

Annual Report **2014**
JPMorgan Emerging Markets
Investment Trust plc

Annual Report & Accounts for the year ended 30th June 2014



J.P.Morgan
Asset Management

Features

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Objective

Capital growth from emerging markets worldwide.

Investment Policies

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

Further details on investment policies and risk management are given in the Directors' Report on page 17.

Benchmark

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

Capital Structure

At 30th June 2014 the Company's issued share capital comprised 122,208,093 Ordinary shares of 25p each, including 3,116,122 shares held in Treasury, and 10,155,432 Subscription shares of 1p each.

Continuation Vote

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

Management Company

During the year under review, the Company employed JPMorgan Asset Management (UK) Limited to manage its assets. With effect from 1st July 2014, JPMorgan Funds Limited ('JPMF') was appointed Manager, following its approval as an Alternative Investment Fund Manager by the Financial Conduct Authority.

AIC

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

Website

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

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.

Financial Results

Total returns (includes dividends reinvested)

-3.5%

Portfolio return
net of fees and expenses^{1,2}

(2013: +11.6%)

+1.4%

Benchmark³

(2013: +6.4%)

-3.2%

Fully diluted return on net
assets^{1,4}

(2013: +12.0%)

-1.0%

Return to Ordinary
shareholders⁵

(2013: +7.6%)

5.5p

Dividend

(2013: 5.5p)

Long Term Performance

For periods ended 30th June 2014

- JPMorgan Emerging Markets - return to Ordinary shareholders⁵
- JPMorgan Emerging Markets - diluted return on net assets¹
- JPMorgan Emerging Markets - undiluted return on net assets¹
- Benchmark³

A glossary of terms and definitions is provided on page 68.

¹Source: J.P. Morgan.

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

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

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

⁵Source: Morningstar.

Strategic Report

Chairman's Statement

Performance

In the year to 30th June 2014, the total return on the Company's portfolio, net of fees and expenses, was a negative 3.5%. This compares with the benchmark index, the MSCI Emerging Markets Index (in sterling terms), which returned +1.4%. The total return to ordinary shareholders was a negative 1.0%, reflecting the narrowing of the discount over the year, from 11.8% to 10.1%.

The Company's objective is to achieve capital growth from emerging markets worldwide and its performance is measured against the MSCI Emerging Markets Index, in sterling terms, on a total return basis. Whilst it is disappointing to report underperformance for the latest financial year, the Board judges performance over the long term and this was only the second year in the last ten financial years that our Investment Manager significantly underperformed the benchmark. Indeed, as the graph on page one illustrates, the Company is still just ahead of the benchmark over three years and significantly ahead over five and ten years, despite last year's slippage.

Our Manager's investment process focuses on bottom-up stock selection rather than a top-down asset allocation across markets. This has served the Company well over the long term but this did not add value during the year. The portfolio has had a traditional bias to high quality growth stocks which benefit directly from rising living standards in the countries we invest in rather than so-called value stocks with lower valuations. We did not get our stock and sector selection right last year as it turned out. In addition, currency factors were also a significant element of the portfolio's overall return over the twelve months, accounting not merely for an element of the underperformance directly, but also affecting stock selection in markets where currency effects were important drivers of relative stock returns. The Board supports the Investment Manager in placing importance on maintaining his investment discipline in identifying companies with superior earnings growth.

As I have explained previously, following the successful issue of Subscription shares in 2009, we report our net asset value on a diluted basis to reflect the potential dilution to net asset value assuming full conversion of the Subscription shares to Ordinary shares. This can give a somewhat misleading impression of the Company's underlying portfolio performance and, as I have stated in previous years, it is not the basis on which we judge the performance of the Manager, which we continue to do excluding the dilution effect. For the record, the fully diluted return on net assets was -3.2% as against the -3.5% reported above, on an undiluted basis. The Subscription shares expired on 31st July 2014 and were all converted to Ordinary shares, hence this complication will not arise in future years.

Fees

The underperformance this year gives rise to a negative performance fee accrual of £3.6 million, which will be carried forward and has to be offset against any future outperformance before any performance fee becomes payable. In other words, the Manager has to overcome this underperformance before we start paying a performance fee again.

In the interim report, I indicated a change in our management fee arrangements with a move to a sliding scale. Our existing management fee was 1.0% of net assets which remains in place up to a value of £800 million, but for assets in excess of that level the fee now drops to a 0.75% of net assets.

The Board is aware of the pressure to lower fees in the industry and wishes to remain competitive. We intend to keep fee arrangements under review and to that end we will consider whether our performance fee arrangement with the Manager remains appropriate.

Discount Management

We continue to monitor closely the share price and therefore the discount of our share price to the diluted net asset value. The Ordinary share price fell 1.9% over the year, from 567.0p to 556.0p at the year end. The discount, calculated on the fully diluted net asset value, ranged between 8.1% and 11.9%, averaging 10.2% through the year. A total of 276,705 shares were repurchased into Treasury during the year and a further 510,887 shares have been repurchased since the year end.

The Board's policy on discount management remains unchanged – it is prepared to take action to ensure that the fully diluted discount does not exceed 10% for an extended period, but only if the discount is out of line with our peer group and market conditions are orderly. We are prepared to buy shares in at discounts of between 8% and 10% in order to achieve this, subject to those caveats. Over the year under review, whilst the average discount was marginally above 10%, we believe our actions were effective in reducing the volatility of the discount, though we did not quite succeed in keeping it below 10% and it remained wider than our immediate peers.

Now that the Subscription shares are fully exercised, we hope it will be easier to manage the discount. Unless market conditions are disorderly, the Board is keen to exercise its buyback powers to narrow the discount.

Revenue and Dividends

Income after expenses fell by some 24% this year, but we are proposing to maintain the dividend at 5.5 pence. This fall in income was largely driven by negative exchange rate effects on income earned overseas. Our investment policy is aimed at maximising capital growth and does not focus on income. We have however embarked on a more progressive approach to the dividend and are pleased to be able to maintain it this year, by dipping into our substantial revenue reserve. However, given that the Company's objective is to achieve capital growth, it remains the case that dividends may fluctuate from year to year according to our income position.

The Board

David Gamble, the Company's Senior Independent Director, will retire from the Board at the conclusion of the 2014 AGM. He joined the Board in 2006 when the Company acquired the assets of F&C Emerging Markets Investment Trust plc and, on behalf of the Board, I would like to thank David for his contribution to the Company.

Strategic Report

Chairman's Statement continued

Nigel Kenny will become our Senior Independent Director on David's retirement. Percy Mistry has indicated his intention to step down from the Board at the conclusion of the 2015 AGM.

In order to ensure appropriate succession planning and continuity, we have commenced the search for a new Director and are seeking to make an appointment in early 2015.

The Manager

The Board monitors the performance of our Manager through the Management Engagement Committee. While last year was something of a disappointment, we remain satisfied with the Manager's overall performance, not only in terms of investment performance but also in terms of risk management, administration, controls and compliance, where we believe we are well served.

As I have explained in previous statements, significant regulatory change was brought about with the implementation of the Alternative Investment Fund Managers Directive ('AIFMD') in July this year. In order to ensure compliance with the new regime, the Company entered into a new management agreement with JPMorgan Funds Limited, an affiliate of JPMorgan Asset Management (UK) Limited, and appointed Bank of New York Mellon as its depositary, with effect from 1st July 2014. There are some additional reporting and disclosure requirements as a result of the AIFMD, but in practical terms the way in which the Company is managed remains largely unchanged.

Continuation Vote

As shareholders will be aware, every three years the Company offers shareholders a Continuation Vote to determine whether the Company should continue in existence. Shareholders will be asked to vote on this in a resolution at the forthcoming AGM in November. The Board believes strongly that the Company should continue and it urges shareholders to support the Company by voting yes to the resolution.

Outlook

Emerging markets have had a troubled time but the situation seems to have stabilised. On a valuation basis, they are generally regarded as looking attractive despite the risks compared to developed markets. We are not out of the woods yet with regard to volatility in emerging markets but we appear to be moving in the right direction. We trust also that this will be enhanced by a return to our Manager's successful record of long term outperformance against the emerging markets benchmark.

Alan Saunders
Chairman

1st October 2014

Investment Manager's Report

Results

I am disappointed by the results we have achieved for you as shareholders this year: they failed to match the returns from the asset class as a whole. While the benchmark index gained 1.4% in sterling terms, the value of the portfolio after fees and expenses fell by 3.5%; the total return to ordinary shareholders, including the movement in the share price and dividends paid, was -1.0%. Shareholders will, I am sure, also be disappointed by a year in which neither markets nor your manager produced results to shout about. I hope, however, that you will also have the patience to consider this short term outcome in the context of longer term results: the information on page 11 of this report, which covers the last ten years of the Company's operation, suggests that such patience has been rewarded in the past.

Markets during the year

Currencies and politics: these have been the dominant themes throughout the year. Will US interest rates ever rise? The mere hint of a move in this direction, as the US Federal Reserve moved to reduce the monetary stimulus applied by quantitative easing, was enough to cause considerable currency volatility in emerging markets in the second half of 2013, especially in India, which suffered a mini-crisis in the rupee. The thought that US interest rates might eventually increase led investors to shun other countries which need to fund deficits by attracting foreign capital, so significant currency weakness was also seen in Indonesia, South Africa, Turkey and Brazil.

It may seem strange, but I regard this weakening of currencies as a better outcome than the alternative route of adapting economic policies to maintain exchange rates. It means that the market is realigning prices to correct imbalances, and in the process forcing reform and change on governments which were trying to deny economic realities. No matter how difficult this may seem, it is almost certainly better than allowing the imbalances to build up for longer, which would make for more painful adjustments later. In the last twenty years I have seen two examples of economic policies based on fixed exchange rates, and thus forced the entire burden of adjustment onto domestic prices; the first in Asia in the 1990's, and the second in the Eurozone, where it still applies. Both led to debt-fuelled economic expansion and both ended in prolonged recessions, with a painful and very protracted recovery. A conventional economic cycle, of which India is a good current example, seems a lot better to me.

On the political front, it's been a very busy year in emerging markets. A number of elections in important countries cluster in 2014: India, Brazil, Indonesia, and South Africa, some already past and some yet to come. These events tend to punctuate market developments; before them, there is uncertainty; companies defer decisions to see how the result will fall, and stock market investors do the same. The BJP victory in India in May spurred a sharp rise in the Indian market, though in fact any result would probably have produced some positive outcome merely by removing the uncertainty; but investors also hope that more effective government, combined with an economic cycle that was already close to bottoming, may offer better conditions for both the economy and the stocks market than the recent past.

Most would probably see the greatest political risk today in Russia, not because of any election, but because of the country's newly belligerent foreign policy in Ukraine. As I write, the US and Europe are considering further sanctions, while one of the unintended consequences of Mr Putin's interventions has been to lend a new sense of purpose and solidarity to NATO. It is impossible, I suggest, to forecast what

Strategic Report continued

Investment Manager's Report continued

Performance attribution for the year ended 30th June 2014		
	%	%
Contributions to total returns		
Benchmark		1.4
Asset allocation	2.9	
Stock selection	-5.0	
Currency	-1.4	
Gearing/cash	-0.3	
Investment Manager contribution		-3.8
Portfolio return		-2.4
Management fee/Other expenses	-1.1	
Performance fee	0.0	
Share buy-back/issuance	0.0	
Portfolio return net of fees and expenses		-3.5
Exercise of Subscription shares during the year	0.0	
Undiluted return on net assets		-3.5
Dilution effect of potential exercise of remaining Subscription shares	0.3	
Diluted return on net assets		-3.2
Impact of change in discount	2.2	
Return to Ordinary shareholders		-1.0
Source: Xamin/Datastream/Morningstar. All figures are on a total return basis.		
Performance attribution analyses how the Company achieved its recorded performance relative to its benchmark.		
A glossary of terms and definitions is provided on page 68.		

will happen in politics. Sometimes politicians can make very bad choices which appear irrational from almost any angle. But our job is to think about risk and reward as far as share prices are concerned; at some price, very bad things are already priced in, while the possibility of better outcomes is almost completely ignored by the market. At that point, we should get interested. I increased the portfolio's investments in India in the year to June 2013, not because I had any idea that Mr Modi would win the election in May 2014, but because good businesses were priced at levels which seemed to assume no economic recovery and no political improvement either. Today, if there is anywhere in the world where a similar opportunity is forming, it may be Russia, though good businesses are rather harder to find there than they are in India.

