

JPMorgan Emerging Markets Investment Trust plc

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



KEY FEATURES

Your Company

Objective

To maximise total return from emerging markets worldwide through a diversified portfolio of underlying investments.

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 or 10% above the equivalent benchmark weighting, whichever is the greater.
- To invest no more than 15% of gross assets in other UK listed closed-ended investment funds (including investment trusts).

Further details on investment policies and risk management are given in the Business Review on page 27.

Benchmark

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

Capital Structure

At 30th June 2021 the Company's issued share capital comprised 1,323,635,250 Ordinary shares of 2.5p each, including 135,969,154 shares held in Treasury.

Continuation Vote

At the Annual General Meeting held on 5th November 2020 an ordinary resolution of the shareholders approved the continuation of the Company until the Annual General Meeting in November 2023.

Management Company and Company Secretary

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

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

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

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust. The Company's shares are not classified as 'complex investments' under the FCA's revised appropriateness criteria adopted in the implementation of MiFID II.

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

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.



JPMorgan Emerging Markets Investment Trust

Our heritage and our team

JPMorgan Emerging Markets Investment Trust plc has an established long-term track record of investing in emerging markets. The investment team, led by Austin Forey – who has been at the helm for over 25 years and is assisted by John Citron, an established member of the Emerging Markets Asia Pacific Equities team since 2012 – benefits from J.P. Morgan Asset Management’s extensive network of emerging market specialists around the world. Their on-the-ground experience and in-depth knowledge of local markets coupled to an established investment process enable them to make longer-term appraisals of companies and not be side tracked by short-term noise.

Our Investment Approach

The Company takes an active, bottom-up approach to investing in emerging markets. Austin Forey looks at the growth potential of specific companies rather than simply taking a view on individual countries, which is reflected in the Company’s low stock turnover and concentrated portfolio. Investing sustainably has always been an integral part of the Manager’s fundamental research and investment approach, well before environmental, social and governance (‘ESG’) factors became mainstream. With an investment approach which identifies profitable companies that demonstrate sustained growth potential over the long-term rather than focusing on short-term market movements, the Company has created value for investors over the long term.

4,000

Company meetings
conducted per annum,
on average¹

92

Investment
professionals in
Emerging Markets
and Asia

20+

languages spoken,
nationalities
represented on the
investment team

74.8%

Active share –
a measure of
active management²

¹ Company meetings have continued despite the impact of COVID-19.

² Active share is a measurement of the difference in the Company’s portfolio compared to the benchmark index.

Strategic Report

- 4 Financial Highlights
- 5 Summary of Results
- 6 Chairman's Statement
- 10 Investment Manager's Report
- 15 Environmental, Social and Governance Statement
- 20 Performance
- 21 Ten Year Financial Record
- 22 Portfolio Information
- 27 Business Review

Directors' Report

- 35 Board of Directors
- 36 Directors' Report
- 39 Corporate Governance Statement
- 44 Audit Committee Report

Directors' Remuneration

46 Report

Statement of Directors'

50 Responsibilities

Independent Auditor's

52 Report

Financial Statements

- 59 Statement of Comprehensive Income
- 60 Statement of Changes in Equity
- 61 Statement of Financial Position
- 62 Statement of Cash Flows
- 63 Notes to the Financial Statements

Regulatory Disclosures

- 81 Alternative Investment Fund Managers Directive ('AIFMD') Disclosure (Unaudited)
- 82 Securities Financing Transactions Regulation ('SFTR') Disclosure (Unaudited)

Shareholder Information

- 84 Notice of Annual General Meeting ('AGM')
- 87 Appendix to AGM Notice
- 89 Glossary of Terms and Alternative Performance Measures ('APMs') (Unaudited)
- 91 Where to buy J.P. Morgan Investment Trusts
- 92 Information about the Company

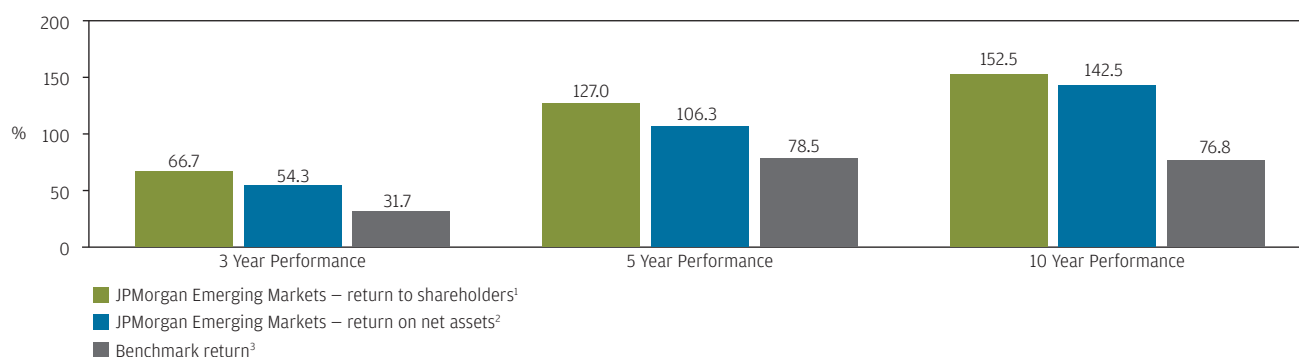
Strategic Report

FINANCIAL HIGHLIGHTS

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED) TO 30TH JUNE

	2021	2020	3 Years Cumulative	5 Years Cumulative
Return to shareholders ^{1,A}	+36.2%	+0.7%	+66.7%	+127.0%
Return on net assets ^{2,A}	+32.7%	+2.7%	+54.3%	+106.3%
Benchmark return ³	+26.0%	-0.5%	+31.7%	+78.5%
Dividend per share	1.35p	1.42p ⁵		

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



¹ Source: Morningstar. Change in share price with dividends reinvested.

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

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

^A Alternative performance measure ('APM').

⁵ Adjusted for the 10:1 share split on 6th November 2020.

A glossary of terms and APMs is provided on pages 89 to 90.

SUMMARY OF RESULTS

	2021	2020	% change
Total returns for the year ended 30th June			
Return to shareholders ^{1,A}	+36.2	+0.7%	
Return on net assets ^{2,A}	+32.7	+2.7%	
Benchmark return ³	+26.0	-0.5%	
Net asset value, share price and discount at 30th June			
Shareholders' funds (£'000)	1,698,043	1,303,915	30.2
Net asset value per share ⁴	143.0p	108.9p	31.3
Share price ⁴	133.8p	99.4p	35.0
Share price discount to net asset value per share ⁴	6.4%	8.7%	
Shares in issue (excluding shares held in Treasury) ⁴	1,187,666,096	1,197,052,400	
Revenue for the year ended 30th June			
Gross revenue return (£'000)	19,623	20,383	-3.7
Net revenue attributable to shareholders (£'000)	12,137	14,177	-14.4
Revenue return per share ⁴	1.02p	1.17p	-12.8
Dividend per share ⁴	1.35p	1.42p	
Net cash at 30th June^A			
	0.8%	1.2%	
Ongoing charges to 30th June^A			
	0.90%	0.95%	

¹ Source: Morningstar. Change in share price with dividends reinvested.

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

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

⁴ Comparative figures at 30th June 2020 have been restated following the sub-division of each existing ordinary share of 25p into ten ordinary shares of 2.5p each on 6th November 2020.

^A Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 89 to 90.



Sarah Arkle
Chairman

The Directors set four key objectives for your Company for the financial year to 30th June 2021. These were to continue the strong record of investment performance; to reduce the discount of our share price to the net asset value; to further broaden the shareholder base; and to ensure that the increasing focus on ESG and sustainable investing and its more formalised integration into the Manager's investment process is more fully communicated to the Company's shareholders.

It is pleasing to report positive progress on all fronts. Investment performance has once again remained above benchmark and we have made further progress in broadening the shareholder base to include more retail investors and wealth managers. The discount of the Company's share price to net asset value was 6.4% at the end of the financial year compared with 8.7% the previous year (although the shares briefly traded at a premium in February and March) and we are now communicating more fully our ESG credentials to both existing and prospective shareholders.

Investment Performance

Investment performance in the year to 30th June 2021 was again positive in both absolute and relative terms. The return to shareholders was +36.2% over the year and the Company's return on net assets was +32.7%. This represents outperformance of our benchmark index (the MSCI Emerging Markets index with net dividends reinvested, in sterling terms) which returned +26.0%.

Most of the outperformance came in the first half when the return on net assets was +24.9% against a benchmark return of +18.5%. However, it was very pleasing that the Company held onto its gains in the second half despite the significant rotation in markets towards cyclical stocks and deep value stocks, as these companies do not generally satisfy the Manager's criteria of investing in sustainable growth companies and are not widely held in the portfolio. Performance over the longer term remains very strong and is also well ahead of benchmark over three, five and ten years as the graph on page 20 illustrates.

Stock selection was once again the main contributor to outperformance over the year with country allocation marginally detracting. Stock selection has added value every year for the last seven years and demonstrates the integrity and strength of Austin Forey and his team's process of investing in companies with sustainable business models and responsible management. Looking at the outperformance over the last five years, it is interesting that the main contributions have come from markets in EMEA (Europe, the Middle East and Africa) and Latin America, with the Eastern European, software services company, EPAM, being the outstanding performer. In Latin America, the two main contributors to outperformance over the last five years have been Argentina's Mercadolibre, an e-commerce and fintech business, and the IT and software company Globant. This illustrates the benefit of being an active investment manager and having the resources and ability to find the best stockpicking opportunities across a broad global emerging market universe rather than confining investment to one country or area.

This consistent long term outperformance has been recognised by the Company winning a number of accolades; Following an in-depth review by Morningstar's research analysts, the Company was recently upgraded from Silver to a Gold Morningstar Analyst Rating. The Company also holds a Morningstar Sustainability Rating of Five Globes, reflecting its strong ESG credentials and it is the only company, within the emerging markets trust sector, to attain this Five Globe rating. We are also delighted that Austin Forey received the Morningstar award for Outstanding Fund Manager this year.

Meanwhile, for the second year running the Company was awarded Investment Week's Best Emerging Markets Trust and for the third consecutive year, it was the winner of the Citywire Global Emerging Market Equities award.

The Investment Manager's Report provides a review of the financial year to 30th June 2021 and more detail on the investment performance and how it was achieved.

Discount

The discount (to the cum income net asset value) ended the financial year at 6.4%. This compares with a discount of 8.7% at the end of the previous financial year and 3.0% at the half year ended 31st December 2020. Over the last 12 months the discount on the Company's shares ranged between 12.8% and a premium of 2.2%, averaging a discount of 5.0%, which compares with an average discount of 8.3% for the previous financial year. At the time of writing the Company's shares are trading on a discount of 7.2%.

The Board regularly considers the merits of buying back shares in order to manage the level and volatility of the discount and will buy back shares if the discount is out of line with the peer group and markets are orderly. As shares are only bought back at a discount to the prevailing net asset value, share buybacks benefit shareholders as they increase the net asset value per share. Over the financial year 9,261,304 shares were bought back at an average discount of 9.4% and at a cost of £10.6 million. A further 4,898,625 shares have been bought back post the year end. This compares with buybacks of 24,139,960 shares in the previous financial year (adjusted for the 10 for 1 share split) at an average discount of 9.2%. If the shares were to trade at a premium to NAV for a sustained period of time, the Board may decide to use its authority to re-issue shares out of Treasury, but only if the impact of any share issuance after costs is of benefit to existing shareholders and not dilutive to NAV.

Shareholder Base

The Directors have continued to make progress on their objective to broaden the shareholder base to include more wealth managers and retail investors and the share register is now significantly more diversified than in the past. Institutional shareholders now comprise about 35% of the share register, down from 46% in June 2020 and 65% five years ago. The Company's excellent long-term investment performance record has enabled both J.P.Morgan and the Company's broker Stifel to promote the Company to attract new investors.

