockbrokers	Stocktrade
Charles Stanley Direct	TD Direct
Halifax Share Dealing Service	The Share Centre
Hargreaves Lansdown	Tilney Bestinvest
Interactive Investor	Transact

Alternatively you can invest through an Investment Professional (e.g. a Financial Adviser) on the following 3rd party platforms

Ascentric	Nucleus
Avalon	Praemium
Axa Elevate	Transact
Novia	

Please note that these websites are third party websites and J P Morgan Asset Management does not endorse or recommend any of them. This list is not exhaustive and is subject to change. Please observe each site's privacy and cookie policies as well as their platform charges structure.

You can 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 www.fca.org.uk



Information about the Company

FINANCIAL CALENDAR

Financial year end	31st December
Final results announced	March
Half year end	30th June
Half year results announced	August
Dividend on ordinary shares paid	May/October
Interest payments on 6.875% debenture stock 2018	June/December
Annual General Meeting	May

History

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

Company Numbers

Company registration number 15543
London Stock Exchange number 08456505
ISIN GB00BKZGVH64
SEDOL Code BKZGVH6
Bloomberg code JAM LN

Market Information

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

Website

www.jpnamerican.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

60 Victoria Embankment
London EC4V 0JP
Telephone number 020 7742 4000

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

Depository

BNY Mellon Trust & Depository (UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

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

Registrars

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

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

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

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

Independent Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London EC4A 3ZB

Brokers

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Savings Product Administrators

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

www.jpnamerican.co.uk

J.P. Morgan Helpline

Freephone 0800 20 40 20 or +44 (0) 1268 444470

Telephone lines are open Monday to Friday, 9am to 5 30pm

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