The portfolio

Our stock selection this past year has not been effective, though our choice of countries actually went well: selection of stocks within markets cost almost 5% compared to the index return and we recovered only 3% of this by having the portfolio tilted towards the right countries. In addition to this, currencies were a significant factor for the reasons explained above. Currency moves affect the portfolio's investments in a variety of ways, not all of which are captured by the simple attribution analysis shown here. The biggest single positive contributor to performance during the year was Tata Consultancy, an Indian IT services business whose revenues arise mostly in dollars and euros and whose costs accrue largely in Indian rupees. Companies like this reap a windfall, temporarily, when the rupee falls. On the other hand, a company like Shoprite, a South African supermarket operator, works predominantly in domestic currency; its profits therefore decline, in sterling terms, when the rand falls.

Over the year, the more successful stocks might appear to have little in common; in addition to Tata Consultancy, the portfolio benefitted from owning Cielo, a Brazilian credit card processor, Weg, a Brazilian company which manufactures and exports electric motors; Delta Electronics, a Taiwanese electronics and industrial automation business and International Personal Finance, a consumer credit company. In fact, several of the better investments are export-focused companies selling across the world and profiting from gradual recovery in Western economies, especially the USA. By contrast, our worst stocks were clustered in countries whose currencies declined: not just Shoprite, mentioned above, but also stocks like Garanti, a Turkish bank, Unilever Indonesia, and United Breweries, India's largest brewer.

While I will make more comments below about the outlook for the portfolio, I might conclude here by saying that I have always thought it very important to frame decisions consistently as an investor. Assets denominated in another currency can eventually recover their value, if you look from a sterling point of view; but this usually happens not because the nominal exchange rate recovers fully, but because prices in the other currency are increased by inflation. As long as we own companies that have pricing power and whose revenues can therefore capture inflation, losses in value (in sterling terms) due to currency declines can be recovered. So if we have bought such stocks on the basis of their long term ability to grow their real value, it would be very contradictory to sell them at the worst point in a currency cycle; we have just had the worst phase: the next phase should be better.

Looking forward (and back)

I first began to work for this investment trust in June 1994, so I have now had the responsibility and privilege of managing this Company's portfolio for twenty years. One of the consequences of such a long time in any role, as politicians very occasionally discover, is that there is nowhere to hide. I cannot plead inexperience, I cannot blame other people, I cannot claim that failures are down to bad luck. Many others have helped me, bringing me good ideas, and the occasional less good one, over the years; while they must take credit for the successes we have had as investors, the failures and mistakes are mine alone. I do not want to dwell at length on the statistical detail of past results – shareholders can read about those in the annual reports published over the years – but I would assert that the outcomes achieved should at least encourage us to keep working in the same way. This is an important point for the future, in my opinion: the things which worked before are likely to work again, and the things to avoid may well resemble the disappointments of the past.

By this I do not mean that the same stocks will always perform well, but rather that the way I have tried to work in the past may well be my best indicator for how to work in the future. The thoughts that go through an investor's mind are not always neatly ordered or linear, but if I were to draw out those that seem to have an enduring relevance for me, I would choose the following things that I keep coming back to when I think about businesses and investing:

- Keep it simple: the financial world is in love with complexity, yet in the end it all boils down to two questions: will I lose money? will I make money? Everything else is just a subordinate clause in the attempt to reach an answer.
- Be very wary of high levels of debt; just as cash provides you with choices, debt removes your freedom to act; in the long run, that is often fatal.
- Do not be fooled by inflation: it is not worth anything. Inflation eases life for businesses and flatters their managers, but one should always try to look through the numbers to take out the effects of inflation, especially in businesses whose assets are replaced on long time cycles.
- Understand why companies make money: otherwise you can't understand why they will cease to do so.
- Think about the future, not the past; this is difficult, because it involves uncertainty not facts. Use your imagination, but do not let it run away with you.
- Conviction is rare, and therefore very valuable. I should always ask myself: what do I know? and be honest enough to know when I am guessing instead.
- Perhaps most of all, people make the difference. The longer time horizon one has, the more this is true; most of the time, when I meet companies, I want to form an impression of the people who run them. When we find a combination of good people in a fundamentally sound business, we want to own it for as long as possible.
- Finally, think about businesses, not macroeconomics, and about what you would like to find, rather than what you see right in front of you. The index only tells you about the past, while one only has to look at China to understand that economic growth does not necessarily mean that you can make money in the stock market.

Strategic Report continued

Investment Manager's Report continued

So when I look forward in emerging markets, what do I want to find? I wrote in last year's report about how returns can be broken down into their component parts - growth, dividends, change in valuation and currency. That framework, which I have always found useful but never precise, is really the second stage of what I think about. The first is more basic: I try to understand the true economics of a company (usually understandable as long as you can understand the differences between accounting and real life). By economics, I mean: does it make money for its shareholders, real cash, after everything. You would be surprised how many businesses do not really do this. Then, I try to think about its duration: whether it can go on doing this, and invest more money to make more profits, in the future. The longer I go on as an investor, the more significance I place on the strength of a company, because strong companies endure. And finally I think about governance, which in the end is all about people; do they look after our interests as shareholders and do they spend our money well in the business? If they do not, they destroy both the economics and the duration of the business sooner or later.

Most of the stocks we will own in the portfolio during the next few years are already in the portfolio: I own them on your behalf because I think they will continue to compound in value over time at a good rate, though never in a straight line. I own them because I believe that they are fundamentally sound businesses which meet the criteria I outlined in the previous paragraph. Sometimes, they are more highly valued than I would like; usually, until this gets to extremes, I ignore it. I would rather own an outstanding business that is a bit expensive than a poor company which is a bit cheap; in a few years' time, if their share prices do not change, the good company will look better value, while the poor one will look worse. My main intent, as I think about the prospects for the portfolio, is to find good companies which are strong enough to withstand competition, not just financially, but operationally.

Notwithstanding the subdued stock market returns of the last few years, the long term prospects for making money in emerging markets remain huge: how can there not be great investment opportunities in an asset class which covers most of the world's population and a large and rising share of the world economy? If one wanted to look for a reason to be cautious, one could ask: how can immature economies produce companies to compete with the world's best? Will that opportunity not be taken by companies from the developed world, rather than by indigenous firms? And yet this clearly can happen. The best firms in emerging markets are highly competitive in any context. This is evidently true of export-oriented businesses, which would not exist otherwise; but in domestic industries the same competitiveness can also be found. There are few businesses more localised than beer; and today, the two largest companies in the world in that industry, AB Inbev and SAB Miller, both grew from beginnings in emerging markets.

It is going to be very important, as competition continues to intensify, to think about how resilient businesses really are, in order to understand what they are really worth. I am confident that an approach to investment which has always concentrated on the strength of the businesses owned as well as on their price, can continue to deliver returns to investors in the future, regardless of the uncertainty that the future always holds.

Austin Forey
Investment Manager

1st October 2014

Summary of Results

	2014	2013	
Total returns for the year ended 30th June			
Return to Ordinary shareholders ¹	-1.0%	+7.6%	
Portfolio return net of fees and expenses ²	-3.5%	+11.6%	
Undiluted return on net assets ²	-3.5%	+10.0%	
Fully diluted return on net assets ²	-3.2%	+12.0%	
Benchmark ³	+1.4%	+6.4%	
			% change
Net asset value, share price and discount at 30th June			
Shareholders' funds (£'000)	750,593	785,778	-4.5
Undiluted net asset value per Ordinary share	630.3p	658.4p	-4.3
Diluted net asset value per Ordinary share	623.4p	649.3p	-4.0
Ordinary share price	556.0p	567.0p	-1.9
Ordinary share price discount to diluted net asset value per Ordinary share ⁴	10.1%	11.8%	
Ordinary shares in issue (excluding shares held in Treasury)	119,091,971	119,353,816	
Subscription share price	10.0p	76.5p	-86.9
Subscription shares in issue	10,155,432	10,170,292	
Revenue for the year ended 30th June			
Gross revenue (£'000)	16,071	18,487	-13.1
Net revenue attributable to Ordinary shareholders (£'000)	6,105	8,137	-25.0
Revenue return per Ordinary share - undiluted	5.12p	6.77p	-24.4
Revenue return per Ordinary share - diluted	5.12p	6.73p	-23.9
Dividend per Ordinary share	5.50p	5.50p	0.0
Gearing/(net cash) at 30th June ⁵	(4.6)%	(4.2)%	
Ongoing charges ⁶	1.17%	1.14%	
Ongoing charges including performance fee payable	1.17%	1.77%	

A glossary of terms and definitions is provided on page 68.

¹Source: Morningstar.

²Source: J.P. Morgan.

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

⁴Capital only. Source: Bloomberg.

⁵Gearing represents the excess amount above shareholders' funds of total assets (including net current assets/liabilities) less cash/cash equivalents expressed as a percentage of shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

⁶Management fee and all other operating expenses, excluding interest and performance fee payable, expressed as a percentage of the average of daily net assets during the year. Ongoing charges are calculated in accordance with guidance issued by the Association of Investment Companies.

Strategic Report continued

Performance

Ten Year Performance

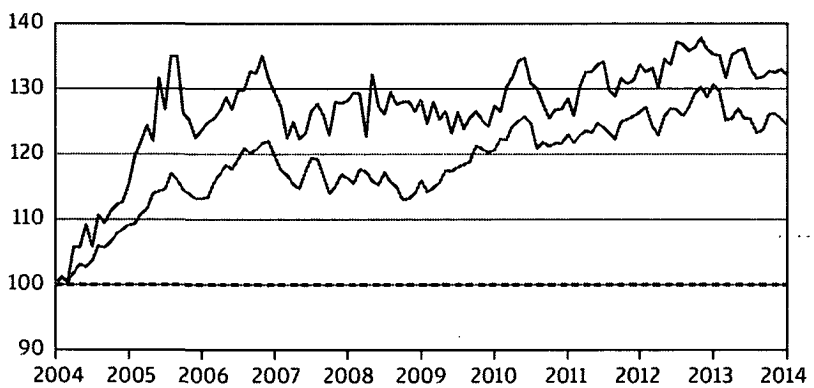
Figures have been rebased to 100 at 30th June 2004

Source: Morningstar.

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

Performance Relative to Benchmark

Figures have been rebased to 100 at 30th June 2004



Source: Morningstar.

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

Ten Year Financial Record

At 30th June	2004	2005 ¹	2006	2007	2008	2009	2010	2011	2012	2013	2014
Shareholders' funds (£m)	148.4	222.2	360.9	508.0	518.4	448.2	631.9	785.1	691.9	785.8	750.6
Undiluted net asset value per Ordinary share (p)	164.5	246.3	327.2	460.5	470.0	406.3	568.3	686.4	602.9	658.4	630.3
Diluted net asset value per Ordinary share (p) ²	164.5	246.3	327.2	460.5	470.0	406.3	544.9	655.7	584.1	649.3	623.4
Ordinary share price (p)	137.8	216.0	299.0	416.5	433.5	374.0	500.0	597.5	531.5	567.0	556.0
Discount (%)	16.2	12.3	8.6	9.6	7.8	7.9	8.2	8.8	9.1	11.8	10.1
Subscription share price (p)	–	–	–	–	–	39.5	76.3	135.0	75.0	76.5	10.0
Gearing/(net cash) (%)	(4.2)	(5.0)	(0.2)	0.8	(4.7)	(0.8)	(1.7)	(5.2)	(3.7)	(4.2)	(4.6)
Year ended 30th June											
Gross revenue attributable to shareholders (£'000)	4,474	5,435	8,488	8,055	9,456	11,344	12,335	15,912	16,480	18,487	16,071
Diluted revenue return per Ordinary share (p) ³	2.47	2.87	4.30	1.96	2.59	4.43	4.47	5.26	6.22	6.73	5.12
Dividend per Ordinary share (p)	–	2.45	3.65	2.00	2.00	3.20	3.20	3.50	4.50	5.50	5.50
Ongoing charges (%) ⁴	1.40	1.31	1.28	1.24	1.25	1.05	1.17	1.15	1.18	1.14	1.17
Rebased to 100 at 30th June 2004											
Ordinary share price total return ⁵	100.0	156.8	220.6	308.6	322.6	280.5	377.6	453.7	406.3	437.0	432.6
Undiluted net asset value total return ⁵	100.0	148.3	202.0	285.5	292.5	253.7	357.9	434.2	383.8	421.8	407.5
Diluted net asset value total return ⁵	100.0	148.3	202.0	285.5	292.5	253.7	343.1	414.3	370.9	415.1	402.7
Benchmark ⁶	100.0	135.9	178.4	238.5	251.6	218.7	296.5	353.1	303.8	323.1	327.6

A glossary of terms and definitions is provided on page 68.