Revenue and Dividends

The Board has been consistent in communicating to shareholders that the Company is managed to produce total return rather than any particular level of dividend and that the level of dividends will vary. For individual years dividends received in sterling terms may fluctuate in line with underlying earnings, as well as currency movements and any changes in the portfolio. In the financial year just ended the revenue return per share decreased for the second year running with the revenue return per share for the year falling to 1.02 pence from 1.17 pence in 2020 (adjusted for the 10:1 share split on 6th November 2020) which is a decrease of 12.8%.

However, one of the advantages of being an investment trust rather than an open-ended fund is the ability to use the Company's revenue reserves to smooth dividends paid to shareholders from year to year. The proposed level of dividend achieves an appropriate balance between using revenue reserves to smooth the dividend payments whilst maintaining some surplus revenue reserves should they be needed in future. The Board proposes a final dividend of 0.83 pence per share, subject to shareholder approval at the forthcoming Annual General Meeting ('AGM'). Together with the interim dividend of 0.52 pence paid in April, the total dividend for the year will be 1.35 pence against an adjusted 1.42 pence last year, which is a reduction of 4.9%.

Environment, Social and Governance ('ESG') Issues

The search for tomorrow's emerging market leaders requires our Manager to look beyond the pure financial attributes of a company or its shares. In looking for sustainable business models and long lasting competitive advantages they are increasingly looking at the environmental, social and governance ('ESG') aspects of the companies in which we invest. During the year the Directors spent some time looking at examples of how the Manager's materiality framework works in practice when selecting stocks and satisfied themselves that ESG considerations are fully integrated into the Manager's investment process. The Board shares the Manager's view of the importance of ESG factors when making investments for the long term and of the necessity of continued engagement with investee companies throughout the duration of the investment. Further information on the Manager's ESG process and engagement is set out in the ESG Report on pages 15 to 19.

The Manager

Covid restrictions have been a feature of most global economies over the financial year. J.P.Morgan's analysts and portfolio managers have been working remotely for most of the financial year but it is important to note that the investment process and emphasis on research done through company meetings has continued as before and a similar number of company meetings have been undertaken as in the previous year.

The Company was pleased to announce earlier this year that John Citron, a long serving member of the Emerging Markets Asia Pacific Equities team, had been designated as an additional named investment manager assisting lead fund manager Austin Forey on the Company's portfolio. John is also the named investment manager on a number of other emerging market mandates and has worked closely with Austin for a number of years. As an analyst, he was instrumental in Austin investing in both EPAM and Globant, which have been significant contributors to the performance of your portfolio.

The Board monitors the performance of our Manager through its Management Engagement Committee. It judges performance over the longer term and we remain pleased 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 continue to be very well served by J.P.Morgan.

Investment Management Fee

Following a review of fees in the industry, the investment management fee has been changed. With effect from 1st July 2021, the investment management fee will be charged at the rate of 0.75% per annum on the value of the Company's total assets less current liabilities (previously at the rate of 1% up to £500 million and at the rate of 0.75% thereafter). This will bring the Company's ongoing charges ratio down to approximately 0.83, which continued to be the lowest in the emerging markets investment trust sector and one of the lowest ratios across the emerging markets open ended investment companies (OEICs) as at the end of the financial year. The Directors will continue to monitor the Company's fees to ensure that they remain competitive against the peer group and remain attractive for our shareholders against the other emerging market options available to them.

Adoption of New Articles of Association

The Company's Articles of Association, the document that specifies the regulations for a company's operations and defines a company's purpose, was last amended following shareholder approval in 2013. Resolution 15 within the Notice of Meeting, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Existing Articles'). A summary of the principal amendments being introduced in the New Articles is set out in the appendix to the Annual General Meeting Notice on pages 87 to 88. The proposed amendments, if approved, include the possibility of the Company holding the Company's general meetings by virtual means only. This will facilitate shareholder attendance in situations where they are prevented, through laws or regulations, from attending at a physical location. The Board would like to emphasise that this format will only be utilised as a contingency to ensure the continued

smooth operation of the Company where physical meetings are prohibited; 'virtual-only' meetings would only be held in extreme circumstances as a temporary measure. Other amendments, which are of a minor, technical or clarifying nature, have been summarised in the appendix.

Continuation of the Company

Every three years the Company offers shareholders a Continuation Vote to determine whether the Company should continue in existence. Shareholders were last asked to vote on this in a resolution put to shareholders at the 2020 AGM, at which shareholders almost unanimously voted in favour of the continuation of the Company, with 99.97% of votes in favour. The next continuation vote resolution will be put to shareholders in 2023.

AGM

Regrettably COVID-19 restrictions prevented the holding of the Company's AGM in 2020 in the usual format. The Directors were disappointed not to be able to have the usual interaction with shareholders at this forum. Current indications are that a more familiar format for the AGM may be permissible in November this year and to that end the AGM is scheduled to be held at 3.00pm on Thursday 4th November 2021 at 60 Victoria Embankment, London EC4Y 0JP.

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

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

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

Outlook

Global economies have recovered strongly from the lows seen at the start of the pandemic. Worries now centre around the return of inflation as strong demand is being accompanied by supply side constraints, with bottlenecks being seen in a number of areas. It is, as yet, unclear whether the pick up in inflation we are currently experiencing will turn out to be temporary or of a more prolonged nature. Stock markets have been fuelled by extremely easy money monetary policy and low interest rates and, as a result, valuations of stock markets have risen to levels that are looking fairly stretched, particularly if there were to be any tightening in monetary policy or pick up in interest rates.

In emerging markets the outlook has been clouded by the Chinese authorities imposing regulatory policy changes in a number of high profile sectors which has resulted in a number of widely held Chinese stocks seeing sharp falls. This has caused foreign investors to reassess the valuations that Chinese companies should command and any resulting volatility in markets could give rise to some interesting opportunities.

Your Investment Manager has a diversified portfolio that invests across a wide range of countries and sectors and, as these economies grow and develop, there will continue to be a number of new and attractive potential investments. There may be periods when your Investment Manager's approach of focusing on sustainable high-quality growth companies underperforms the index but the Directors believe that over the longer term the strategy will outperform, as has been the case over a number of years.

Sarah Arkle
Chairman

29th September 2021



Austin Forey
Investment Manager



John Citron
Investment Manager

Objectives & outcomes

Purpose & Approach

The primary purpose of your company remains unchanged: it is to achieve good investment returns for you, its shareholders. As the trust's investment managers, we aim to achieve this by taking a long term approach to investment, based on fundamental research, and focused on selecting stocks rather than countries or industries. We continue to look for high quality franchises able to compound intrinsic value through economic cycles, and when we find them we expect to own them for a long time.

We also strive to be a responsible and engaged investor in the companies in which your portfolio is invested. As we have explained in previous years, a long term approach to investment leads naturally to a consideration of sustainability in the widest sense, and we have always sought to incorporate this in our investment process. This year, we give more details on both our approach and on portfolio characteristics in our ESG Report, which highlights how we analyse and engage with our investee companies with regards to sustainability.

Returns for shareholders

Compared to last year's market gyrations caused by the sudden spread of the pandemic, this latest twelve month reporting period has seen a smoother progression in markets, though as always there have been some marked divergences from that general trend. Investment outcomes from both the asset class as a whole and from your company's portfolio have also been better than in the previous financial year: the benchmark index returned 26.8%, while the total return from your company's net asset value was 32.8%. The gain in value experienced by shareholders – the total return in share price terms – was higher still, at 36.2%, because the trust's share price discount to net asset value narrowed as well.

Active management

As noted last year, one way of judging the value added to the trust by active management is to look at what we term the "investment manager contribution", measuring any excess portfolio return before costs against the index return in a simple arithmetic way; over the last twenty years this has averaged 4.5% annually. In this latest year that figure was 7.5%. This figure will vary from year to year for a variety of reasons, including the investment conditions experienced in markets, as well as the success or failure of your manager's decisions. Clearly the last twelve months have provided a relatively favourable set of conditions for us, though as we explain below, there have been plenty of challenges too.

The year and the portfolio

The past year

From the end of June 2020 to February 2021, emerging equity markets' recovery from the pandemic-induced sell-off was in full swing; the benchmark index rose during every month from July to January except one, appreciating by over 40% by the middle of February. But that high point in February has not been reached again since, and was followed by a relatively sharp drop in share prices, especially in some sectors in China, which was enough to stall the upwards progression of the asset class overall. Despite this, by the end of June 2021 the asset class had returned over 25% in sterling terms since June 2019, which was long before the pandemic had entered anyone's consciousness. Given how damaging an episode it has been for economies, that seems a remarkable outcome, and one which bears some explanation.

To understand how such an outcome can come about we need to think about two factors which can vary significantly from the general macroeconomic backdrop: first, how corporate profits have evolved, and second, the valuations the market is applying to those corporate results. Both of these elements have played a part in driving the asset class, and indeed the trust's net asset value, to an all-time high during the last year.

Corporate profits

One of the main reasons why the benchmark index is higher by a quarter since before the pandemic is that companies which benefited from the pandemic are much more important components of the opportunity set than those which were adversely affected. The last year has seen a wide range of business outcomes experienced by companies around the world. In industries like travel, hospitality and restaurants, demand was severely reduced by lockdowns and restrictions in many countries. Companies in these sectors have been in survival mode, simply focusing on making it through until something more like normal life resumes. Fortunately, the trust has had very little by way of investments in the areas most directly affected by the pandemic, and the two stocks that it does own (the restaurant business YUM China and the hotel company Huazhu) were both in China, where the effects of the pandemic were briefer, and something approaching normality was regained much more quickly than elsewhere. Other industries felt secondary consequences of the slowdown caused by the pandemic – banks' profits were reduced as they raised provisions, for example, and commodity companies saw less demand for their products as activity slumped, resulting in declines in commodity prices. Towards the end of 2020, though, there were already signs of recovery in demand visible in the results that companies were announcing even in these areas.

On a more positive note, some sectors were clear beneficiaries of the changes that the pandemic brought to all our lives. The rise of internet-based companies accelerated, and digital business models in general prospered as never before. E-commerce businesses gained market share rapidly; the trust holds shares in five e-commerce companies operating respectively in Latin America, Poland, China (two) and South East Asia; simple revenue growth for these five companies in 2020 averaged 58%, with the slowest-growing company among our holdings still expanding its sales by almost 30%. Those are exceptional outcomes, which not surprisingly led to strong gains in share prices for all but one of these companies, and made a notable contribution to the trust's aggregate results.

So overall, the consequences of the pandemic in terms of corporate profits have been much less adverse, both for emerging markets as a whole, and for your portfolio, than might be assumed if one simply looks at macroeconomic data.

Valuations

The valuations applied to companies have also diverged during the year. With financial stimulus at unprecedented levels, interest rates have been as low as ever for most of the last twelve months. This produces a double effect: first, it lowers the overall discount rate that markets apply to all future corporate profit streams, thus raising their value in the present; second, it has the effect of raising the value of each additional point of growth in profits, producing therefore a pronounced skew in valuations on top of the diverging profits. Put simply, the fastest-growing companies have also seen their valuations rise, while the sectors where profits are struggling to grow have seen valuations compress even as their profits have suffered. Valuations now probably offer something of a headwind for overall equity returns, as discussed further below.

The portfolio

During the last year we made few changes to the portfolio; investment turnover was below 10%, and the majority of holdings remained unchanged. This low rate of turnover is both consistent with previous years, and deliberate. It also means, of course, that many of the existing structural biases in your company's portfolio remain in place: we retain significant exposure to IT services, e-commerce, technology hardware, financials, particularly banks and insurance, and finally to a range of consumer companies across emerging markets. During the year we also added several investments in healthcare, especially in China.