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

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

³The returns per Ordinary share for the year ended 30th June 2010 onwards have been adjusted for the effect of the dilutive Subscription shares. There were no dilutive potential Ordinary shares in issue at 30th June 2009 and prior years.

⁴Management fee and all other operating expenses, excluding interest and performance fee payable, expressed as a percentage of the average of daily net assets during the year. Ongoing charges are calculated in accordance with guidance issued by the Association of Investment Companies. The ongoing charges including the performance fee payable were 1.17% (2013: 1.77%) (2009 and prior years: the average of the opening and closing net assets).

⁵Source: Morningstar/J.P. Morgan.

⁶Source: Morningstar/Datastream.

Strategic Report continued

Ten Largest Equity Investments at 30th June 2014

Company	Country	2014 Valuation		2013 Valuation	
		£'000	% ¹	£'000	% ¹
Housing Development Finance Housing Development Finance provides housing finance in India. The company provides long-term housing loans to low and middle income individuals and corporations. The company also provides construction finance to real estate developers, and lease financing facilities to companies and development authorities for infrastructure and other assets.	India	29,917	4.0	29,978	3.8
Taiwan Semiconductor Manufacturing Taiwan Semiconductor Manufacturing Company Ltd. manufactures integrated circuits based on its proprietary designs. The company offers a comprehensive set of integrated circuit fabrication processes to manufacture CMOS logic, mixed-mode, volatile and non-volatile memory and BiCMOS chips. Taiwan Semiconductor is an affiliate of Philips Electronics N.V.	Taiwan	25,955	3.5	25,073	3.2
Tata Consultancy Services Tata Consultancy Services, a division of Tata Sons Limited, is a global IT services organisation that provides a comprehensive range of IT services to its clients in diverse industries. The company, caters to finance and banking, insurance, telecommunication, transportation, retail, manufacturing, pharmaceutical, and utility industries.	India	22,712	3.0	16,321	2.1
International Personal Finance International Personal Finance offers small, unsecured cash loans made and collected by agents, face to face with the customer. The company operates in the developing markets of Central and Eastern Europe and Mexico, providing the underserved segment of the consumer credit market with access to cash loans.	United Kingdom	22,351	3.0	22,181	2.8
Magnit Magnit retails food. The company operates a chain of discount supermarkets.	Russia	20,601	2.7	20,580	2.6
Hyundai Motor Hyundai Motor Company manufactures, sells, and exports passenger cars, trucks, and commercial vehicles. The company also sells various auto parts and operates auto repair service centers throughout South Korea. Hyundai Motor provides financial services through its subsidiaries.	South Korea	19,524	2.6	19,202	2.5
WEG WEG S.A. manufactures and distributes industrial machinery. The company's products include electric motors, power and distribution transformers, large motors, DC motors, generators, drives, programmable controllers, electric panels and electrical components. WEG also offers technical assistance and repair services for its products.	Brazil	18,590	2.5	16,172	2.1
AIA AIA Group Ltd. offers insurance and financial services. The company writes life insurance for individuals and businesses, accident and health insurance, retirement planning, and wealth management services.	Hong Kong	18,554	2.5	17,551	2.2
Cielo² Cielo SA is an electronic payment solutions company based in Brazil and Latin America. The company is responsible for accreditation of commercial establishments, capture, transmission, processing and settlement of transactions made with credit cards and debit cards as well as network management services.	Brazil	18,284	2.4	12,636	1.6
Ultrapar Participações Ultrapar Participações S.A. is a Brazilian holding company. The company's holdings include a gas distribution company, a petrochemical company, and a petrochemical and gas storage and transportation company.	Brazil	16,712	2.2	19,075	2.4
Total		213,200	28.4		

¹Based on total assets less current liabilities of £750.6m (2013: £785.8m).

²Not included in the ten largest equity investments at 30th June 2013.

At 30th June 2013, the value of the ten largest equity investments amounted to £202.7m representing 25.8% of total assets less current liabilities.

Portfolio Analyses

Geographic	30th June 2014		30th June 2013	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
East Asia	26.4	48.2	27.8	47.5
Latin America	24.8	19.0	25.2	20.3
South Asia	23.1	14.1	21.6	15.0
Europe/Middle East/Africa	20.9	18.7	21.6	17.2
Total equities	95.2	100.0	96.2	100.0
Liquidity fund	4.2	—	3.6	—
Net current assets	0.6	—	0.2	—
Total	100.0	100.0	100.0	100.0

Based on total assets less current liabilities of £750.6m (2013: £785.8m).

Sector	30th June 2014		30th June 2013	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Financials	30.2	26.9	32.0	27.6
Consumer Staples	18.8	8.2	21.8	9.4
Information Technology	17.0	17.3	10.9	14.7
Industrials	10.7	6.5	10.0	6.3
Consumer Discretionary	8.9	9.1	8.6	8.3
Materials	4.4	8.8	3.3	9.5
Telecommunication Services	2.4	7.0	3.5	7.9
Energy	2.2	10.8	5.2	11.4
Health Care	0.6	1.8	0.9	1.5
Utilities	—	3.6	—	3.4
Total equities	95.2	100.0	96.2	100.0
Liquidity fund	4.2	—	3.6	—
Net current assets	0.6	—	0.2	—
Total	100.0	100.0	100.0	100.0

Based on total assets less current liabilities of £750.6m (2013: £785.8m).

Strategic Report continued

Investment Activity

during the year ended 30th June 2014

	Value at 30th June 2013		Purchases £'000	Sales £'000	Changes in value £'000	Value at 30th June 2014	
	£'000	% of portfolio				£'000	% of portfolio
India	120,396	15.4	22,587	(16,017)	6,411	133,377	17.9
Brazil	130,924	16.7	1,622	(7,857)	(5,521)	119,168	16.0
China and Hong Kong	141,655	18.1	23,692	(44,150)	(16,082)	105,115	14.1
South Africa	95,726	12.2	1,584	(8,812)	(7,052)	81,446	10.9
Taiwan	45,689	5.8	3,598	—	5,846	55,133	7.4
Mexico	49,365	6.3	3,839	(825)	(283)	52,096	7.0
Indonesia	37,507	4.8	5,576	(1,036)	(6,704)	35,343	4.7
South Korea	30,869	3.9	—	—	(318)	30,551	4.1
Russia	30,318	3.9	2,628	—	(3,937)	29,009	3.9
United Kingdom	22,181	2.8	—	(3,727)	3,897	22,351	3.0
Turkey	21,509	2.8	5,032	(5,356)	(1,906)	19,279	2.6
Peru	—	—	7,385	—	578	7,963	1.0
Thailand	—	—	8,043	—	(839)	7,204	1.0
Chile	7,097	0.9	—	—	(287)	6,810	0.9
Poland	—	—	5,353	—	(263)	5,090	0.7
Malaysia	12,006	1.5	—	(4,739)	(2,994)	4,273	0.6
Pakistan	48	—	—	—	22	70	—
Argentina	10,363	1.3	—	(10,315)	(48)	—	—
Total equity investments	755,653	96.4	90,939	(102,834)	(29,480)	714,278	95.8
Liquidity fund	28,222	3.6	87,128	(81,137)	(2,617)	31,596	4.2
Total investments	783,875	100.0	178,067	(183,971)	(32,097)	745,874	100.0

List of Investments

at 30th June 2014

Company	Valuation £'000	Company	Valuation £'000
India		South Africa	
Housing Development Finance	29,917	Capitec Bank	12,427
Tata Consultancy Services	22,712	MTN	11,030
Indusind Bank	16,476	Discovery	10,993
ITC	13,726	Bidvest Group	10,609
Mahindra & Mahindra Financial Service	10,339	Clicks	9,182
Infosys Technologies ¹	10,141	RMB	8,454
United Breweries	9,675	Shoprite Holdings	5,984
Supreme Industries	6,852	Tiger Brands	5,863
Infosys Technologies	5,210	Mr Price	5,531
ACC	5,021	Massmart	1,373
Ambuja Cements	3,308		
	133,377		81,446
Brazil		Taiwan	
WEG	18,590	Taiwan Semiconductor Manufacturing ¹	25,955
Cielo	18,284	Delta Electronics	15,681
Ultrapar Participações	16,712	President Chain Store	10,250
Ambev ¹	13,344	Chailease	3,247
Itau Unibanco	11,528		
Vale ¹	11,114		55,133
Companhia de Concessões Rodoviárias	8,981	Mexico	
Lojas Renner	8,463	Grupo Financiero Banorte	15,833
TOTVS	7,280	Gentera	13,852
Marcopolo	4,872	Wal-Mart De Mexico	10,307
	119,168	Grupo Aeroportuario del Sureste ¹	7,981
		Mexichem	4,123
			52,096
China and Hong Kong		Indonesia	
AIA	18,554	Bank Rakyat Indonesia	11,922
Jardine Matheson	14,103	Astra International	9,502
Tsingtao Brewery	12,496	Unilever Indonesia	5,961
Baidu ¹	11,673	Bank Central Asia	5,202
Tencent Holdings	10,632	Holcim	2,756
Cafe De Coral	8,248		
Sun Art Retail Group	7,905		35,343
Tingyi	6,440		
Hang Lung Properties	5,003		
Convenience Retail Asia	4,483		
Wumart Stores	2,803		
H.K. Aircraft Engineering	2,775		
	105,115		

Strategic Report continued

List of Investments continued at 30th June 2014

Company	Valuation £'000	Company	Valuation £'000
South Korea		Poland	
Hyundai Motor	19,524	Eurocash	5,090
Hyundai Mobis	8,207		5,090
Shinsegae Food	2,820		
	30,551	Malaysia	
		Top Glove	4,273
Russia			4,273
Magnit	20,601		
Sberbank	7,478	Pakistan	
TCS ¹	930	BRR Guardian Modaraba	70
	29,009		70
		Total equity investments	714,278
United Kingdom		Liquidity fund	
International Personal Finance	22,351	JPMorgan US Dollar Liquidity Fund ²	31,596
	22,351	Total investments	745,874
Turkey			
KOC	12,193		
Turkiye Garanti Bankasi	7,086		
	19,279		
Peru			
Credicorp	7,963		
	7,963		
Thailand			
Advanced Info Service	7,204		
	7,204		
Chile			
Banco Santander-Chile ¹	6,810		
	6,810		

¹Includes ADRs/GDRs/ADSSs/BDRs.

²Managed by JPMorgan Asset Management.

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. To assist shareholders with this assessment, the Strategic Report sets out the structure and objective of the Company, its investment policies and risk management, investment limits and restrictions, performance and key performance indicators, share capital, principal risks and how the Company seeks to manage those risks, the Company's environmental, social and ethical policy and finally its future developments.

Structure and Objective of the Company

JPMorgan Emerging Markets Investment Trust plc is an investment trust company that has a premium listing on the London Stock Exchange. Its objective is to achieve capital growth from emerging markets worldwide. In seeking to achieve this objective the Company employs JPMF to actively manage the Company's assets. The Board has determined an investment policy and related guidelines and limits, as described below. It aims to outperform the MSCI Emerging Markets Index.