China

Building the conviction to make investments in China has not been easy, and although policy changes there may not make headlines in London, recent developments have been significant enough to merit a separate comment. Since last year, we have seen a number of regulatory policy changes that have depressed share prices in high profile sectors in China, from online gaming to e-commerce to education and delivery services. How can we make sense of what has been happening? In the first place, we must remember that the corporate sector in China is still relatively immature compared not just to the West, but to other emerging markets too: it is only a few decades since private enterprise was officially sanctioned. Alongside that, inevitably, the regulatory infrastructure is also relatively immature. And of course, China's political system leans instinctively towards intervention and control, especially in areas which are deemed to have broader consequences for society; nor are policies shaped through transparency and political debate to the extent that they might be elsewhere. That just leads to uncertainty for investors, and uncertainty needs to be priced into equity markets.

Even so, we can establish some framework for thinking about risks in a more interventionist environment in China. First, much of the recent regulation is concerned with issues which would be familiar anywhere: anti-competitive behaviour, anti-monopoly regulation, consumer protection, data privacy, cybersecurity: these are all right at the centre of regulatory efforts in the West too, and that is neither unexpected nor controversial. In other areas, however, regulation reaches right into the realm of social policy and addresses issues which elsewhere would be handled by politicians rather than regulators. Second, it is clear that some sectors have heightened political sensitivity in China: strategic industries like finance, energy, healthcare, communications, media and internet services, are likely to be subject to greater scrutiny than industrial manufacturing, exports, consumer products, and so on. And third, the way companies behave also has a bearing on their vulnerability: those that aggressively maximise profits while sailing close to the wind where regulation is concerned are more vulnerable than those which seek to manage their own risks prudently to extend the duration of their business.

None of this is new: China has always been a place where the state exercises significant influence over commercial activity: in some industries, all the large companies are state-owned entities; in all sectors, the state is reluctant to let market forces alone determine outcomes. If this reduces the returns to corporate skill, which it probably does, then that will affect our view of fair values for companies; and if inconsistent policy-making raises uncertainty for investors, then that too must be taken into account when thinking about share prices. It is not coincidental that your company's aggregate exposure to China has always been lower than its weight in the index; the difficulty we found in pricing these risks has always acted as something of a deterrent, and more so at times when the rest of the market seemed ready to overlook them.

But it would be a mistake to be too negative, especially at a time when some share prices have declined significantly. In spite of the risks set out above, investors in successful Chinese companies have been handsomely rewarded over the last twenty years. China remains a country with high levels of entrepreneurial activity, and the government knows that it is the private sector which has created employment, innovation and unprecedented economic advancement in recent decades. That is very unlikely to change, and so China will remain a market that is important for us as investors, and for the results we can achieve for shareholders.

The year and the portfolio

The past year

PERFORMANCE ATTRIBUTION

YEAR ENDED 30TH JUNE 2021

	%	%
Contributions to total returns		
Benchmark return		26.0
Asset allocation	-1.1	
Stock selection	10.2	
Currency effect	-1.3	
Net cash	-0.3	
Investment Manager contribution		7.5
Portfolio return		33.5
Management fee and expenses	-0.9	
Share buybacks	0.1	
Return on net assets ^A		32.7
Return to shareholders ^A		36.2

Source: JPMAM/Morningstar.

All figures are on a total return basis.

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

^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 89 and 90.

What next?

A recovering world?

It is too early to know what the lasting consequences of the pandemic will be. One reads much about the opportunity that we now have to redraw societal norms, and about the "roaring twenties" as a period of innovation and excess spurred in part by the last great global pandemic. Thus far, the experience of the last eighteen months seems likely to exacerbate and extend inequalities in societies around the world, which cannot be good news; yet as recent policy shifts in China show, addressing inequality brings plenty of challenges too. More narrowly, this has also been a time of financial experimentation as governments have created unprecedented amounts of liquidity to support economies that were in part simply closed down in an attempt to prevent the spread of infection. How that cost, and the debts incurred, will be repaid in the long run remains far from clear. For those countries within our investment universe which already had structural economic vulnerabilities, the pandemic is likely to leave them in a more challenging position still. That in itself need not be an impediment to finding good investments, but it does leave us looking more at export-related companies, and at those with a really significant opportunity to take market share. Nevertheless, the trust has invested through a wide range of conditions over the last three decades, and in the corporate sector there will always be winners to choose and losers to avoid, whatever the economic weather.

Winners and losers

Fortunately, then, this is also a period of high innovation and change in the business world, not just in the West, but everywhere. The spread of smartphones and the revolution in data they bring for companies is producing an age of unusual disruption and creating some huge winners as well as some significant losers. In some places, corporate value seems to be being created faster than ever before, while those businesses on the wrong side of these trends can seem mired in an intractable and possibly terminal decline.

New industries

On the side of the winners lie many companies whose businesses are based on digital technology, but even in more traditional sectors, we are seeing rapid change. Although we have no investments yet to show for it, we have spent considerable time in the last year reviewing companies related to electric vehicles and the associated supply chain, as well as those whose products serve the renewable energy industry. It is quite possible that oligopolistic parts of the supply chain will prove a better place to invest than the final assemblers, just as it has in most of the computer industry, and we look forward to opportunities in these areas.

Old favourites

Alongside the excitement of the new, however, we need to have some confidence in the familiar and established. A few of the positions the trust owns have now been in the portfolio for two decades already. If you find a great business, it has always seemed to us that you should own it for as long as possible, unless the valuation become so extreme compared to all your other choices that you have already realised many years of future value in today's share price. That does not mean a 10 or 15% premium over fair value – it needs much, much more than that, and the stronger the business, the more it takes. So there is a direct correlation between the strength and duration of a company and the length of time for which we are prepared to hold it. Those rare companies whose competitive position endures for a very long time, and which are also able to keep growing, represent the core of the portfolio, for the simple reason that they still offer some of the best combinations of risk and reward that we can find anywhere.

Valuations again

Before we get too excited by the changes which are happening in the business world, we should not forget that the market knows everything we know already, and is probably reflecting it in share prices. Our primary concern today is not the outlook for profits among the companies held in the portfolio (we feel reasonably confident on that front), it is how much to pay for them. Valuations are higher than before, both for the portfolio and for markets as a whole. This is partly because interest rates are very low; yet the reason interest rates are low is because economies needed support and growth has, until very recently, looked uncertain. That combination – rising valuations alongside economic concerns – risks becoming contradictory eventually, and even if markets grow into their valuations gradually, it still suggests that overall returns may be partially restrained by compression in valuations.

Closing thoughts

Regardless of the ups and downs of markets, regardless of the pandemic even, there is always opportunity somewhere. We count ourselves lucky to work in some of the most dynamic and interesting countries in the world, and privileged to act as stewards of your capital. It's always important in investment to keep a clear view of one's decision hierarchy, and recognise what matters the most. For us, that is always going to be the selection of businesses with the potential to create and grow intrinsic value for a long time. If we can record enough successes on that front, most of the rest will take care of itself.

Austin Forey

John Citron

Investment Managers

29th September 2021

ESG and J.P.Morgan Emerging Markets Investment Trust

Introduction

ESG is an acronym which stands for Environmental, Social and Governance. It has become a convenient label for describing the broad field of sustainability in the corporate sector and is widely used when assessing the environmental impact of businesses, when considering how companies acquit themselves in respect of their broad social responsibilities, and when reviewing the practices and standards used in governing corporate organisations.

Awareness of these issues has increased significantly in recent years among investment practitioners and their clients, and indeed in society at large, and our practices at J.P.Morgan Asset Management have been at the forefront of these developments. In these pages we explain how our approach has developed and how it is applied for the benefit of shareholders in this investment trust.

The basics: what is ESG?

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

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

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

The table below provides illustrative examples of ESG issues in each of the E, S and G categories:

Environmental	Social	Governance
Carbon pollution and emissions	Human rights	Board structure: effectiveness, diversity, independence
Environmental regulations (and adherence)	Diversity	Executive pay and criteria
Climate change policies	Health and safety	Shareholder rights
Sustainable sourcing of materials	Product safety	Financial reporting and accounting standards
Recycling	Employee management	How a business is run
Renewable energy use	Employee well-being	
Water and waste management	Commitment to communities	

Why do we integrate ESG into our investment processes?

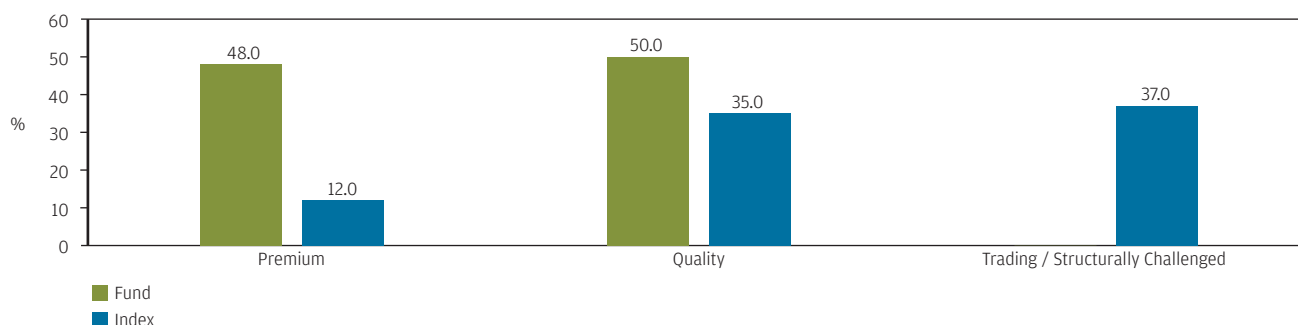
Consideration of sustainability is intrinsic to our long term approach to investment. When we invest our clients' assets, we have to make judgements about the future risks and rewards of any investment. Those risks and rewards have always included the factors shown in the table above, and indeed all ESG factors, because all of them have the potential to affect the future value of a security. A business that produces huge amounts of carbon emissions or plastic waste, for example, is likely to find itself the subject of scrutiny from regulators and consumers and failure to anticipate this and to change will likely bring a loss of value for shareholders in the long run. The same is true of businesses that neglect their social responsibilities, or fail in matters of governance. In all these instances, investors will eventually assign a higher discount rate to future cash flows, with consequences for the price of that company's securities.

How do we integrate ESG into our investment processes?

We integrate ESG considerations across all three parts of our qualitative assessment of a business.

Firstly we assign each business a **strategic classification** which is a label of franchise quality that ranges from Premium (best) to Quality and then to Trading and Structurally Challenged. This label is arrived at after a thorough examination of Economics, Duration and Governance. Environmental and Social issues have always been part of our assessment of Duration, along with broader considerations like the competitive and regulatory landscape faced by the business.

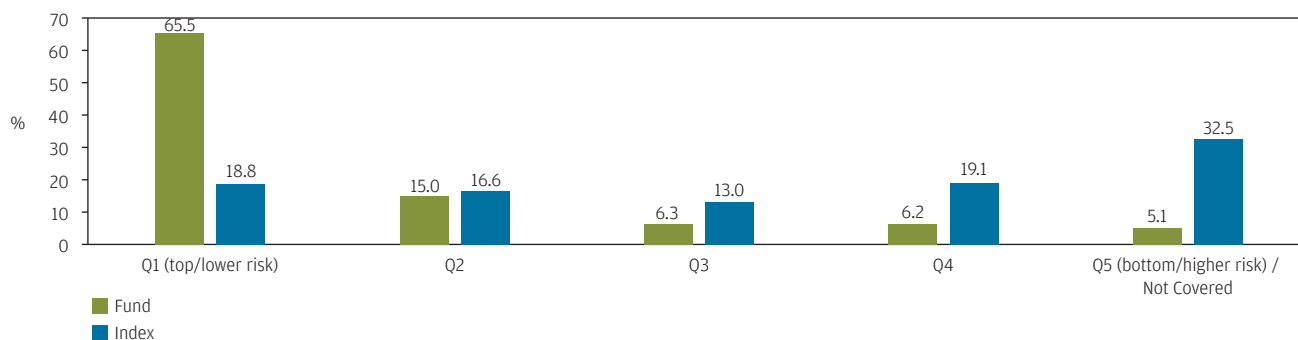
Strategic Classification: Portfolio vs. Benchmark



Source: J.P.Morgan Asset Management as 17th September 2021.