The Company is subject to UK and European legislation and regulations including UK company law, Financial Reporting Standards, the UKLA 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) for the year ended 30th June 2013 and future years. The Directors have no reason to believe that approval will not continue to be obtained. The Company is not a close company for taxation purposes.

Investment Policies and Risk Management

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

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

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

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

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

Investment Restrictions and Guidelines

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

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

Strategic Report continued

Business Review continued

- The Company does not normally enter into derivative transactions, other than short term forward currency contracts to manage working capital requirements and to do so requires prior Board approval.

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

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

Performance

In the year to 30th June 2014, the Company produced a total return to Ordinary shareholders of -1.0% and an undiluted total return on net assets of -3.5%. This compares with the return on the Company's benchmark index of +1.4%. At 30th June 2014, the value of the Company's investment portfolio (including liquidity fund holdings) was £745.9 million. The Investment Manager's Report on pages 5 to 8 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross total loss for the year amounted to £17.2 million (2013: £95.0 million return) and net total loss after deducting management fee, performance fee, other administrative expenses, finance costs and taxation amounted to £27.2 million (2013: £81.4 million return). Distributable income for the year amounted to £6.1 million (2013: £8.1 million).

The Directors recommend a final dividend of 5.5p per share payable on 26th November 2014 to holders on the register at the close of business on 24th October 2014. This distribution will amount to £6.6 million. The revenue reserve after payment of the final dividend will amount to £8.9 million (2013: £9.4 million).

Key Performance Indicators ('KPIs')

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

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

Performance Relative to Benchmark Index

Figures have been rebased to 100 at 30th June 2004

Source: Morningstar.

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

Ten Year Performance

Figures have been rebased to 100 at 30th June 2004

Source: Morningstar.

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

- **Performance against the Company's peers**
The principal objective is to achieve capital growth relative to the benchmark. However, the Board also monitors the performance relative to a broad range of competitor funds.
- **Performance attribution**
The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on

the Company's relative performance of the various components such as asset allocation and stock selection. Details of the attribution analysis for the year ended 30th June 2014 are given in the Investment Manager's Report on page 6.

- **Share price discount to net asset value ('NAV') per share**
The Board has a share repurchase policy which seeks to address imbalances in supply of and demand for the Company's shares within the market. This helps to reduce the volatility and absolute level of the discount to NAV per share at which the Company's shares trade in relation to its peers in the sector. In the year to 30th June 2014, the Company's shares traded at a discount to the fully diluted net asset value per share of between 8.1% and 11.9%.

Discount Performance

Source: Datastream (month end data).

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

- **Ongoing charges**
The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs and performance fee payable, expressed as a percentage of the average of the daily net assets during the year. The ongoing charges for the year ended 30th June 2014 were 1.17% (2013: 1.14%). The Board reviews each year an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers.

Share Capital

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

A total of 276,705 shares were repurchased into Treasury during the year under review, for a total consideration of £1,502,850. The Company did not allot any new shares for cash other than on the conversion of Subscription shares. Since the year end a further 510,887 shares have been repurchased into Treasury.

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

The full text of these Resolutions is set out in the Notice of Meeting on pages 65 and 66.

During the year the Company issued 14,860 Ordinary shares for a total consideration of £81,000 on the conversion of Subscription shares. Since the year end, a further 10,093,486 Ordinary shares have been issued for a total consideration of £54,808,000.

Subscription Shares

On 11th June 2009 the Company issued 22,059,783 Subscription shares as a bonus issue to Ordinary shareholders on the basis of one Subscription share for every five Ordinary shares held. Each Subscription share conferred the right (but not the obligation) to subscribe for one Ordinary share on any business day during the period from 1st August 2009 to 31st July 2014 (both dates inclusive) when the rights under the Subscription shares lapsed. All of the remaining Subscription shares in issue were converted to Ordinary shares, either by Subscription shareholders or by the trustee appointed to act on behalf of the remaining Subscription shareholders, as at the date of expiry.

Principal Risks

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

- **Investment Underperformance:** An inappropriate investment strategy, for example asset allocation, the level of gearing or the degree of portfolio risk, could lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments and through a set of investment restrictions and guidelines which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution

Strategic Report continued

Business Review continued

analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Manager, who attends all Board meetings, and reviews data which show statistical measures of the Company's risk profile.

- **Political, Economic and Governance:** Administrative risks, such as the imposition of restrictions on the free movement of capital. These risks are discussed by the Board on a regular basis.
- **Loss of Investment Team or Investment Manager:** A sudden departure of the investment manager or several members of the investment management team could result in a short-term deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team based approach, as well as special efforts to retain key personnel.
- **Discount:** A disproportionate widening of the discount relative to the Company's peers could result in loss of value for shareholders. The Board regularly discusses discount policy and has set parameters for the Manager and the Company's broker to follow.
- **Change of Corporate Control of the Manager:** The Board holds regular meetings with senior representatives of JPMF in order to obtain assurance that the Manager continues to demonstrate a high degree of commitment to its investment trusts business through the provision of significant resources.
- **Accounting, Legal and Regulatory:** In order to qualify as an investment trust, the Company must comply with Section 1158. Details of the Company's approval are given under 'Structure and Objective of the Company' on page 17. Should the Company breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by the Manager and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules and Disclosure and Transparency Rules ('DTRs'). A breach of the Companies Act could result in the Company and/or the Directors being fined or the

subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary and its professional advisers to ensure compliance with the Companies Act and the UKLA Listing Rules and DTRs.

- **Corporate Governance and Shareholder Relations:** Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance report on pages 27 to 31.
- **Operational:** Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by the Manager and its associates and the key elements designed to provide effective internal control are included within the Risk Management and Internal Control section of the Corporate Governance report on pages 30 and 31.
- **Financial:** The financial risks faced by the Company include market price risk, interest rate risk and credit risk. Further details are disclosed in note 22 on pages 57 to 63.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board. At 30th June 2014, there were five male Directors and one female Director on the Board.

Employees, Social, Community and Human Rights Issues

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

Social, 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 is managed by JPMF, has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company has no premises, consumes no electricity, gas or diesel fuel and

consequently does not have a measurable carbon footprint. JPMAM is also a signatory to Carbon Disclosure Project. JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

Future Developments

The future development of the Company is much dependent upon the success of the Company's investment strategy in the light of economic and equity market developments in the countries in which it invests. The Investment Manager discusses the outlook in his report on pages 7 and 8.

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Funds Limited,
Company Secretary
1st October 2014

Governance

Board of Directors

Alan Saunders ^{§†‡}

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

A Director since May 2002.

Last reappointed to the Board: 2013.

Remuneration: £35,000.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,000 Ordinary shares.

David Gamble ^{§†‡}

(Senior Independent Director)

A Director since April 2006.

Last reappointed to the Board: 2013.

Remuneration: £26,500.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 3,781 Ordinary shares.

Anatole Kaletsky ^{§†‡}

A Director since September 2003.

Last reappointed to the Board: 2013.

Remuneration: £24,000.

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

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

Shared directorships with other Directors: None.

Shareholding in Company: 5,043 Ordinary shares.

Percy Mistry *§†‡

A Director since January 2009.

Last reappointed to the Board: 2013.

Remuneration: £24,000.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 10,000 Ordinary shares.

Nigel Kenny *§†‡

(Chairman of the Audit Committee)

A Director since September 2008.

Last reappointed to the Board: 2013.

Remuneration: £29,000.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 3,500 Ordinary shares.

Sarah Arkle *§†‡

A Director since September 2013.

Last reappointed to the Board: 2013.

Remuneration: £24,000.

Non-executive director of Foreign & Colonial Investment Trust plc, Henderson Group plc and a member of the Newnham College Cambridge Investment Committee.

She was previously an advisor to the South Yorkshire Pension Fund and was Chief Investment Officer of Threadneedle Asset Management where she held a number of other senior positions.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,000 Ordinary shares.

* Member of the Audit Committee

§ Member of the Nomination Committee

† Member of the Remuneration Committee

‡ Considered by the Board to be independent

Governance continued

Directors' Report

The Directors present their report and the audited financial statements for the year ended 30th June 2014. A number of disclosures previously incorporated in the Directors' Report are now included in the Strategic Review. These include: Business of the Company; Investment Objective; Investment Policies and Risk Management; Investment Restrictions and Guidelines; Performance; Total Return. Revenue and Dividends; KPIs; Share Capital; Principal Risks; Future Developments; Employee, Social, Community and Human Rights Issues.

Management of the Company

During the year under review the Manager and Company Secretary was JPMorgan Asset Management (UK) Limited ('JPMAM UK'). JPMAM UK is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides banking, dealing and custodian services to the Company.

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

Alternative Investment Fund Managers Directive ('AIFMD')

The AIFMD was implemented in July 2014. JPMorgan Funds Limited ('JPMF') has been approved by the Financial Conduct Authority as an Alternative Investment Fund Manager. In order to comply with the AIFMD, with effect from 1st July 2014 JPMF, an affiliate of JPMAM UK, was appointed Manager and Company Secretary.

Management and Performance Fees

The management fee is charged at the rate of 1.0% per annum of the Company's total assets less current liabilities up to £800 million and at the rate of 0.75% thereafter. The fee is calculated and paid monthly in arrears. Investments on which JPMAM earns a fee are excluded from the calculation and therefore attract no management fee.

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

an estimate is accrued on a monthly basis and reflected in the Company's published NAV per share.

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

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

During the year ended 30th June 2014 the Company's undiluted net asset value per share underperformed the benchmark. This resulted in a negative non-offsetable performance fee of £3,614,027. The negative performance fee will be carried forward and offset against any future outperformance.

Going Concern

The Directors believe that having considered the Company's investment objective (see page 17), risk management policies (see pages 57 to 63), capital management policies and procedures (see pages 63 and 64), the nature of the portfolio and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Directors

The Directors of the Company who held office at the end of the year are detailed on pages 22 and 23.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 23. No changes have been reported to the Directors' shareholdings since the year end.

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

The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its committees, confirms that each Director standing for reappointment continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that they be reappointed.

Director Indemnification and Insurance

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

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

Disclosure of information to Auditors

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

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

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

Independent Auditors

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

Companies Act 2006 Requirements

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

Capital Structure

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

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of Annual General Meeting on page 67.

Environmental Matters, Social and Community Issues

Information on environmental matters, social and community issues is set out on pages 20 and 21. The Company has no employees.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	Ordinary shares	%
Lazard Asset Management LLC	28,079,113	23.3
City of London Investment Management Company	11,958,159	10.0
Royal Skandia	6,089,708	5.0
Sarasin & Partners LLP	5,232,073	4.3
JPMorgan Asset Management Holdings Inc.	4,697,689	3.9

On 8th September 2014, City of London Investment Management Company disclosed that their holding was 19,426,190 shares (15.1%) and on 1st October 2014, Lazard Asset Management LLC disclosed that their holding was 30,692,374 shares (23.8%). No further changes to these holdings had been notified as at the date of this report.

The Company is also aware that approximately 7% of the Company's total voting rights are held by individuals through savings products managed by JPMAM and registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under certain circumstances the Manager has the right to exercise

Governance continued

Directors' Report continued

those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

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

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

Annual General Meeting

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

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

(i) Continuation vote (resolution 11)

The Directors recommend that the Company continues in existence as an investment trust for a further three year period.

(ii) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 12 and 13)

The Directors will seek renewal of the authority at the AGM to issue up to 6,436,825 new Ordinary shares for cash up to an aggregate nominal amount of £1,609,206 such amount being equivalent to 5% of the present issued ordinary share capital (excluding Treasury shares) as at the last practicable date before the publication of this document. This authority will expire at the conclusion of the AGM of the Company in 2015 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to participants purchasing shares through the JPMorgan savings products and also to other investors when the Directors consider that it is in the best interests of shareholders to do so. As such issues are only made

at prices greater than the net asset value (the 'NAV'), they increase the NAV per share and spread the Company's administrative expenses, other than the management fee which is charged on the value of the Company's assets, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies.

The Company currently holds 3,627,009 shares in the capital of the Company in Treasury. The full text of the resolutions is set out in the Notice of Annual General Meeting on page 65.

(iii) Authority to repurchase the Company's shares for cancellation (resolution 14)

The authority to repurchase up to 14.99% of the Company's issued Ordinary share capital, granted by shareholders at the 2013 AGM will expire on 17th May 2015, unless renewed prior to that time. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

Resolution 14 gives the Company authority to repurchase its own issued Ordinary shares in the market as permitted by the Companies Act 2006 (the 'Act'). The authority limits the number of shares that could be purchased to a maximum of: 19,297,603 Ordinary shares, representing approximately 14.99% of the Company's issued Ordinary shares as at 30th September 2014 (being the latest practicable date prior to the publication of this document). The authority also sets minimum and maximum prices.

If resolution 14 is passed at the AGM it is the Company's current intention to hold in Treasury any shares it may repurchase pursuant to the authority granted to it for possible re-issue at a premium to NAV. This policy is kept under review by the Board.

The full text of the resolution is set out in the Notice of Annual General Meeting on pages 65 and 66. Repurchases of Ordinary shares will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares as and when market conditions are appropriate.

Recommendation

The Board considers that resolutions 11 to 14 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their

own beneficial holdings which amount in aggregate to 34,324 Ordinary shares representing approximately 0.03% of the voting rights of the Company.

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 35, indicates how the Company has applied the principles of good governance of the Financial Reporting Council UK Corporate Governance Code 2012 (the 'UK Corporate Governance Code') and the AIC's Code of Corporate Governance, (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

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

Role of the Board

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

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

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

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

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

Board Composition

The Board, chaired by Alan Saunders, consists of six non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 22 and 23.

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

Tenure

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

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

Governance continued

Directors' Report continued

Induction and Training

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

Meetings and Committees

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

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

Director	Board Meetings Attended	Audit Committee Meetings Attended	Management Engagement Committee Meetings Attended	Remuneration Committee Meetings Attended	Nomination Committee Meetings Attended
Sarah Arkle	4	2	1	1	1
David Gamble	5	2	1	1	1
Anatole Kaletsky	5	2	1	1	1
Nigel Kenny	5	2	1	1	1
Percy Mistry	5	2	1	1	1
Alan Saunders ¹	5	2	1	1	1

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

Board Committees

Nomination Committee

The Nomination Committee, chaired by Alan Saunders, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender. An independent third party, Trust Associates,

were employed to conduct the search for a new Director, which resulted in the appointment of Sarah Arkle. Trust Associates have no connection with the Board or the Manager.

The Committee conducts an annual performance evaluation of the Board, its committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. The evaluation of individual Directors is led by the Chairman. The Senior Independent Director leads the evaluation of the Chairman's performance.

Remuneration Committee

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

Audit Committee

The Audit Committee, chaired by Nigel Kenny and whose membership is set out on pages 22 and 23, meets at least twice each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. At least one member of the Committee has recent and relevant financial experience.

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

During its review of the Company's financial statements for the year ended 30th June 2014, the Audit Committee considered the following significant issues, including those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Going concern	The Directors have considered the Company's investment objective, risk management policies, capital management policies and procedures, the nature of the portfolio and expenditure and cash flow projections. As a result, they have determined 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.
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 on pages 43 to 45. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 43.
Compliance with Sections 1158 and 1159 Corporation Tax Act 2010 ('Section 1158 and 1159')	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

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

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30th June 2014, 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 35.

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 auditors. In the Directors' opinion the Auditors are independent.

The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of external Auditors. Representatives of the Company's Auditors 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 Auditors, including assessing the quality of work, timing of communications and work with the Manager, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The Board reviews and approves any non-audit services provided by the independent auditors and assesses the impact of any non audit work on the ability of the auditors to remain independent. The only non-audit work carried out by the auditors this year was in relation to their member firm's work on the Company's tax return in Pakistan. The Board has resolved that such non-audit work does not impact the independence of the auditors. Details of the auditors fees paid for audit and non audit services are disclosed in note 5 on page 46. PricewaterhouseCoopers have audited the Company's financial statements since its launch in 1991 and were reappointed following an auditor review in 2013. The Company's year ended 30th June 2014 is the current Audit Partner's fifth of a five year maximum term.

Management Engagement Committee

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

The Committee conducts a formal evaluation of the Manager on an annual basis. The evaluation includes consideration of the investment strategy and process of the Investment Manager, noting consistent outperformance of the benchmark over the long term, and the quality of support that the Company receives from 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 interests of shareholders as a whole.

Terms of Reference

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

Governance continued

Directors' Report continued

Relations with Shareholders

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

All shareholders have the opportunity, and are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet shareholders and answer their questions. In addition, a presentation is given by the Investment Manager who reviews the Company's performance. The Company's brokers, the Investment Manager and the Manager hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 73.

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 73.

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

Risk Management and Internal Control

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

The Directors are responsible for the Company's system of risk management and internal control which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the

business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material misstatement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by JPMAM and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure that they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 19 to 20). This process has been in place for the year under review and up to the date of the approval of the annual report and accounts, and it accords with the Turnbull guidance. The Company does not have an internal audit function of its own, but relies on the internal audit department of the Manager. This arrangement is kept under review.

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

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

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

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

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

The Board, either directly or through the Audit Committee, keeps under review the effectiveness of the Company's system of risk management and internal control by monitoring the

operation of the key operating controls of the Manager and its associates as follows:

- reviews the terms of the management agreement and receives regular reports from the Manager's Compliance department;
- reviews reports on the internal controls and the operations of its custodian, JPMorgan Chase Bank, which is itself independently reviewed; and
- reviews every six months an independent report on the risk management and internal controls and the operations of the Manager.

By the means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 30th June 2014 and to the date of approval of this Annual Report and Accounts.

The Board confirms that any failings or weaknesses identified during the course of its review of the system of risk management and internal control were not significant and did not affect the Company.

Corporate Governance and Voting Policy

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

Corporate Governance

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

Proxy Voting

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

we will vote at all of the meetings called by companies in which we are invested.

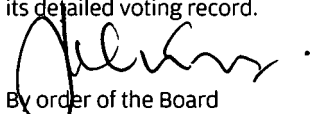
Stewardship/Engagement

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

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

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

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



By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Funds Limited,
Company Secretary
1st October 2014

Governance continued

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30th June 2014, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been Audited they are indicated as such. The Auditors' opinion is included in their report on pages 36 and 38.

Directors' Remuneration Policy

The Directors' Remuneration Policy Report is subject to a triennial binding vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. The policy subject to the vote, is set out in full below and is currently in force.

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

The Remuneration Committee, comprising all Directors, reviews Directors' 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 industry research carried out by third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The involvement of remuneration consultants has not been deemed necessary as part of this review. The Company has no Chief Executive Officer and no employees and therefore 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.

All of the Directors are non-executive. There are no performance-related elements to their fees and the Company does not operate any type of incentive, share scheme, award or

pension scheme and therefore no Directors receive bonus payments or pension contributions from the Company or hold options to acquire shares in the Company. Directors are not granted exit payments and are not provided with compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in attending the Company's business.

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

The Company's articles of association provide that any increase in the maximum aggregate annual limit on Directors' fees, currently £175,000, requires both Board and shareholder approval.

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

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 27.

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

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report, which includes details of the Directors' remuneration policy and its implementation, 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, or in the level of fees, compared with the year ended 30th June 2013 and no changes are proposed for the year ending 30th June 2015.

At the Annual General Meeting held on 18th November 2013, of votes cast, 99.7% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.3% voted against. Abstentions were received from less than 0.1% of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report from the 2014 Annual General Meeting will be given in the annual report for the year ending 30th June 2015. Thereafter, the reporting will be annually for the advisory vote on the Directors' Remuneration Report and triennially for the Remuneration Policy.

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

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 30th June 2014 was £158,500. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

Single total figure table¹

	Total fees ²	
	2014	2013
Alan Saunders	£35,000	£35,000
David Gamble	£26,500	£26,500
Sarah Arkle ³	£20,000	–
Anatole Kaletsky	£24,000	£24,000
Nigel Kenny	£29,000	£29,000
Percy Mistry	£24,000	£24,000
Total	£158,500	£138,500

¹Audited information. Other columns have been omitted because no payments of any other nature were made or are appropriate.

²Directors' remuneration comprises an annual fee only. Directors are also reimbursed for out of pocket expenses incurred in attending the Company's business.

³Appointed 1st September 2013.

A table showing the total remuneration for the Chairman over the five years ended 30th June 2014 is below:

Remuneration for the Chairman over the five years ended 30th June 2014

Year ended	Fees
30th June	
2014	£35,000
2013	£35,000
2012	£32,000
2011	£32,000
2010	£30,000

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.

Directors' Name	30th June 2014		1st July 2013 or as at date of appointment	
	Ordinary Shares	Subscription Shares	Ordinary Shares	Subscription shares
Sarah Arkle ²	6,000	–	–	–
David Gamble	3,781	756	3,781	756
Anatole Kaletsky	4,203	840	4,203	840
Nigel Kenny	3,500	–	3,500	–
Percy Mistry	10,000	–	10,000	–
Alan Saunders	6,000	–	6,000	–
Total	33,484	1,596	27,484	1,596

¹Audited information.

²Appointed 1st September 2013.

Subsequent to the year end Mr Kaletsky converted his 840 Subscription shares into 840 Ordinary shares. Mr Gamble's 756 Subscription shares were converted into Ordinary shares by the trustee on expiry and sold.

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

Governance continued

Directors' Remuneration Report continued

A graph showing the Company's share price total return compared with the return on its benchmark index, the MSCI Emerging Markets Index (in sterling terms), over the last five years is shown below. The Board believes that this index is the most appropriate for performance comparison purposes because it reflects the Investment Manager's investment universe.

Five Year Share Price and Benchmark Total Return to 30th June 2014

Source: Morningstar/Datastream.

— Ordinary share price total return.
— Benchmark.

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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th June	
	2014	2013
Remuneration paid to all Directors	£158,500	£138,500
Distribution to shareholders		
– by way of dividend	£6,550,000	£6,564,000
– by way of share repurchases	£1,503,000	£15,411,000

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

1st October 2014

Statement of Directors' Responsibilities

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

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

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

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.

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

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

The 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.

For and on behalf of the Board
Alan Saunders,
Chairman

1st October 2014

Independent Auditors' Report

to the members of JPMorgan Emerging Markets Investment Trust plc

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 30th June 2014 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by JPMorgan Emerging Markets Investment Trust plc (the 'Company'), comprise:

- the balance sheet as at 30th June 2014;
- the income statement for the year then ended;
- the reconciliation of movements in shareholders' funds and the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report & Accounts (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.

Overview of our audit approach

– Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined an overall materiality for the financial statements as a whole of £3,750,000 which is approximately 0.5% of Net Assets. We based our materiality on Net Assets as we believe this is an appropriate and consistent benchmark for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £187,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

– Overview of the scope of our audit

The Company is a standalone Investment Trust Company which was managed during the year by an independent investment manager, JPMorgan Asset Management (UK) Limited (the 'Investment Manager').

The financial statements, which remain the responsibility of the Directors, were prepared on their behalf by the Investment Manager. The Investment Manager has, with the consent of the Directors, delegated the provision of certain administrative functions to JPMorgan Chase & Co., Investor Services (the 'Company Administrator').

In establishing the overall approach to our audit we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Investment Manager and Company Administrator, and we assessed the control environment in place at both organisations, to the extent relevant to our audit of the Company.

Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

– Areas of particular audit focus

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on page 29.