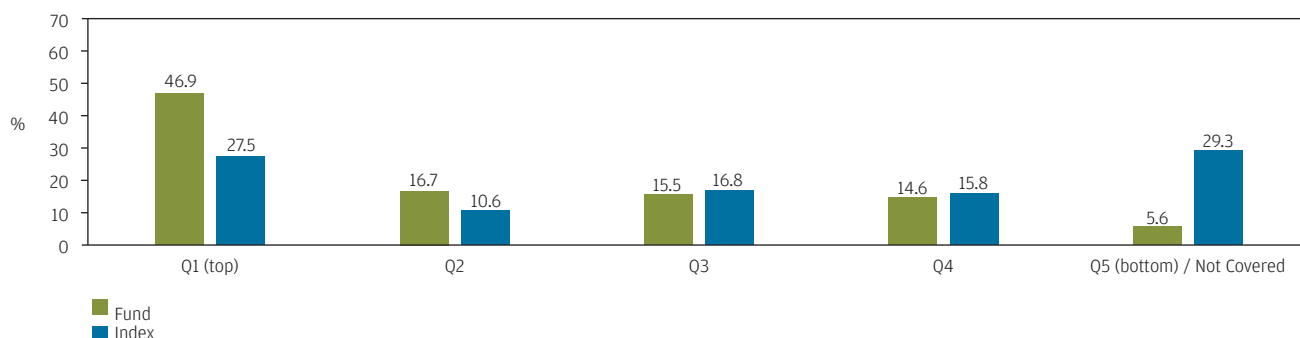
Secondly our research analysts complete a **98 question risk profile** for each of the 1,000+ companies that we cover. Two thirds of these questions relate to environmental, social and governance issues with the remainder considering broader aspects of risk such as financial risk and regulatory risk. The graph below splits the portfolio and the benchmark based on how exposed they are to each quintile (equal groupings of 20%) of the risk profile responses.

Risk Profile: Portfolio vs. Benchmark



Source: J.P.Morgan Asset Management as at 31st August 2021.

Thirdly, our analysts complete an ESG materiality score for every stock under coverage. The materiality framework splits our investable universe into over 50 sub-industries with companies scored only on the ESG issues that are likely to be financially material to the industry in which they operate. For example we analyse software companies on issues cyber security and carbon footprint of data centres of their data centres, while we focus more on environmental and safety issues for commodity extraction and processing names.

ESG Materiality Score: Portfolio vs. Benchmark

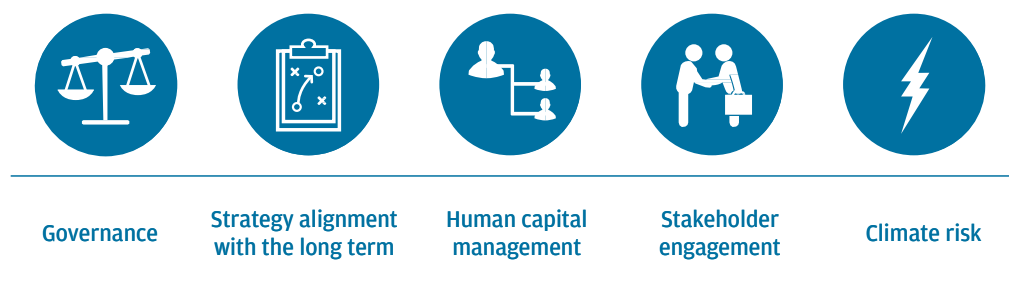
Source: J.P.Morgan Asset Management as at 31st July 2021.

Finally, the three qualitative assessment tools above feed into various parts of our valuation framework. This allows us to increase discount rates when valuing businesses with higher levels of ESG risks.

Engagement

Consideration of ESG issues should not be seen as a purely reactive activity in investment. It also involves active engagement with investee companies to promote standards, principles and outcomes that we would like to see companies demonstrate in practice.

The purpose of this report is to explain how we are setting about achieving these aspirations and to share examples of progress as we continue to seek ever more productive corporate engagement. Each example has been tagged to one of our Five Investment Stewardship Principles. These are the highest level statement of universal priorities that we have. They are set by our Global Sustainable Investing Function and are principles we believe will have universal applicability and stand the test of time, and are as follows:



We hope the case studies set out below help illustrate how these principles and frameworks work together to create a coherent and effective approach to corporate engagement. The companies mentioned are all held in your company's portfolio, and are just a few examples of the ongoing dialogue that we maintain with all the companies in which we invest on your behalf.

Sea Ltd is the leading e-commerce company in South East Asia, and has been a significant position in the portfolio, as well as a good contributor to overall performance. It's a good example of our research frameworks, investment expertise and investment stewardship resources coming together to drive change through engagement. Our materiality framework had identified several issues ranging from poor disclosure to the company being cited in third party reports for allowing counterfeit goods on its platform. During the meeting we challenged the company on these issues and also shared examples of best practice from businesses that had been identified as leaders within our materiality scoring. For example, on counterfeit goods we noted that corporate best practice typically combines two approaches: first, reactive monitoring (using artificial intelligence to screen for content that could be suspicious which can immediately be removed); and second, proactive monitoring (allowing brands to access inventory catalogues directly via intermediary software, so they can use knowledge of their own products to conduct audits).

It was a productive conversation; the company was willing to listen to our suggestions and also able to share some new information of which we had previously been unaware. On the environmental front, for example, the company allows buyers to opt for sea freight rather than air, has started a program of recycling consumer electronics and introduced biodegradable packaging. We will continue to update our research and adjust our materiality scores if we see concrete evidence of change.

Advantech is a Taiwanese industrial computer manufacturer, and a relatively recent addition to your company's portfolio. We held targeted discussions with the ESG manager at Advantech on a number of social issues but particularly cyber security. In November 2020 the company was subject to a Conti ransomware attack affecting 267 servers. The company gave a detailed account of its response, which includes an enhanced cyber-security plan with specific action points to be implemented up to 2023. The company is looking to improve data backup, end-point solutions, zero trust architecture, and cyber security management and awareness. To give some more detailed examples, it will introduce multi-factor authentication for remote VPN access and is planning to expand the scope of ISO 27001 (the international standard on data security) beyond two main factories in China and Taiwan, to cover its entire server and network infrastructure. We also noted, during the discussion, that the company did not have a standalone officer with responsibility for cyber security, which we suggested would represent best practice. The company responded that it has established a new cyber security office this year and has started hiring people with the relevant expertise.

Netease is a leading Chinese developer of video games. After a meeting with the company's CFO, we wrote to the founder to follow up on several governance issues.

NetEase has five independent directors who have been in their roles for over 14 years, and three of those have multiple other directorships. This profile falls below what we would consider best practice. We also noted a concentration of directors with a finance and accounting background, rather than video games expertise, and the fact there is only one female director.

In the letter, we shared our view that companies should conduct regular board evaluations to ensure directors are truly independent and are able to meet the changing demands of customers, investors and other stakeholders. We also asked that the company aim to reach 30% of women on the board, in accordance with our principles as a member of the 30% Club. As always in cases like this, we tried to share examples of best practice that we see elsewhere.

All this being said, we have been a long term shareholder of Netease and appreciate many aspects of its approaches to governance. For example, it distinguishes itself on capital allocation, given its regular dividend policy which is significantly more shareholder friendly than most of its internet and gaming peer group. Even strong companies have room to improve, and this is the spirit that drives our engagement efforts.



Stakeholder engagement



Strategy alignment with the long term



Climate risk



Stakeholder engagement



Stakeholder engagement



Governance



Human capital management

Proxy Voting

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

A summary of key voting statistics and activity for the Company during the period is detailed below:

	For	Against	Abstain	Against / Abstain Total	Total Items	% Against
Routine Business	293	2	0	2	295	0.7
Director Related	415	34	17	51	466	7.3
Capitalisation	69	6	0	6	75	8.0
Reorganisation and Mergers	35	0	0	0	35	0.0
Non-salary Compensation	82	10	0	10	93	10.8
Antitakeover Related	1	0	0	0	1	0.0
Miscellaneous	4	0	0	0	4	0.0
TOTAL	899	52	17	69	969	5.4

The following examples should help illustrate the some of the principles which inform our voting:

Bid. We voted against two remuneration resolutions at the Bid AGM. At the prior AGM we had voted in favour of a long term pay plan for senior management, and at this meeting the company's remuneration committee were looking to amend the targets in that plan to take account of the long term impact of the COVID-19 crisis on the company; Bid is a foodservice company supplying to restaurants so has been particularly hard hit by the crisis. Although we understand the need to incentivise and retain senior management, we felt unable to show support for changing an in-flight plan as it would go against our long held principles on this topic.

Ping An. We voted against a proposal that would have allowed the board to issue up to 20% new equity capital without pre-emptive rights. Although we understand the need for management of our investee companies to retain flexibility to act quickly when opportunities appear, our belief is that the limit on what we should pre-approve without specific information on the use of proceeds is 10%. In accordance with this principle we voted against the proposal.

Amoy Diagnostics. We voted in favour of a proposal on use of company funds at Amoy Diagnostics' AGM, which contrasted with ISS' recommendation to vote against the proposal; ISS is a major third party advisor on proxy issues. ISS stated that the company had not given sufficient disclosure on the sorts of products into which it would invest idle cash. However our analyst Vincent Yu held a meeting with the company and discovered that the disclosure had in fact been made, albeit only in Mandarin, and based on our analysis of the disclosure we felt comfortable supporting management.

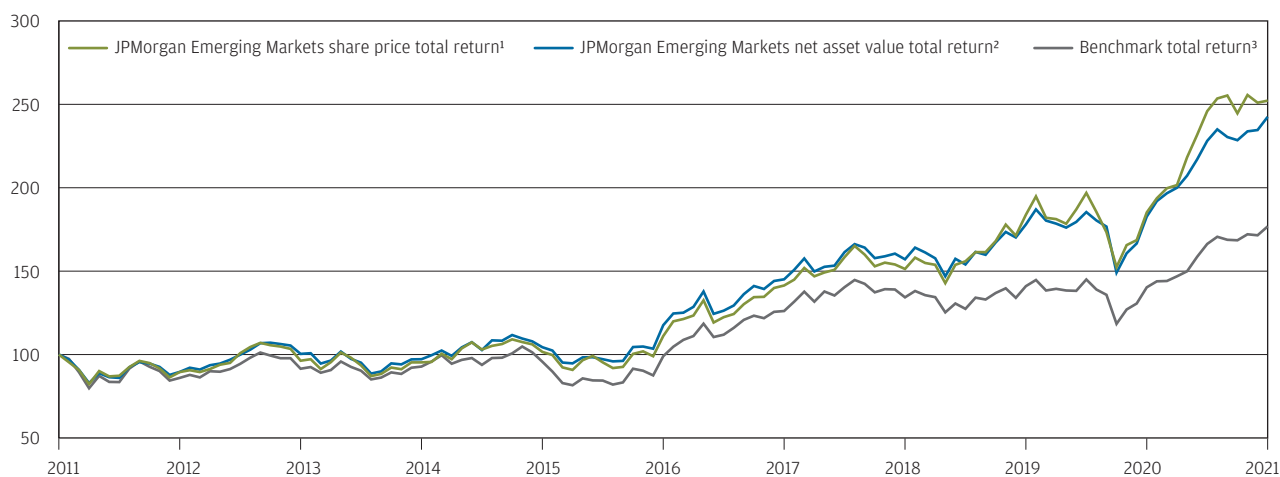
The future

We know that our shareholders, including the Directors of your Company, see attention to ESG factors as critical in their assessment of us as investment manager. We expect ESG to remain a dominant theme within the financial services industry going forward; the course being taken by regulators suggests that its importance will only increase in years to come; our research process and the investment judgements we make will continue to reflect that and to evolve as necessary. In investing your Company's assets, however, we have always looked for companies with the ability to create value in a sustainable way and that will not change.