Area of focus	How the scope of our audit addressed the area of focus
Valuation and existence of investments	The investment portfolio comprised of listed equity investments and an investment in a liquidity fund.
We focused on this area because investments represent the principal element of the financial statements	We tested the valuation of the investment portfolio by agreeing the valuation to independent third party sources. We tested the existence of the investment portfolio by agreeing 100% of the holdings to a confirmation obtained from the independent custodian.
Risk of management override of internal controls	We tested journal entries to determine whether adjustments were supported and appropriately authorised.
ISAs (UK & Ireland) require that we consider management override of controls.	We built an element of 'unpredictability' into our detailed testing by testing immaterial expense items.

Going Concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 24, in relation to going concern. We have no exceptions to report arising from our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have

concluded that the Directors' use of the going concern basis is appropriate.

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

Opinions on matters prescribed by the Companies Act 2006

In our opinion:

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of Directors' remuneration specified by law have not been made. We have no exceptions to report arising from these responsibilities.

Corporate Governance Statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code ('the Code'). We have nothing to report having performed our review.

Independent Auditors' Report continued

On page 35 of the Annual Report, as required by the Code Provision C.1.1, the Directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy. On page 29, as required by C.3.8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- the statement given by the Directors is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report

Under ISAs (UK & 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
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

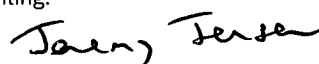
Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 35, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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



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

1st October 2014

Financial Statements

Income Statement

for the year ended 30th June 2014

	Notes	Revenue £'000	2014 Capital £'000	Total £'000	Revenue £'000	2013 Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	2	—	(32,118)	(32,118)	—	76,287	76,287
Net foreign currency (losses)/gains		—	(1,179)	(1,179)	—	191	191
Income from investments	3	16,067	—	16,067	18,484	—	18,484
Other interest receivable and similar income	3	4	—	4	3	—	3
Gross return/(loss)		16,071	(33,297)	(17,226)	18,487	76,478	94,965
Management fee	4	(7,449)	—	(7,449)	(7,835)	—	(7,835)
Performance fee	4	—	—	—	—	(3,211)	(3,211)
Other administrative expenses	5	(1,235)	—	(1,235)	(1,140)	—	(1,140)
Net return/(loss) on ordinary activities before taxation		7,387	(33,297)	(25,910)	9,512	73,267	82,779
Taxation	6	(1,282)	—	(1,282)	(1,375)	—	(1,375)
Net return/(loss) on ordinary activities after taxation		6,105	(33,297)	(27,192)	8,137	73,267	81,404
Return/(loss) per Ordinary share – undiluted	8	5.12p	(27.93)p	(22.81)p	6.77p	60.93p	67.70p
Return/(loss) per Ordinary share – diluted	8	5.12p	(27.90)p	(22.78)p	6.73p	60.59p	67.32p

A dividend of 5.5p (2013: 5.5p) per Ordinary share has been proposed in respect of the year ended 30th June 2014, totalling £6,550,000 (2013: £6,564,000). Further details are given in note 7(a) on page 48.

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

The 'Total' column of this statement is the Profit and Loss Account of the Company, and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The Total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.

The accompanying notes on pages 43 to 64 form an integral part of these accounts.

Financial Statements continued

Reconciliation of Movement in Shareholders' Funds

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30th June 2012	28,907	89,252	1,665	69,939	488,820	13,348	691,931
Repurchase of shares into Treasury	—	—	—	—	(15,496)	—	(15,496)
Exercise of Subscription shares into Ordinary shares	(72)	72	—	—	—	—	—
Issue of Ordinary shares on exercise of Subscription shares	1,815	31,609	—	—	—	—	33,424
Net return on ordinary activities	—	—	—	—	73,267	8,137	81,404
Dividends appropriated in the year	—	—	—	—	—	(5,485)	(5,485)
At 30th June 2013	30,650	120,933	1,665	69,939	546,591	16,000	785,778
Repurchase of shares into Treasury	—	—	—	—	(1,512)	—	(1,512)
Issue of Ordinary shares on exercise of Subscription shares	4	77	—	—	—	—	81
Net (loss)/return on ordinary activities	—	—	—	—	(33,297)	6,105	(27,192)
Dividends appropriated in the year	—	—	—	—	—	(6,562)	(6,562)
At 30th June 2014	30,654	121,010	1,665	69,939	511,782	15,543	750,593

The accompanying notes on pages 43 to 64 form an integral part of these accounts.

Balance Sheet

at 30th June 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Investments held at fair value through profit or loss		714,278	755,653
Investment in liquidity fund held at fair value through profit or loss		31,596	28,222
Total investments	9	745,874	783,875
Current assets			
Financial assets: derivative financial instruments	10	5	–
Debtors	11	2,177	2,181
Cash and short term deposits	11	2,792	4,950
		4,974	7,131
Creditors: amounts falling due within one year	12	(255)	(5,228)
Net current assets		4,719	1,903
Total assets less current liabilities		750,593	785,778
Provision for liabilities and charges	13		
Performance fees		–	–
Net assets		750,593	785,778
Capital and reserves			
Called up share capital	14	30,654	30,650
Share premium	15	121,010	120,933
Capital redemption reserve	15	1,665	1,665
Other reserve	15	69,939	69,939
Capital reserves	15	511,782	546,591
Revenue reserve	15	15,543	16,000
Total shareholders' funds		750,593	785,778
Net asset value per Ordinary share	16		
Undiluted		630.3p	658.4p
Diluted		623.4p	649.3p

The accounts on pages 39 to 64 were approved and authorised for issue by the Directors on 1st October 2014 and were signed on their behalf by:

Alan Saunders
Director



The accompanying notes on pages 43 to 64 form an integral part of these accounts.

Company registration number: 2618994.

Financial Statements continued

Cash Flow Statement

for the year ended 30th June 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating activities	17	2,001	6,774
Taxation			
Taxation recovered		149	110
Capital expenditure and financial investment			
Purchases of investments		(177,973)	(211,639)
Sales of investments		182,803	194,603
Other capital charges		(16)	(24)
Net cash inflow/(outflow) from capital expenditure and financial investment		4,814	(17,060)
Dividend paid		(6,562)	(5,485)
Net cash inflow/(outflow) before financing		402	(15,661)
Financing			
Issue of Ordinary shares on exercise of Subscription shares		81	33,424
Repurchase of shares into Treasury		(1,457)	(15,496)
Net cash (outflow)/inflow from financing		(1,376)	17,928
(Decrease)/increase in cash in the year	18	(974)	2,267

The accompanying notes on pages 43 to 64 form an integral part of these accounts.

Notes to the Accounts

for the year ended 30th June 2014

1. Accounting policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in January 2009.

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

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

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

(b) Valuation of investments

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

(c) Accounting for reserves

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

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

(d) Income

Dividends receivable from equity shares are included on an ex-dividend basis in revenue 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.

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

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

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

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

Financial Statements continued

Notes to the Accounts continued

1. Accounting policies continued

(e) Expenses

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

- Performance related fees are allocated 100% to capital.
- Expenses incidental to the purchase of an investment are included within the cost of the investment and those incidental to the sale are deducted from the sales proceeds. These expenses are commonly referred to as transaction costs and include items such as stamp duty and brokerage commissions. Details of transaction costs are given in note 9 on page 50.
- Subscription shares' issue costs are charged to share premium.

(f) Finance costs

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

Finance costs are allocated wholly to revenue.

(g) Financial instruments

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

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

Derivative financial instruments, including short term forward currency contracts, are valued at fair value, which is the net unrealised gain or loss, and are included in current assets or current liabilities in the balance sheet in accordance with FRS 26: 'Financial Instruments: Measurement'.

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

(h) Foreign currency

In accordance with FRS 23: 'The effects of changes in Foreign Currency Exchange Rates' the Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined the functional currency to be sterling. Sterling is also the currency in which the accounts are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction.

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

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

(i) Taxation

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

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

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date.

Deferred taxation liabilities are recognised for all taxable timing differences but deferred taxation assets are only recognised to the extent that it is more likely than not that taxable profits will be available against which those timing differences can be utilised.

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

(j) Dividends

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

(k) Value Added Tax ('VAT')

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

(l) Repurchases of Ordinary shares for cancellation

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

(m) Repurchase of shares to hold in Treasury

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

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

	2014 £'000	2013 £'000
2. (Losses)/gains on investments held at fair value through profit or loss		
Gains on sales of investments held at fair value through profit or loss based on historical cost	14,967	36,352
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	(37,913)	(33,578)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	(22,946)	2,774
Net change in investment holding gains and losses	(9,151)	73,519
Other capital charges	(21)	(6)
Total (losses)/gains on investments held at fair value through profit or loss	(32,118)	76,287

Financial Statements continued

Notes to the Accounts continued

	2014 £'000	2013 £'000
3. Income		
Income from investments		
Dividends from investments listed in the UK	378	178
Dividends from liquidity fund	51	75
Dividends from investments listed overseas	15,544	17,648
Scrip dividends	94	583
	16,067	18,484
Other interest receivable and similar income		
Deposit interest	4	3
Total income	16,071	18,487

	Revenue £'000	2014 Capital £'000	Total £'000	Revenue £'000	2013 Capital £'000	Total £'000
4. Management fee and performance fee						
Management fee	7,449	–	7,449	7,835	–	7,835
Performance fee	–	–	–	–	3,211	3,211
	7,449	–	7,449	7,835	3,211	11,046

Details of the management fee and performance fee are given in the Directors' Report on page 24.

	2014 £'000	2013 £'000
5. Other administrative expenses		
Other administration expenses	876	802
Directors' fees ¹	159	139
Savings scheme costs ²	172	171
Auditors' remuneration – for audit services ³	27	27
Auditors' remuneration – for non-audit services	1	1
	1,235	1,140

¹Full disclosure is given in the Directors' Remuneration Report on page 33.

²Paid to JPMAM for the marketing and administration of savings scheme products. Includes £12,000 irrecoverable VAT.

³Includes £2,000 (2013: £nil) irrecoverable VAT.

6. Taxation

(a) Analysis of tax charge in the year

	Revenue £'000	2014 Capital £'000	Total £'000	Revenue £'000	2013 Capital £'000	Total £'000
Overseas withholding tax	1,282	—	1,282	1,375	—	1,375
Current tax charge for the year	1,282	—	1,282	1,375	—	1,375

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2013: lower) than the UK corporation tax rate chargeable for the year of 22.50% (2013: 23.75%). The factors affecting the current tax charge for the year are as follows:

	Revenue £'000	2014 Capital £'000	Total £'000	Revenue £'000	2013 Capital £'000	Total £'000
Net return/(loss) on ordinary activities before taxation	7,387	(33,297)	(25,910)	9,512	73,267	82,779
Net return/(loss) on ordinary activities before taxation multiplied by the applicable rate of corporation tax of 22.50% (2013: 23.75%)	1,662	(7,492)	(5,830)	2,259	17,401	19,660
Effects of:						
Non taxable capital losses/(returns)	—	7,492	7,492	—	(18,164)	(18,164)
Non taxable UK dividends	(85)	—	(85)	(42)	—	(42)
Non taxable scrip dividends	(21)	—	(21)	(138)	—	(138)
Non taxable overseas dividends	(2,920)	—	(2,920)	(3,688)	—	(3,688)
Tax attributable to expenses and finance costs charged to capital	—	—	—	(763)	763	—
Timing differences relating to the receipt of dividends	34	—	34	(18)	—	(18)
Overseas withholding tax	1,282	—	1,282	1,375	—	1,375
Expenses not allowable for tax purposes	—	—	—	—	—	—
Unrelieved expenses and charges	1,330	—	1,330	2,427	—	2,427
Brought forward excess expenses utilised	—	—	—	(37)	—	(37)
Current tax charge for the year	1,282	—	1,282	1,375	—	1,375

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £8,206,000 (2013: £8,049,000) based on a prospective corporation tax rate of 20%. The reduction in the standard rate of corporation tax was substantively enacted on 3rd July 2013 and is effective from 1st April 2014. The Government has also enacted future reductions in the main rate of tax down to 20% by 1st April 2015. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

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

Financial Statements continued

Notes to the Accounts continued

7. Dividends

	2014 £'000	2013 £'000
(a) Dividends paid and proposed		
Dividend paid		
2013 Final dividend of 5.5p (2012: 4.5p) ¹	6,562	5,485
Dividend proposed		
2014 Final dividend proposed of 5.5p (2013: 5.5p)	6,550	6,564

¹The final dividend declared in respect of the year ended 30th June 2013 amounted to £6,564,000 (2012: £5,164,000). However, the amount paid amounted to £6,562,000 (2012: £5,485,000) due to shares repurchased after the balance sheet date but prior to the share register record date.