PERFORMANCE

TEN YEAR PERFORMANCE

REBASED TO 100 AT 30TH JUNE 2011



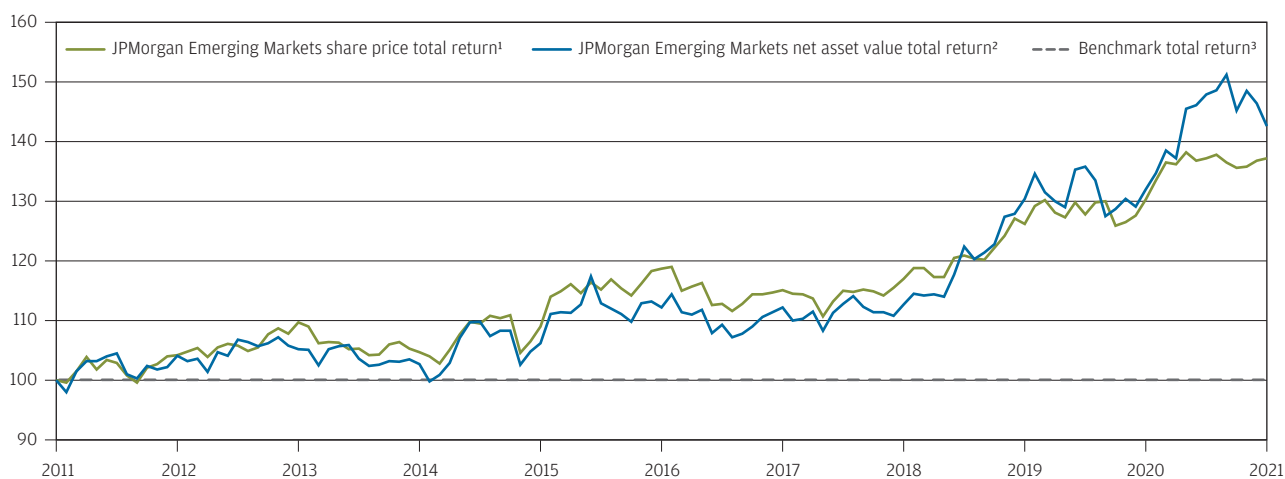
¹ Source: Morningstar.

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

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

TEN YEAR PERFORMANCE RELATIVE TO BENCHMARK

REBASED TO 100 AT 30TH JUNE 2011



¹ Source: Morningstar.

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

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

TEN YEAR FINANCIAL RECORD

At 30th June	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Shareholders' funds (£m)	785.1	691.9	785.8	750.6	852.7	934.6	1,121.0	1,196.9	1,313.8	1,303.9	1,698.0
Net asset value per share (p) ⁴	65.6	58.4	64.9	62.3	66.4	74.1	90.5	96.8	107.6	108.9	143.0
Share price (p) ⁴	59.8	53.2	56.7	55.6	58.7	63.5	79.9	84.3	100.2	99.4	133.8
Discount (%) ^A	8.9	9.0	12.7	10.8	11.6	14.3	11.7	12.9	6.9	8.7	6.4
Net cash (%) ^A	(5.2)	(3.7)	(4.2)	(4.6)	(3.5)	(3.6)	(1.0)	(0.6)	(0.7)	(1.2)	(0.8)

Year ended 30th June

Gross revenue return (£'000)	15,912	16,480	18,487	16,071	19,805	17,119	21,902	23,207	25,162	20,383	19,623
Revenue return per share (p) ⁴	0.53	0.62	0.67	0.51	0.67	0.95	1.28	1.34	1.49	1.17	1.02
Dividend per share (p) ⁴	0.35	0.45	0.55	0.55	0.60	0.90	1.10	1.25	1.40	1.42	1.35
Ongoing charges (%) ^A	1.15	1.18	1.14	1.17	1.14	1.16	1.07	1.02	1.02	0.95	0.90

Rebased to 100 at 30th June 2011

Share price total return ^{1,A}	100	89.5	96.3	95.3	101.6	111.1	141.4	151.3	183.8	185.2	252.2
Net asset value total return ^{2,A}	100	89.6	100.4	97.2	104.4	117.6	145.1	157.1	178.0	182.7	242.5
Benchmark total return ³	100	86.0	91.5	92.8	95.7	99.0	126.1	134.3	141.0	140.3	176.8

¹ Source: Morningstar. Change in share price with dividends reinvested.

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

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

⁴ Comparative figures have been restated following the sub-division of each existing ordinary share of 25p into ten ordinary shares of 2.5p each on 6th November 2020.

^A Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 89 and 90.

PORTFOLIO INFORMATION

TEN LARGEST EQUITY INVESTMENTS

AT 30TH JUNE

Company	Country	2021				2020			
		Portfolio £'000	% ¹	Benchmark %	Over/ (Under) Weight %	Portfolio £'000	% ¹	Benchmark %	Over/ (Under) Weight %
Taiwan Semiconductor Manufacturing² TSMC is the world's leading semiconductor foundry company, based in Taiwan. It produces semiconductor chips for third-party designers.	Taiwan	153,435	9.1	6.1	3.0	104,431	8.1	4.5	3.6
Tencent Tencent is an internet services company. From its headquarters in Shenzhen, Tencent provides gaming and social network services, digital payments and other online products and services in China and elsewhere.	China and Hong Kong	117,740	7.0	5.0	2.0	113,982	8.8	6.4	2.4
EPAM Systems EPAM Systems provides software development, outsourcing services, e-business, enterprise relationship management and content management solutions.	Belarus	106,814	6.3	—	6.3	70,498	5.5	—	5.5
Alibaba² Alibaba is a Chinese internet services company. Its principal business is in e-commerce. Through its affiliated company Ant Financial, Alibaba also offers digital payment solutions. In addition, it is the largest provider of cloud services in China.	China and Hong Kong	80,878	4.8	5.0	4.8	87,149	6.8	7.0	-0.2
Housing Development Finance HDFC is a financial services company in India. Its core business is mortgage lending. It was a founding shareholder of HDFC Bank, a leading commercial bank in the same country. HDFC also has operations in life insurance, general insurance, asset management and rural lending.	India	78,630	4.7	0.7	4.0	61,528	4.8	0.7	4.8
MercadoLibre MercadoLibre Inc. operates an online trading site for the Latin American markets. The Company's website allows business and individuals to list items and conduct sales and purchases online in either a fixed-price or auction format. MercadoLibre offers classified advertisements for motor vehicles, vessels, aircraft, real estate and services, and offers online payment services.	Argentina	69,834	4.1	—	4.1	49,313	3.8	—	3.8
Sea² Sea Limited offers information technology services. The Company provides online personal computer and mobile digital content, e-commerce, and payments platforms. Sea serves customers worldwide.	Singapore	68,908	4.1	—	4.1	30,097	2.3	—	2.3
Tata Consultancy Services TCS is a global IT services business headquartered in India. It provides a comprehensive range of IT services to clients around the world in many different industries.	India	64,540	3.8	0.5	3.3	44,200	3.4	0.4	3.4
AIA AIA is an insurance company operating throughout Asia. The company offers life insurance; it also provides health and accident insurance, wealth management services and retirement planning.	China and Hong Kong	58,065	3.4	—	3.4	56,140	4.4	—	4.4
Infosys^{2,3} Infosys Limited provides IT consulting and software services, including e-business, program management and supply chain solutions. The Group's services include application development, product co-development, and system implementation and system engineering. Infosys targets businesses specialising in the insurance, banking, telecommunication and manufacturing sectors.	India	48,131	2.9	0.8	2.1	24,532	1.9	0.6	1.3
Total		846,975	50.2	18.1					

¹ Based on total portfolio of £1,685.0m (2020: £1,288.9m).

² Includes investments in American Depositary Receipts (ADRs).

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

At 30th June 2020, the value of the ten largest equity investments amounted to £662.6 million representing 51.4% of the total portfolio.

GEOGRAPHIC BY REGION

	30th June 2021			30th June 2020		
	Portfolio % ¹	Benchmark %	Over/(Under) Weight %	Portfolio % ¹	Benchmark %	Over/(Under) Weight %
East Asia						
China and Hong Kong	36.7	37.5	(0.8)	39.4	40.9	(1.5)
Taiwan	13.0	13.9	(0.9)	11.1	12.3	(1.2)
South Korea	2.7	13.2	(10.5)	1.3	11.6	(10.3)
	52.4	64.6	(12.2)	51.8	64.8	(13.0)
South Asia						
India	16.5	9.9	6.6	15.7	8.0	7.7
Singapore	4.1	–	4.1	2.3	–	2.3
Indonesia	2.3	1.1	1.2	3.3	1.5	1.8
Thailand	–	1.6	(1.6)	–	2.3	(2.3)
Malaysia	–	1.2	(1.2)	–	1.8	(1.8)
Philippines	–	0.6	(0.6)	–	0.8	(0.8)
	22.9	14.4	8.5	21.3	14.4	6.9
Latin America						
Argentina	6.0	0.1	5.9	5.8	0.1	5.7
Brazil	3.4	5.2	(1.8)	4.9	5.1	(0.2)
Mexico	2.3	1.8	0.5	3.1	1.7	1.4
Peru	0.4	0.2	0.2	0.8	0.3	0.5
Chile	-	0.5	(0.5)	0.5	0.6	(0.1)
Colombia	-	0.2	(0.2)	–	0.2	(0.2)
	12.1	8.0	4.1	15.1	8.0	7.1
Europe/Middle East/Africa						
Belarus	6.3	–	6.3	5.5	–	5.5
South Africa	4.6	3.5	1.1	5.1	3.8	1.3
Poland	0.9	0.7	0.2	–	0.7	(0.7)
Russia	0.8	3.3	(2.5)	1.2	3.2	(2.0)
Saudi Arabia	–	2.9	(2.9)	–	2.7	(2.7)
Qatar	–	0.6	(0.6)	–	0.8	(0.8)
United Arab Emirates	–	0.7	(0.7)	–	0.5	(0.5)
Kuwait	–	0.5	(0.5)	–	–	–
Turkey	–	0.3	(0.3)	–	0.5	(0.5)
Hungary	–	0.2	(0.2)	–	0.2	(0.2)
Greece	–	0.1	(0.1)	–	0.1	(0.1)
Egypt	–	0.1	(0.1)	–	0.1	(0.1)
Czech Republic	–	0.1	(0.1)	–	0.1	(0.1)
	12.6	13.0	(0.4)	11.8	12.7	(0.9)
North America						
United States				–	0.1	(0.1)
Total	100.0	100.0		100.0	100.0	

¹ Based on total portfolio of £1,685.0m (2020: £1,288.9m).

PORTFOLIO INFORMATION

SECTOR ANALYSIS

	30th June 2021			30th June 2020		
	Portfolio % ¹	Benchmark %	Over/(Under) Weight %	Portfolio % ¹	Benchmark %	Over/(Under) Weight %
Information Technology	25.8	20.4	5.4	21.5	16.9	4.6
Financials	21.9	17.8	4.1	26.3	19.1	7.2
Consumer Discretionary	15.1	17.6	(2.5)	16.5	17.4	(0.9)
Consumer Staples	14.4	5.6	8.8	15.7	6.5	9.2
Communication Services	14.4	11.3	3.1	13.8	13.5	0.3
Health Care	4.4	5.1	(0.7)	–	4.3	(4.3)
Industrials	2.4	4.9	(2.5)	4.9	4.7	0.2
Materials	1.6	8.4	(6.8)	1.3	6.8	(5.5)
Energy	–	5.0	(5.0)	–	5.9	(5.9)
Real Estate	–	2.0	(2.0)	–	2.6	(2.6)
Utilities	–	1.9	(1.9)	–	2.3	(2.3)
Total	100.0	100.0		100.0	100.0	

¹ Based on total portfolio of £1,685.0m (2020: £1,288.9m).