The final dividend proposed in respect of the year ended 30th June 2014 is subject to approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the accounts for the year ending 30th June 2015.

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

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

	2014 £'000	2013 £'000
Final dividend proposed of 5.5p (2013: 5.5p)	6,550	6,564

The revenue available for distribution by way of dividend for the year is £6,105,000 (2013: £8,137,000).

	2014 £'000	2013 £'000
8. Return/(loss) per Ordinary share		
Return/(loss) per Ordinary share is based on the following:		
Revenue return	6,105	8,137
Capital (loss)/return	(33,297)	73,267
Total (loss)/return	(27,192)	81,404
Weighted average number of Ordinary shares in issue during the year used for the purpose of the undiluted calculation	119,235,135	120,244,581
Weighted average number of Ordinary shares in issue during the year used for the purpose of the diluted calculation	119,340,784	120,915,895
Undiluted		
Revenue return per share	5.12p	6.77p
Capital (loss)/return per share	(27.93)p	60.93p
Total (loss)/return per share	(22.81)p	67.70p
Diluted		
Revenue return per share	5.12p	6.73p
Capital (loss)/return per share	(27.90)p	60.59p
Total (loss)/return per share	(22.78)p	67.32p

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

Financial Statements continued

Notes to the Accounts continued

	2014 £'000	2013 £'000
9. Investments		
Investments listed on a recognised stock exchange	714,278	755,653
Investment in liquidity fund	31,596	28,222
	745,874	783,875
Opening book cost	485,867	431,936
Opening investment holding gains	298,008	258,067
Opening valuation	783,875	690,003
Movements in the year:		
Purchases at cost	178,067	212,113
Sales - proceeds	(183,971)	(194,534)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	(22,946)	2,774
Net change in investment holding gains and losses	(9,151)	73,519
	745,874	783,875
Closing book cost	494,930	485,867
Closing investment holding gains	250,944	298,008
Total investments held at fair value	745,874	783,875

Transaction costs on purchases during the year amounted to £194,000 (2013: £299,000) and on sales during the year amounted to £216,000 (2013: £248,000). These costs comprise brokerage commission.

During the year, prior year investment holding gains of £37,913,000 (2013: £33,578,000) have been transferred to gains and losses on sales of investment as disclosed in notes 2 and 15.

	2014 £'000	2013 £'000
10. Current assets		
Derivative instruments at fair value through profit or loss		
Forward foreign currency contracts	5	–
	5	–

	2014 £'000	2013 £'000
11. Debtors		
Securities sold awaiting settlement	1,168	–
Overseas tax recoverable	57	64
Dividends and interest receivable	903	2,056
Other debtors	49	61
	2,177	2,181

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

Cash and short term deposits

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

	2014 £'000	2013 £'000
12. Creditors: amounts falling due within one year		
Repurchases of the Company's own shares awaiting settlement	55	–
Performance fee payable	–	4,997
Other creditors and accruals	200	231
	255	5,228

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

	2014 £'000	2013 £'000
13. Provisions for liabilities and charges		
Performance fee provision brought forward at the beginning of the year	–	1,786
Performance fee charge	–	3,211
Amount realised in the year	–	(4,997)
	–	–

Further details of the performance fee can be found in the Directors' Report on page 24.

Financial Statements continued

Notes to the Accounts continued

	2014 £'000	2013 £'000
14. Called up share capital		
Issued and fully paid share capital:		
Ordinary shares of 25p each		
Opening balance of 119,353,816 (2013: 114,762,153) shares	29,839	28,691
Repurchase of 276,705 (2013: 2,669,417) shares into Treasury	(70)	(667)
Issue of 14,860 (2013: 7,261,080) Ordinary shares on conversion of Subscription shares	4	1,815
Sub total	29,773	29,839
3,116,122 (2013: 2,839,417) shares held in Treasury	779	709
Closing balance ¹	30,552	30,548
Subscription shares of 1p each:		
Opening balance of 10,170,292 (2013: 17,431,372) shares ²	102	174
Conversion of 14,860 (2013: 7,261,080) shares into Ordinary shares	—	(72)
Closing balance ²	102	102
Total called up share capital	30,654	30,650

¹Represented by 122,208,093 (2013: 122,193,233) Ordinary shares of 25p each, including 3,116,122 (2013: 2,839,417) shares held in Treasury.

²Represented by 10,155,432 (2013: 10,170,292) Subscription shares of 1p each. The Subscription shares were issued as a bonus issue to the Ordinary shareholders on 11th June 2009 on the basis of one Subscription share for every five Ordinary shares held. Each Subscription share conferred the right (but not the obligation) to subscribe for one Ordinary share upon exercise of the Subscription share rights and on the payment of the Subscription price, as set out below.

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

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

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

During the year, holders of 14,860 Subscription shares exercised their right to convert those shares into Ordinary shares at a price of 543 pence, giving a total consideration of £81,000. Subsequent to the year end all of the remaining subscription shares were converted to Ordinary shares at a price of 543 pence.

During the year 276,705 shares were repurchased into Treasury for a total consideration of £1,512,000.

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve ¹ £'000	Capital reserves		Revenue reserve £'000
					Gains and losses on sales of investments £'000	Holding gains and losses on investments £'000	
15. Reserves							
Opening balance	30,650	120,933	1,665	69,939	248,582	298,009	16,000
Realised foreign currency losses on cash and short term deposits	—	—	—	—	(1,179)	—	—
Losses on sales of investments based on the carrying value at the previous balance sheet date	—	—	—	—	(22,946)	—	—
Net change in investment holding gains and losses	—	—	—	—	—	(9,151)	—
Transfer on disposal of investments	—	—	—	—	37,913	(37,913)	—
Performance fee for the year	—	—	—	—	—	—	—
Repurchase of shares into Treasury	—	—	—	—	(1,512)	—	—
Issue of Ordinary shares on exercise of Subscription shares	4	77	—	—	—	—	—
Other capital charges	—	—	—	—	(21)	—	—
Dividends appropriated in the year	—	—	—	—	—	—	(6,562)
Retained revenue for the year	—	—	—	—	—	—	6,105
Closing balance	30,654	121,010	1,665	69,939	260,837	250,945	15,543

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

Financial Statements continued

Notes to the Accounts continued

	2014	2013
16. Net asset value per Ordinary share		
Undiluted		
Ordinary shareholders funds (£'000)	750,593	785,778
Number of Ordinary shares in issue	119,091,971	119,353,816
Net asset value per Ordinary share (pence)	630.3	658.4
Diluted		
Ordinary shareholders funds assuming exercise of Subscription shares (£'000)	805,737	841,003
Number of potential Ordinary shares in issue	129,247,403	129,524,108
Net asset value per Ordinary share (pence)	623.4	649.3

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

	2014 £'000	2013 £'000
17. Reconciliation of net return/(loss) on ordinary activities before finance costs and taxation to net cash inflow from operating activities		
Total (loss)/return on ordinary activities before finance costs and taxation	(25,910)	82,779
Less capital loss/(return) before finance costs and taxation	33,297	(73,267)
Scrip dividends received as income	(94)	(583)
Decrease/(increase) in dividends and interest receivable	1,153	(520)
Decrease/(increase) in other debtors	12	(10)
(Decrease)/increase in accrued expenses	(36)	(94)
Performance fee paid	(4,997)	–
Overseas withholding tax	(1,424)	(1,531)
Net cash inflow from operating activities	2,001	6,774

	At 30th June 2013 £'000	Cash flow £'000	Exchange movements £'000	At 30th June 2014 £'000
18. Analysis of changes in net funds				
Cash and short term deposits	4,950	(974)	(1,184)	2,792

19. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments at the balance sheet date (2013: £nil).

20. Transactions with the Manager and affiliates of the Manager

Details of the management contract are set out in the Directors' Report on page 24. The terms make allowance for the exclusion of management charges on investments held in funds on which JPMorgan Asset Management ('JPMAM') earns a management fee. The fee payable to JPMAM for the year was £7,449,000 (2013: £7,835,000) of which £nil (2013: £nil) was outstanding at the year end.

The Company's undiluted net asset value per share underperformed the benchmark. This resulted in a negative non-offsettable performance fee of £3,574,731. The negative performance fee will be carried forward and offset by any future outperformance (2013: £4,997,000 payable).

Expenses amounting to £172,000 (2013: £171,000) including VAT were payable to JPMAM for the marketing and administration of savings scheme products of which £15,000 (2013: £nil) was outstanding at the year end.

Included in other administration expenses in note 5 on page 46 are safe custody fees payable to JPMorgan Chase amounting to £496,000 (2013: £487,000) of which £85,000 (2013: £135,000) was outstanding at the year end.

The Manager carries out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities for the year was £31,000 (2013: £58,000) of which £nil (2013: £nil) was outstanding at the year end.

Handling charges incurred on dealing transactions amounting to £21,000 (2013: £6,000) were payable to JPMorgan Chase of which £6,000 (2013: £1,000) was outstanding at the year end.

The Company holds units in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMAM. At the year end, the Company's investment in this fund amounted to £31,596,000 (2013: £28,222,000) and represented 4.2% (2013: 3.6%) of the Company's investment portfolio. During the year, the Company made purchases of units amounting to £87.1 million (2013: £97.9 million) and sales amounting to £81.1 million (2013: £95.2 million). Income amounting to £51,000 (2013: £75,000) was receivable from this investment for the year.

At the year end, a bank balance of £2,792,000 (2013: £4,950,000) was held with JPMorgan Chase. Interest amounting to £4,000 (2013: £3,000) was receivable by the Company from JPMorgan Chase for the year of which £1,000 (2013: £nil) was outstanding at the year end.

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Notes to the Accounts continued

21. Disclosures regarding financial instruments measured at fair value

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

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

Level 1 - valued using quoted prices in active markets.

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

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

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 43.

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

	2014			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments	714,278	—	—	714,278
Liquidity funds	31,596	—	—	31,596
Total	745,874	—	—	745,874

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

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

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

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

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

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

The Company's financial instruments may comprise the following:

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

(a) Market risk

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

(i) Currency risk

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

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least five occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Income denominated in foreign currencies is converted to sterling on receipt. The Company may use short term forward currency contracts to manage working capital requirements. It is currently not the Company's policy to hedge against foreign currency risk.

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Notes to the Accounts continued

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

(a) Market risk continued

(i) Currency risk continued

Foreign currency exposure

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

	2014							
	US Dollars £'000	Indian Rupees £'000	Brazilian Real £'000	South African Rands £'000	Hong Kong Dollars £'000	Mexican Pesos £'000	Other £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	31,596	—	—	—	—	—	—	31,596
Net current assets	1,861	541	1,838	137	106	—	336	4,819
Foreign currency exposure on net monetary items	33,457	541	1,838	137	106	—	336	36,415
Investments held at fair value through profit or loss that are equities	138,093	123,237	94,710	81,446	79,339	44,115	130,987	691,927
Total net foreign currency exposure	171,550	123,778	96,548	81,583	79,445	44,115	131,323	728,342

The above year end amounts are not representative of the exposure to foreign currency risk during the year. Investments held at fair value through profit or loss that are monetary items comprise the holding in the JPMorgan US Dollar Liquidity Fund which has fluctuated between £36,498,000 and £7,146,000 during the year.

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

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

Foreign currency sensitivity

The following tables illustrate the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2013: 10%) appreciation or depreciation in sterling against the US Dollar, Hong Kong Dollar, Indian Rupee, Brazilian Real, South African Rand, South Korean Won and other currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

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

	2014 £'000	2013 £'000
Income statement return after taxation		
Revenue return	1,569	1,811
Capital return	3,642	3,524
Total return after taxation for the year	5,211	5,335
Net assets	5,211	5,335

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

	2014 £'000	2013 £'000
Income statement return after taxation		
Revenue return	(1,569)	(1,811)
Capital return	(3,642)	(3,524)
Total return after taxation for the year	(5,211)	(5,335)
Net assets	(5,211)	(5,335)

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

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Notes to the Accounts continued

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

(a) Market risk continued

(ii) Interest rate risk

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

Management of interest rate risk

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

Interest rate exposure

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

	2014 £'000	2013 £'000
Exposure to floating interest rates:		
Cash and short term deposits	2,792	4,950
JPMorgan US Dollar Liquidity Fund	31,596	28,222
Total exposure	34,388	33,172

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

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

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

	2014 £'000	2013 £'000
Maximum credit exposure to floating rates - net cash and liquidity fund balances	35,518	40,324
Minimum credit exposure to floating rates - net cash and liquidity fund balances	18,130	17,712

Interest rate sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets to a 1% (2013: 1%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary currency financial instruments held at the balance sheet date and the income receivable in foreign currency, with all other variables held constant.

	2014		2013	
	1% Increase in rate £'000	1% Decrease in rate £'000	1% Increase in rate £'000	1% Decrease in rate £'000
Income statement return after taxation				
Revenue return	344	(344)	332	(332)
Capital return	—	—	—	—
Total return after taxation for the year	344	(344)	332	(332)
Net assets	344	(344)	332	(332)

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

(iii) Other price risk

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

Management of other price risk

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

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

	2014 £'000	2013 £'000
Equity investments held at fair value through profit or loss	714,278	755,653

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

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 12 to 16. This shows that the investments' value is in a broad spread of countries with no concentration of exposure to any one country. It should also be noted that an investment may not be wholly exposed to the economic conditions in its country of domicile or of listing.

Financial Statements continued

Notes to the Accounts continued

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

(a) Market risk continued

(iii) Other price risk continued

Other price risk sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets to an increase or decrease of 10% (2013: 10%) in the fair value of the Company's equities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities and adjusting for change in the management fee, but with all other variables held constant.

	2014		2013	
	10% Increase in fair value £'000	10% Decrease in fair value £'000	10% Increase in fair value £'000	10% Decrease in fair value £'000
Income statement - return after taxation				
Revenue return	(714)	714	(756)	756
Capital return	71,428	(71,428)	75,565	(75,565)
Total return after taxation for the year and net assets	70,714	(70,714)	74,809	(74,809)

(b) Liquidity risk

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

Management of the risk

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

Liquidity risk exposure

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

	2014		2013	
	Three months or less £'000	Total £'000	Three months or less £'000	Total £'000
Creditors: amounts falling due within one year				
Performance fee payable	—	—	4,997	4,997
Other creditors and accruals	200	200	231	231
Repurchase of the Company's own shares for future settlement	55	55	—	—
	255	255	5,228	5,228

(c) Credit risk

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

Management of credit risk

Portfolio dealing

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

Cash

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

Exposure to JPMorgan Chase

JPMorgan Chase is the custodian of the Company's assets. The custody agreement grants a general lien over the securities credited to the securities account. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading. However, no absolute guarantee can be given to investors on the protection of all assets of the Company.

Credit risk exposure

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

The liquidity fund has a AAA (2013: AAA) credit rating.

Cash and short term deposits comprises balances held at banks that have a minimum rating of A1/P1 (2013: A1/P1) from Standard & Poor's and Moody's respectively.

There have been no (2013: nil) securities on loan at any time during the year.

(d) Fair values of financial assets and financial liabilities

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

23. Capital management policies and procedures

The Company's capital comprises the following:

	2014 £'000	2013 £'000
Equity		
Share capital	30,654	30,650
Reserves	719,939	755,128
Total capital	750,593	785,778

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

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

Financial Statements continued

Notes to the Accounts continued

23. Capital management policies and procedures continued

	2014 £'000	2013 £'000
Investments excluding liquidity fund holdings	714,278	755,653
Current assets excluding cash	2,182	2,181
Current liabilities excluding bank loans	(255)	(5,228)
Total assets	716,205	752,606
Net assets	750,593	785,778
Gearing	(4.6)%	(4.2)%

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

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

Shareholder Information

Notice of Annual General Meeting

Notice is hereby given that the twenty third Annual General Meeting of JPMorgan Emerging Markets Investment Trust plc will be held at Holborn Bars, 138-142 Holborn, London EC1N 2NQ on Wednesday, 19th November 2014 at 3.00 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th June 2014.
2. To approve the Company's remuneration policy.
3. To approve the Directors' Remuneration Report for the year ended 30th June 2014.
4. To approve a final dividend of 5.5p per share.
5. To reappoint Sarah Arkle a Director of the Company.
6. To reappoint Anatole Kaletsky as a Director of the Company.
7. To reappoint Nigel Kenny as a Director of the Company.
8. To reappoint Percy Mistry as a Director of the Company.
9. To reappoint Alan Saunders as a Director of the Company.
10. To reappoint PricewaterhouseCoopers LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Continuation vote - Ordinary Resolution

11. THAT the Company continue in existence as an investment trust for a further three year period.

Authority to allot new shares - Ordinary Resolution

12. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £1,609,206, representing approximately 5% of the Company's issued Ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 unless

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

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

13. THAT subject to the passing of Resolution 12 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 to 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 12 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 £1,609,206 representing approximately 5% of the issued Ordinary share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 12 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

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

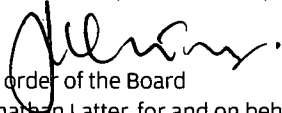
PROVIDED ALWAYS THAT

- (i) the maximum number of Ordinary shares hereby authorised to be purchased shall be 19,297,603, or if less, that number of Ordinary shares which is equal to 14.99% of the issued share capital as at the date of the passing of this Resolution;
- (ii) the minimum price which may be paid for an Ordinary share shall be 25 pence;

Shareholder Information continued

Notice of Annual General Meeting continued

- (iii) the maximum price which may be paid for an Ordinary share shall be an amount equal to the highest of:
 - (a) 105% of the average of the middle market quotations for an Ordinary 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 Ordinary share is contracted to be purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;
- (iv) any purchase of Ordinary shares will be made in the market for cash at prices below the prevailing net asset value per Ordinary share (as determined by the Directors);
- (v) the authority hereby conferred shall expire on 18th May 2016 unless the authority is renewed at the Company's Annual General Meeting in 2015 or at any other general meeting prior to such time; and
- (vi) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which contract will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary shares pursuant to any such contract.


By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

1st October 2014

Notes

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

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.
3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form no later than 3.00 p.m. two business days prior to the Meeting (i.e. excluding weekends and bank holidays).
4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.
6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.

7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
10. Under sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmemergingmarkets.co.uk.
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
15. As an alternative to completing a hard copy Form of Proxy/Voting Instruction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
16. As at 30th September 2014 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 132,363,525 Ordinary shares (of which 3,627,009 shares are held in Treasury), carrying one vote each. Therefore the total voting rights in the Company are 128,736,516.

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.



Shareholder Information continued

Glossary of Terms and Definitions

Portfolio return

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

Return to Ordinary shareholders/Unit holders

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

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

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

Diluted return on net assets

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

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

Undiluted return on net assets

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

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

Benchmark return

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

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

Gearing/Net Cash

Gearing represents the excess amount above shareholders' funds of total assets, expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

Ongoing charges

The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average of the daily net assets during the year. The method of calculating the ongoing charges has been changed. From 2009 to 2012, the total expense ratio ('TER') was calculated, which represented the Company's management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average month end net assets during the year.

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

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

Performance attribution

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

Performance attribution definitions:

Asset allocation

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

Stock selection

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

Gearing/cash

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

Currency

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

Management fee/other expenses

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

Performance fee

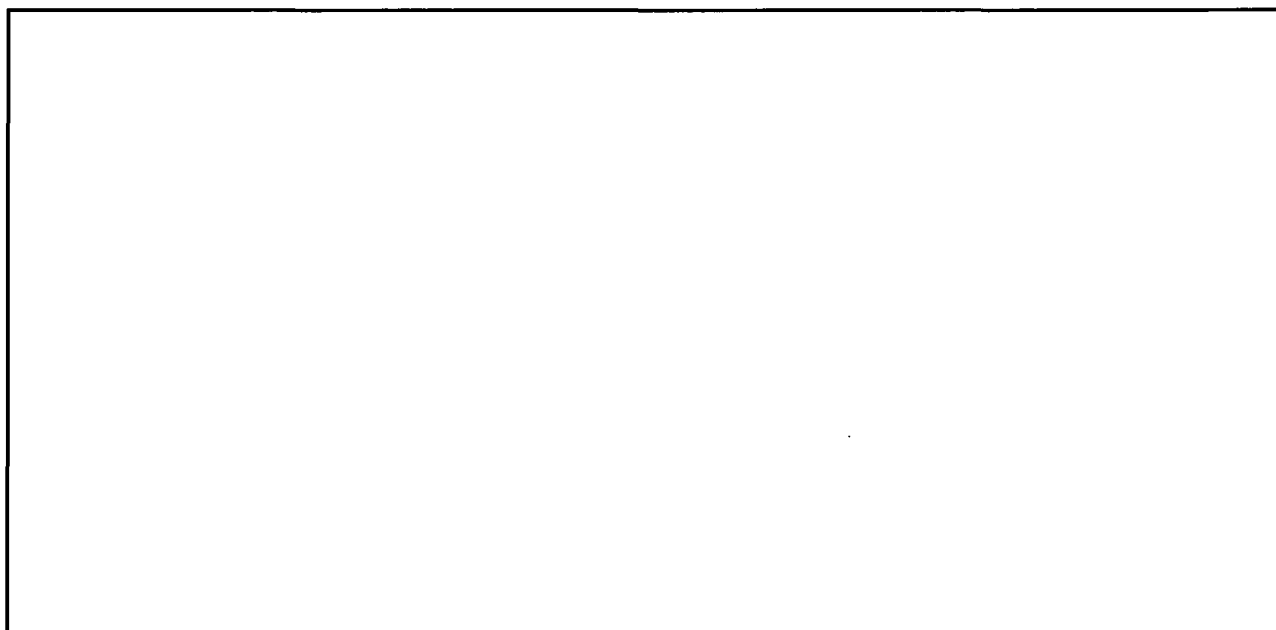
The Company may be required to make provision for a performance fee payable under the terms of the performance fee agreement. This will reduce the Company's net assets and therefore have a negative effect on relative performance.

Exercise of Subscription shares

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

Subscription share dilution

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



Information about the Company

Financial Calendar

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

History

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

Company Numbers

Company registration number: 2618994

Ordinary Shares

London Stock Exchange number: 0341895

ISIN: GB0003418950

Bloomberg code: JMG LN

Subscription Shares

London Stock Exchange number: B3V4X02

ISIN: GB00B3V4X029

Bloomberg code: JMGS

Market Information

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

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

Website

www.jpmemergingmarkets.co.uk

Share Transactions

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

Manager and Company Secretary

During the year under review, JPMorgan Asset Management (UK) Limited. With effect from 1st July 2014, JPMorgan Funds Limited was appointed Manager and Company Secretary.

Company's Registered Office

60 Victoria Embankment

London EC4Y 0JP

Telephone: 020 7742 4000

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

Depository

BNY Mellon Trust and Depository (UK) Limited

BNY Mellon Centre

160 Queen Victoria Street

London EC4V 4LA

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

Registrars

Equiniti Limited

Reference 1081

Aspect House

Spencer Road

Lancing

West Sussex BN99 6DA

Telephone: 0871 384 2320

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

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

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

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

7 More London Riverside

London SE1 2RT

Brokers

Winterflood Securities Limited

The Atrium Building

Cannon Bridge

25 Dowgate Hill

London EC4R 2GA

Telephone number: 020 310 0000

Savings Product Administrators

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

A member of the AIC