INVESTMENT ACTIVITY

DURING THE YEAR ENDED 30TH JUNE 2021

	Value at 30th June 2020		Purchases £'000	Sales £'000	Changes in value £'000	Value at 30th June 2021	
	£'000	% of portfolio				£'000	% of portfolio
China and Hong Kong	508,130	39.4	74,969	(41,172)	75,948	617,875	36.7
India	201,773	15.7	–	(12,553)	88,303	277,523	16.5
Taiwan	143,333	11.1	15,720	(39,614)	99,705	219,144	13.0
Belarus	70,498	5.5	–	(14,420)	50,736	106,814	6.3
Argentina	74,894	5.8	–	(1,500)	28,320	101,714	6.0
South Africa	65,488	5.1	–	(13,292)	24,664	76,860	4.6
Singapore	30,097	2.3	–	–	38,811	68,908	4.1
Brazil	63,810	4.9	–	(11,480)	4,706	57,036	3.4
South Korea	17,017	1.3	16,506	–	12,194	45,717	2.7
Indonesia	42,046	3.3	–	–	(3,531)	38,515	2.3
Mexico	39,455	3.1	–	(12,117)	10,616	37,954	2.3
Poland	–	–	25,598	–	(9,652)	15,946	0.9
Russia	15,583	1.2	–	(4,433)	2,902	14,052	0.8
Peru	10,384	0.8	–	(1,433)	(1,968)	6,983	0.4
Chile	6,399	0.5	–	(5,324)	(1,075)	–	–
Total investments	1,288,907	100.0	132,793	(157,338)	420,679	1,685,041	100.0

PORTFOLIO INFORMATION

LIST OF INVESTMENTS AT 30TH JUNE 2021

Company	Valuation £'000	Company	Valuation £'000	Company	Valuation £'000
CHINA AND HONG KONG		TAIWAN		SOUTH KOREA	
Tencent	117,740	Taiwan Semiconductor Manufacturing ¹	153,435	NAVER	25,437
Alibaba ¹	80,878	Chailease	20,723	LG Household & Health Care	20,280
AIA	58,065	Advantech	17,156		45,717
Ping An Insurance Group Co. of China H ²	39,701	President Chain Store	15,009	INDONESIA	
Wuxi Biologics Cayman	36,471	Delta Electronics	12,821	Bank Rakyat Indonesia Persero	16,997
Kweichow Moutai	30,782		219,144	Bank Central Asia	15,933
Techtronic Industries	29,431	BELARUS		Unilever Indonesia	5,585
Hong Kong Exchanges & Clearing	24,529	EPAM Systems	106,814		38,515
NetEase ¹	23,709		106,814	MEXICO	
JD.com ¹	21,310	ARGENTINA		Wal-Mart de Mexico	15,638
Budweiser Brewing	20,453	MercadoLibre	69,834	Grupo Financiero Banorte	14,793
Sichuan Swellfun	18,765	Globant	31,880	Fomento Economico Mexicano ¹	7,523
Foshan Haitian Flavouring & Food	18,463		101,714		37,954
Yum China	18,009	SOUTH AFRICA		POLAND	
Midea	17,678	Clicks	29,202	Allegro.eu	8,922
Guangzhou Kingmed Diagnostics Group 'A'	14,008	Capitec Bank	28,510	CD Projekt	7,024
Amoy Diagnostics	13,447	Bid	19,148		15,946
New Oriental Education & Technology ¹	10,100		76,860	RUSSIA	
Qingdao Haier Biomedical	10,017	SINGAPORE		Sberbank of Russia	14,052
Huazhu ¹	8,059	Sea ¹	68,908		14,052
Zhejiang Supor	6,260		68,908	PERU	
	617,875	BRAZIL		Credicorp	6,983
INDIA		Lojas Renner	13,535		6,983
Housing Development Finance	78,630	WEG	10,853	TOTAL INVESTMENTS	
Tata Consultancy Services	64,540	B3 - Brasil Bolsa Balcao	10,242		1,685,041
Infosys ¹	48,131	Raia Drogasil	8,187	¹ Includes investments in American Depositary Receipts (ADRs).	
Supreme Industries	27,005	Itau Unibanco Preference	7,133	² Hong Kong 'H' shares, that is, shares in companies incorporated in mainland China and listed in Hong Kong and other foreign stock exchanges."	
IndusInd Bank	17,670	Ambev ¹	7,086		
United Breweries	16,538		57,036		
HDFC Life Insurance	14,753				
ITC	10,256				
	277,523				

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, the Company's environmental, social and ethical policy, principal and emerging risks and how the Company seeks to manage those risks and finally its long term viability.

The Company's Purpose, Values and Objectives

Purpose

To achieve superior long term returns for shareholders from a portfolio of emerging markets equities.

Guiding Principles

To take a long-term approach to investing.

To use fundamental research to inform active management of the portfolio.

To focus on stock selection above all.

To act as a responsible and engaged shareholder of the companies owned.

To use the benefits of the closed-end fund structure for the Company's shareholders.

Values

Integrity: to act with integrity and to ensure that third party suppliers also do so.

Transparency: to promote transparency in the Company's reporting to shareholders and others.

Accountability: to hold the Directors, the Manager and other third party suppliers of services accountable.

Sustainability: To manage the Company in a sustainable manner and oversee the portfolio in the same regard.

Current Business Objectives

To continue the strong record of investment performance.

To promote the Company effectively in order to broaden the Company's shareholder base.

To manage and reduce the volatility and absolute level of the discount to net asset value.

To enhance the Company's reporting in the field of ESG and sustainability.

Business Review

Structure and Objective of the Company

JPMorgan Emerging Markets Investment Trust plc (the 'Company') is an investment trust company that has a premium listing on the London Stock Exchange. In seeking to achieve the Company's purpose, the investment objective is to maximise total return from emerging markets worldwide through a diversified portfolio of underlying investments. To achieve this objective the Company employs JPMorgan Funds Limited ('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 with net dividends reinvested, in sterling terms.

The Company is subject to UK legislation and regulations including UK company law, Financial Reporting Standards, the UKLA Listing, Prospectus, Disclosure Guidance and Transparency Rules, Market Abuse Regulation, taxation law and the Company's own Articles of Association. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). The Directors have no reason to believe that the Company will not continue to retain its investment trust status. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 6 to 9 and in the Investment Managers' Report on pages 10 to 14.

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 foreign investors or prudent diversification can best be achieved in this way. The Company conducts its affairs so as to maintain approved investment trust status in the UK.

The Company is managed to produce total return and not to produce any particular level of dividend and therefore the level of dividend will vary. The Board aims to grow the Company's dividend over the long term in line with earnings per share, but there are likely to be short term fluctuations.

The Board determines the Company's capital structure and gearing policy, with input from the Manager. The Board's gearing policy is that 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 50 and 80 investments. The assets are managed by the investment managers based in London.

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 or 10% above the equivalent benchmark weighting, whichever is the greater.
- 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 closed-ended investment funds 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 closed-ended investment funds.
- 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 2021, the Company produced a total return to shareholders of +36.2% (2020: +0.7%) and a total return on net assets of +32.7% (2020: +2.7%). This compares with the total return on the Company's benchmark index of +26.0% (2020: -0.5%). At 30th June 2021, the value of the Company's investment portfolio was £1,685.0 million (2020: £1,288.9 million). The Investment Manager's Report on pages 10 to 14 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross total return for the year amounted to £438.1 million (2020: £44.3 million) and net total return after deducting the management fee, other administrative expenses, finance costs and taxation amounted to £421.7 million (2020: £30.6 million). Distributable income for the year amounted to £12.1 million (2020: £14.2 million).

The Directors recommend a final dividend of 0.83p per share payable on 12th November 2021 to holders on the register at the close of business on 8th October 2021. This distribution will amount to £9.9 million. The revenue reserve after payment of the final dividend will amount to £8.1 million.

Key Performance Indicators ('KPIs')

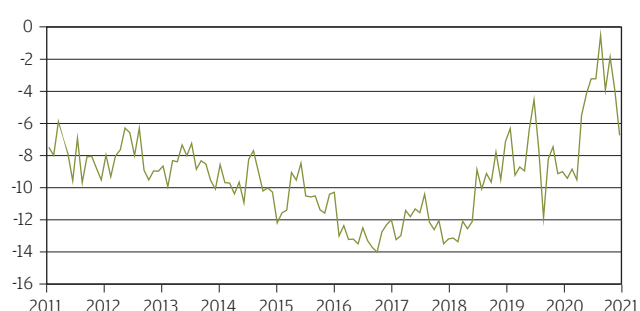
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

- **Total return 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. (Also, please refer to the graphs on page 20).
- **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 2021 are given in the Investment Manager's Report on page 13.

- **Share price discount/premium to net asset value ('NAV') per share**

The Board has a share repurchase and issuance policy which seeks to address imbalances in supply of and demand for the Company's shares within the market. This should help to reduce the volatility and absolute level of the discount or premium 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 2021, the Company's shares traded between a premium to cum income net asset value of 2.2% and a discount of 12.8%, averaging a discount of 5.0%.

Discount Performance



Source: Datastream.

— JPMorgan Emerging Markets – share price discount to cum income net asset value per share. The graph is based on month end data and therefore the figures differ from those stated above and in the Chairman's Statement, which are based on daily data.

- **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 daily net assets during the year. The ongoing charges for the year ended 30th June 2021 were 0.90% (2020: 0.95%). The Board reviews each year an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers. The latest analysis shows the Company's ongoing charges ratio to be lower than the average for its peer group.

Share Capital

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

Adjusted for the bonus issue a total of 9,261,304 shares were repurchased into Treasury during the year under review, for a total consideration of £10,662,000. This represented 2.3% of the shares in issue at the start of the financial year. The Company did not allot any new shares for cash. Since the year end 4,898,625 shares have been repurchased into Treasury.

Resolutions to renew the authorities to issue new shares and to repurchase shares for cancellation and/or for holding in Treasury will be put to shareholders for approval at the forthcoming Annual General Meeting.

The full text of these Resolutions is set out in the Notice of Meeting on pages 84 to 86.

Board Diversity

At 30th June 2021, there were four male Directors and two female Directors on the Board. The Company has no employees. 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.

The Board's policy on diversity, including gender, is to take account of the benefits of this during the appointment process. The Board remains committed to appointing the most appropriate candidate and has met the Hampton-Alexander recommendation of having 33% female representation 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.

Environmental, Social and Governance ('ESG')

The Board notes the JPMorgan Asset Management ('JPMAM') policy statements in respect of Social, Community and Environmental and Human Rights issues, as highlighted in *italics*:

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

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our approach to how we implement the principles is set out in the ESG statement on pages 15 to 19.

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

A comprehensive ESG statement is included on pages 15 to 19.

Greenhouse Gas Emissions

The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. However, if the carbon footprint of the Company's investments is analysed, you will see in the table below that it is less than one twentieth of the MSCI Emerging Markets Index. JPMAM is also a signatory to CDP (formerly known as Carbon Disclosure Project). JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

MSCI CARBON ESG FOOTPRINT CALCULATOR		
	Carbon Emissions tons CO ₂ e/\$M invested	Carbon Intensity tons CO ₂ e/\$M sales
JPMorgan Emerging Markets Investment Trust	8.0	54.2
MSCI Emerging Markets Index	224.1	279.9
Aim/Purpose	What is my portfolio's normalised carbon footprint per million dollars invested?	What is my portfolio's exposure to carbon intensive companies?
<small>Coverage by Portfolio Weight: JPMorgan Emerging Markets Investment Trust plc: 97.6% MSCI Emerging Markets Index: 99.7% Source: MSCI, J.P. Morgan Asset Management. Table as of 30th June 2021 based on data from MSCI as at that date. Coverage refers to percentage of index or portfolio covered by data.</small>		

The Modern Slavery Act 2015 (the 'MSA')

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation. As the Company has no employees and does not supply goods and services, the MSA does not apply directly to it. The MSA requirements more appropriately relate to JPMF and JPMAM. J.P.Morgan's statement on the MSA can be found on the following website: https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/JPMC-Group-Statement-on-Modern-Slavery-FY2019_Final-w-signature.pdf

Corporate Criminal Offence

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

Principal Risks and Emerging Risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The risks identified, including emerging risks, and the ways in which they are managed or mitigated are summarised below. The ongoing impact of the COVID-19 pandemic is inherent in all of these risks and is discussed by the Board on a regular basis.

With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company, as well as emerging risks. In assessing the key risks and emerging

risks and how they can be mitigated, the Board has given particular attention to those issues that threaten the viability of the Company. These key risks fall broadly under the following categories:

Investment Underperformance

An inappropriate investment strategy, for example poor stock selection, 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 analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Manager, whose representatives attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile.

Loss of Investment Team or Investment Manager

A sudden departure of an 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.

Political and Economic

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. Sustained underperformance of emerging markets as an asset class may occur as a result of risks such as the imposition of restrictions on the free movement of capital or other government regulatory changes. These risks are discussed by the Board on a regular basis.

Strategy/Business Management

An inappropriate corporate initiative, for example a takeover of another company or an issue of new capital; misuse of the investment trust structure, for example inappropriate gearing; or if the Company's business strategy is no longer appropriate, may lead to a lack of investor demand. The Board discusses these risks regularly and takes advice from the Manager and its professional advisers.

Operational and Counterparty Failure

Disruption to, or failure of, the Manager's or a counterparty's accounting, dealing or payments systems or the Depositary or Custodian's records may prevent accurate reporting and monitoring of the Company's financial position. This includes the failure of the Manager's continuity plans in the face of

systems outage, office disruption or a pandemic and the risk of cyber crime and the consequent potential threat to security and business continuity. Under the terms of its agreement, the Depositary has strict liability for the loss or misappropriation of assets held in custody. See note 21(c) for further details on the responsibilities of the Depositary. Details of how the Board monitors the services provided by JPMF and its associates and the key elements designed to provide effective risk management and internal controls are included within the Risk Management and Internal Controls section of the Corporate Governance Statement on page 41.

- **Cyber Crime**

The threat of cyber attack, in all its guises, is regarded as at least as important as more traditional physical threats to business continuity and security. The Board has received the cyber security policies for its key third party service providers and JPMF has assured Directors that the Company benefits directly or indirectly from all elements of J.P.Morgan's Cyber Security programme. The information technology controls around the physical security of J.P.Morgan's data centres, security of its networks and security of its trading applications are tested by an independent third party and reported every six months against the AAF Standard.

- **Share Price Discount**

A disproportionate widening of the share price 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.

- **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 27. 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 Guidance 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 Statement on pages 39 to 43.

- **Financial**

The financial risks faced by the Company include market price risk, interest rate risk and credit risk. Further details are disclosed in note 21 on pages 73 to 78.

Emerging Risks

The Board has considered and kept under review emerging risks, including but not limited to the impact of climate change, natural disasters and social dislocation and conflict. Climate change, which barely registered with investors a decade ago, has today become one of the most critical issues confronting asset managers and their investors. Investors can no longer ignore the impact that the world's changing climate will have on their portfolios, with the impact of climate change on returns now potentially significant. However, the transition to a low-carbon economy across the globe may also provide attractive investment opportunities. The Board receives ESG reports from the Manager on the portfolio and the way ESG considerations are integrated into the investment decision-making, so as to mitigate risk at the level of stock selection and portfolio construction. The Board also considers the threat posed by the direct impact of climate change and extreme weather events on the operations of the Manager and other major service providers.

Long Term Viability

Taking account of the Company's current position, the principal and emerging risks that it faces, including the COVID-19 pandemic, and their potential impact on its future development and prospects, the Directors have assessed the prospects of the Company, to the extent that they are able to do so, over the next five years. They have made that assessment by considering those principal risks, the Company's investment objective and strategy, the investment capabilities of the Manager and the current outlook for emerging markets economies and equity markets.

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

The Directors confirm that, assuming a successful continuation vote at the 2023 AGM, they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment.

Duty to promote the success of the Company

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

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

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

Stakeholder Engagement
Shareholders <p>Continued shareholder engagement is critical to the continued existence of the Company and the successful delivery of its long-term strategy. The Board is focused on fostering and maintaining good working relationships with shareholders and on understanding the views of shareholders in order to incorporate them into the Board's strategic thinking and objectives.</p>
Manager <p>The principal supplier is the Manager, in particular the investment management team who are responsible for managing the Company's assets in order to achieve its stated investment objective. The Board maintains a good working relationship with the Manager, who also provides administrative support and promotes the Company through its investment trust sales and marketing teams. The Manager's investment management function is fundamental to the long term success of the Company through the pursuit of the investment objective. The Board monitors the Company's investment performance at each Board Meeting in relation to its objective and also to its investment policy and strategy. The Board also maintains strong lines of communication with the Manager via its dedicated company secretary and client director which extend well beyond the formal business addressed at Board meetings ensuring the Board is rapidly informed of Manager and shareholder views and of the discount levels and the Manager is fully aware of the Board's views and their requirements.</p>
Investee companies <p>The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Manager. In order to achieve this, the Manager has discretionary powers to exercise voting rights on all resolutions proposed by the investee companies. On behalf of the Company, the Manager voted on all shareholder resolutions put to AGMs and EGMs by investee companies during the year; the Manager aims to maintain this record in so far as it is practically possible. A summary of voting statistics and activity for the Company during the period can be found on page 19. The Board monitors investments made and divested and questions the rationale for exposures taken and voting decisions made.</p>
Other key service providers <p>The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers, with appropriate capability, performance records, resources and controls in place to deliver the services that the Company requires for support in meeting relevant obligations and safeguarding the Company's assets. For this reason, the Board consider the Company's Custodian, Depositary, Registrar and Broker to be stakeholders. The Board maintains regular contact with its key external service providers, either directly, or via its Company Secretary, and receives regular reporting from them through the Board and Committee meetings. The Management Engagement Committee meets annually to appraise and review its key service providers.</p>

Wider Society

Whilst strong long term investment performance is essential for an investment trust, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Manager must have regard to ethical and environmental issues that impact society. Hence environmental, social and governance considerations are integrated into the Manager's investment process and will continue to evolve.

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

Key Decisions and Actions

Objectives

The Board has sought to engage with and understand the views of the Company's shareholders, either directly or through its corporate broker, and other key stakeholders as it regards an understanding of their views as essential in being able to fulfil its duty. The Company's broker and JPMF hold regular web conferences and 1:1 meetings with larger shareholders. The feedback from the meetings is shared with the Board. In addition to this the 2020 continuation vote received strong shareholder support (99.97% in favour) for the continuation of the Company.

In particular they have sought to achieve four objectives in 2021: to continue the strong record of investment performance; to reduce the discount of the Company's share price to the net asset value; and to broaden the shareholder base and to enhance the Company's reporting in the field of ESG and sustainability.

Management Fee

Following a review of peer group management fees, the Company's management fee arrangement with its Manager, JPMorgan Funds Limited, the Board reached agreement to revise the Company's management fee arrangements. With effect from 1st July 2021, the management fee will be charged at the rate of 0.75% per annum on the value of the Company's total assets less current liabilities (previously at the rate of 1.0% up to £500 million and at the rate of 0.75% thereafter).

Investment Manager

The Board, in consultation with Manager agreed upon the appointment of John Citron as designated additional named Investment Manager on the Company's portfolio to assist Austin Forey. John joined JPMorgan Asset Management in 2009, has been a member of the Emerging Markets Asia Pacific Equities team since 2012 and is already part of the Global Emerging Markets Fundamental Team led by Austin. John is currently a named investment manager on a number of emerging market equity mandates, notably the JPMorgan Emerging Markets Sustainable Equity Fund.

Miscellaneous

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

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

By order of the Board
Nira Mistry, for and on behalf of
JPMorgan Funds Limited
Company Secretary
29th September 2021

Directors' Report



Sarah Arkle *§†‡# (Chairman of the Board, Nomination and Management Engagement Committees)

A Director since September 2013.

Last reappointed to the Board: 2020.

Remuneration: £44,500.

Non-executive director of Foreign & Colonial Investment Trust plc and a member of the finance committee of the Royal Commission for the Exhibition of 1851. She was previously a non-executive director of Janus Henderson Group plc, a member of the Newnham College Cambridge Investment Committee, 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: 200,000 Ordinary shares.



Richard Laing *§†‡# (Chairman of the Audit Committee)

A Director since January 2015.

Last reappointed to the Board: 2020.

Remuneration: £36,750.

Non-executive Chairman of 3i Infrastructure plc, non-executive director of Tritax Big Box REIT plc and Deputy Chairman of Leeds Castle Foundation. From 2000 until 2012 he worked for CDC Group plc where he was finance director and latterly chief executive officer. Beforehand he had a number of executive appointments including finance director of De La Rue plc. Previous non-executive roles include the chair of Perpetual Income and Growth Investment Trust and Miro Forestry, as well as being a non-executive director at the London Metal Exchange, Madagascar Oil, Plan International UK, and the Overseas Development Institute. He was a member of the Emerging Markets Private Equity Association, where he was chairman of the Advisory Council. He is a qualified accountant.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 60,000 Ordinary shares.



Andrew Page*§†‡# (Senior Independent Director, Chairman of the Remuneration Committee)

A Director since January 2015.

Last reappointed to the Board: 2020.

Remuneration: £33,500.

Mr Page was, until August 2014, the Chief Executive Officer of The Restaurant Group plc ("TRG"), a FTSE 250 company operating 460 restaurants throughout the UK. He has previously served as both Chairman and Senior Independent Director on several listed company boards and has also served as Chairman of Private Equity owned businesses. He is the Senior Independent Director of the Schroder UK Mid Cap Fund plc. Prior to joining TRG in 2001, Mr Page held a number of senior positions within the leisure and hospitality sector including senior vice president with InterContinental Hotels. Before that he spent six years with Kleinwort Benson's Corporate Finance department. Mr Page is a chartered accountant.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 50,000 Ordinary shares.



Ruary Neill *§†‡#

A Director since 1st January 2017.

Last reappointed to the Board: 2020.

Remuneration: £30,500.

Non-executive director of Baillie Gifford UK Growth Fund plc, and a member of The Advisory Council, The SOAS China Institute, London University. Formerly Chairman of the Investment Committee, Great Ormond Street Hospital's Children's Charity, he previously worked in investment banking, managing the multi asset sales business at UBS Investment Bank and working closely with chief investment officers and senior asset managers on strategic and tactical asset allocation decisions. Prior to this he spent a number of years working in the Asian equity markets for UBS Investment Bank and Schroder Securities.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 50,000 Ordinary shares.



Aidan Lissner *§†‡#

A Director since 1st December 2018.

Last reappointed to the Board: 2020.

Remuneration: £30,500.

Non-executive director of Henderson International Income Trust plc and previously a non-executive director of Henderson Global Trust plc. He is also a marketing ambassador for the Association of Investment Companies. From 2010 until 2020 he worked for Investec Wealth & Investment, first as chief marketing officer and latterly as head of strategy. He has broad senior level experience across wealth, asset management and banking, having been chief marketing officer at Allianz Global Investors and head of group brand at Standard Chartered Bank plc. From 1983 until 2005 he held various positions at Unilever plc, including four years based in China and three years in Thailand.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 50,000 Ordinary shares.



Helena Coles *§†‡#

A Director since 1st September 2020.

Last reappointed to the Board: 2020.

Remuneration: £25,417.

Non-executive director of Shaftesbury Plc, independent investment adviser to the Joseph Rowntree Charitable Trust and advisory committee member of the Schroders Charities Authorised Investment Funds. She was previously a co-founder and portfolio manager at Rexit Capital Management, a specialist emerging markets asset management firm. Helena has also worked with Fidelity International's Sustainable Investing team, and at the Bank of England.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 12,000 Ordinary shares.

*** Member of the Audit Committee**

§ Member of the Nomination Committee

† Member of the Remuneration Committee

‡ Considered by the Board to be independent

Member of the Management Engagement Committee

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

Management of the Company

The Manager and Company Secretary is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the FCA. The active management of the Company's assets is delegated by JPMF to an affiliate, JPMorgan Asset Management (UK) Limited ('JPMAM'). The Manager is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides marketing, banking, dealing and custodian services to the Company.

The Manager is employed under a contract which can be terminated on one year's notice, without penalty, unless notice is given as a result of poor investment performance, in which case the contract can be terminated on six months' notice, without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

The Board, through the Management Engagement Committee, conducts a formal evaluation of the Manager on an annual basis. The evaluation includes consideration of the investment strategy and the process of the Manager, performance against the benchmark and a relevant peer group over the long term and the support the Company receives from JPMF. The Company has consistently outperformed its benchmark index over the long term and 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.

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF is the Company's alternative investment fund manager ('AIFM'). It is approved as an AIFM by the FCA. For the purposes of the AIFMD the Company is an alternative investment fund ('AIF'). JPMF has delegated responsibility for the day to day management of the Company's portfolio to JPMAM. The Company has appointed Bank of New York Mellon (International) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A. as the Company's custodian. BNY is responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at www.jpmemergingmarkets.co.uk. There have been no material changes (other than those reflected

in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

The Company's leverage and JPMF's remuneration disclosures are set out on pages 81 and 82.

Management Fee

During the year under review the management fee was charged at the rate of 1.0% per annum on the value of the Company's portfolio up to £500 million and at the rate of 0.75% thereafter. With effect from 1st July 2021, the management fee will be charged at the rate of 0.75% per annum on the value of the Company's total assets less current liabilities. The fee is calculated and paid monthly in arrears. Investments on which JPMAM earns a fee are excluded from the calculation and therefore attract no additional management fee.

Directors

The Directors of the Company who held office at the end of the year are detailed on page 35.

Details of Directors' beneficial shareholdings in the Company may be found in the Directors' Remuneration Report on page 46. 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.

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 or she ought to have taken as a Director in order to make him or herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

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

Independent Auditor

BDO LLP were appointed Auditor of the Company with effect from the 2020 Annual General Meeting. BDO LLP have expressed their willingness to continue in office as the Auditors and resolutions to reappoint BDO LLP and authorise the Directors to determine their remuneration for the ensuing year will be proposed 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 86.

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:

Shareholder	Ordinary shares	%
Lazard Asset Management	159,458,170	13.0
City of London Investment Management Company ¹	118,040,790	9.8
Rathbones	62,012,920	5.0

¹ Subsequent to the financial year end, City of London Investment Management Company notified the Company it had reduced its holding to 4.87%, its previous notification being 9.8% in February 2020.

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

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

Listing Rule 9.8.4R

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

Annual General Meeting

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

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

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

The Directors will seek renewal of the authority at the AGM to issue up to 66,181,763 new ordinary shares or sell shares held in Treasury for cash up to an aggregate nominal amount of 1,654,544 such amount being equivalent to 5% of the present issued ordinary share capital 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 2022 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to investors when the Directors consider that it is in the best interests of shareholders to do so. As 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 140,867,779 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 pages 84 to 86.

(ii) Authority to repurchase the Company's shares (resolution 14)

The authority to repurchase up to 14.99% of the Company's issued ordinary share capital, granted by shareholders at the 2020 AGM will expire on 21st May 2022, 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 198,412,923 ordinary shares, representing approximately 14.99% of the Company's issued ordinary shares as at 28th September 2021 (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 84 to 86. Repurchases of ordinary shares will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares as and when market conditions are appropriate.

(iii) Adoption of new Articles of Association (resolution 15)

Resolution 15, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the '**New Articles**') in order to update the Company's current Articles of Association (the '**Existing Articles**'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted and, most notably, include provisions enabling the Company to hold virtual shareholder meetings using wholly electronic means (as well as physical shareholder meetings or hybrid meetings). Other proposed amendments include changes in response to the introduction of international tax regimes requiring the exchange of information, including FATCA and CRS and increasing the limit on aggregate annual Directors' fees from £225,000 to £275,000.

A summary of the principal amendments being introduced in the New Articles is set out in the appendix to the AGM Notice (on pages 87 to 88 of this document). Other amendments, which are of a minor, technical or clarifying nature, have not been summarised in the appendix.

While the proposed New Articles would permit shareholder meetings to be conducted using electronic means, the Board has no intention of holding a virtual-only meeting if it can be reasonably avoided. The Board is committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting when law and regulation permits and where shareholders can meet with the Board face to face. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a contingency to ensure the continued smooth operation of the Company in extreme operating circumstances where physical meetings are prohibited or cannot reasonably be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

A copy of the New Articles, together with a copy showing all of the proposed changes to the Existing Articles, will be available for inspection on the Company's website, www.jpmemergingmarkets.co.uk, and at the offices of J.P. Morgan Asset Management, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00am and 5.00pm (Saturdays, Sundays and public holidays excepted), from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

Recommendation

The Board considers that resolutions 12 to 15 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 422,000 ordinary shares representing approximately 0.37% of the voting rights of the Company.

Other Information

The recommended final dividend, as well as information on acquisition of the Company's own shares and greenhouse gas emissions, can be found in the Business Review. Financial risk management objectives and policies, with information on exposure to price, credit and liquidity risk, can be found in Note 20 to the Financial Statements. Information on post balance sheet events can be found in Note 23.

Corporate Governance Statement

Compliance

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

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

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, capital structure and gearing policy (with input from the Manager), appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements.

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

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

There is an agreed procedure for Directors to take independent professional advice 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, JPMF, which is responsible to the

Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Composition

The Board, chaired by Sarah Arkle, 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 page 35.

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. Andrew Page, the Senior Independent Director leads the evaluation of the performance of the Chairman and he is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on page 35. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long term success of the Company, are summarised below. With the exception of Helena Coles, all of the Directors held office throughout the year under review. All Directors will stand for reappointment at the forthcoming AGM.

Resolution 4 is for the reappointment of Sarah Arkle. She joined the Board in September 2013 and has served for eight years as a Director, becoming Chairman in 2017. Sarah has more than two decades of investment management experience and has held a number of non executive and advisory positions.

Resolution 5 is for the reappointment of Helena Coles. She joined the Board on 1st September 2020. Helena has expertise in investment trusts and environmental, social and governance issues and many years experience in asset management within emerging markets.

Resolution 6 is for the reappointment of Richard Laing. He joined the Board in January 2015 and has served for almost seven years as a Director. Richard is a qualified accountant and has many years experience as a Chief Executive and Chief Financial Officer. He has held a number of non executive and trustee positions.

Resolution 7 is for the reappointment of Aidan Lissner. He joined the Board in December 2018 and has served for almost three years as a Director. Aidan has broad senior level brand and marketing experience across consumer products, banking, asset and wealth management. During his career, he spent several years working in China and Thailand. Aidan is a Marketing Ambassador for the Association of Investment Companies.

Resolution 8 is for the reappointment of Ruary Neill. He joined the Board in January 2017 and has served for almost five years as a Director. Ruary worked in investment banking for almost three decades, managing the multi asset sales business of a global investment bank, prior to which he spent a number of years working in the Asian equity markets. He holds a number of positions with both profit and not for profit organisations.

Resolution 9 is for the reappointment of Andrew Page. He joined the Board in January 2015 and has served for almost seven years as a Director. Andrew is a chartered accountant and during his executive career, he held a number of senior positions within the leisure and hospitality sector as well as working in corporate finance. He has held a number of non executive positions.

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

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter, subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for each Director to seek reappointment. In accordance with corporate governance best practice, Directors continuing in office seek annual reappointment and no Directors, including the Chairman, will seek reappointment after having served for nine years on the Board, unless there are exceptional circumstances for doing so.

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

A schedule of interests for each Director is maintained by the Company and reviewed at every Board meeting. New interests are considered carefully, taking into account the circumstances surrounding them and, if considered appropriate, are approved.

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, three Audit Committee meetings, one meeting of each of the Management Engagement Committee, the Nomination Committee and the Remuneration Committee.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Management Engagement Committee Meetings Attended	Remuneration Committee Meetings Attended	Nomination Committee Meetings Attended
Sarah Arkle	5	3	1	1	1
Richard Laing	5	3	1	1	1
Ruary Neill	5	3	1	1	1
Aidan Lisser	5	3	1	1	1
Andrew Page	5	3	1	1	1
Helena Coles ¹	4	3	1	0	0

¹ Appointed 1 September 2020

Board Committees

Nomination Committee

The Nomination Committee, chaired by Sarah Arkle, 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.

The Board's policy on diversity is set out on page 29.

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. Andrew Page, the Senior Independent Director, leads the evaluation of the Chairman's performance. Every three years, a more thorough, externally facilitated independent Board evaluation is carried out which includes unattributable one-to-one interviews and results in the setting of a number of objectives.

Remuneration Committee

The Remuneration Committee, chaired by Andrew Page, comprises all of the Directors and meets annually to review the levels of remuneration of the Chairman, the Chairman of the Audit Committee 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 individuals are attracted and retained. Recommendations are made to the Board as and when appropriate.

Management Engagement Committee

The Management Engagement Committee, chaired by Sarah Arkle, consists of all of the Directors and meets annually to review the performance of the Manager and key third party suppliers.

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 Manager, noting consistent outperformance of the benchmark over the long term, and the quality of support that the Company receives from JPMF. 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.

Audit Committee

The report of the Audit Committee is set out on page 44.

Terms of Reference

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

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders twice each year by way of the annual report and accounts and the half year report. These are supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares and the Company's level of gearing.

In normal circumstances, all shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet shareholders and answer their questions. In addition, a presentation is given by the investment managers who review the Company's performance. The Board seeks regular engagement with the Company's major shareholders to understand their views on governance and performance against the Company's investment objective and investment policy, either directly or through the Company's brokers, the investment managers and JPMF by holding discussions on an ongoing basis. The Directors may be contacted through the Company Secretary whose details are shown on page 92 or via the Company's website.

The Company's annual report and financial statements are published in time to give shareholders at least 20 working days notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 92. A formal process is in place for all letters to the Directors to be forwarded immediately. As part of this process, any feedback from shareholders is also communicated to the Board.

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

Risk Management and Internal Control

The AIC Code of Corporate Governance 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 JPMF and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure that they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 30 and 31). 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 Financial Reporting Council's guidance. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Manager's internal audit department conducts regular and rigorous reviews of the various functions within its asset management business. Any significant findings that are relevant to the Company and/or the Manager's investment trust business are reported to the Board.

The key elements designed to provide effective 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;
- reviews every six months an independent report on the risk management and internal controls and the operations of the Manager; and
- reviews quarterly reports from the Company's Depositary.

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 2021 and to the date of approval of this Annual Report and Financial Statements.

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 JPMAM through the Manager. The following is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included in the ESG statement on pages 15 to 19 and on page 29.

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

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

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

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

This also sets out its policy relating to conflicts of interest and its detailed voting record.

By order of the Board
Nira Mistry, for and on behalf of
JPMorgan Funds Limited,
Company Secretary
29th September 2021

Audit Committee Report

Role and Composition

The Audit Committee, chaired by Richard Laing and whose membership is set out on page 35, meets at least twice each year. The members of the Audit Committee consider that at least one member has recent and relevant financial experience and that the Committee as a whole has competency relevant to the sector in which the Company operates.

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

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 30th June 2021, the Audit Committee considered the following significant issues, including those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1(b) to the accounts on page 63. 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 63.
Compliance with Sections 1158 and 1159 Corporation Tax Act 2010 ('Section 1158 and 1159')	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

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

Going Concern

The Directors believe that having considered the Company's investment objective (see page 27), risk management policies (see pages 73 to 78), capital management policies and procedures (see page 79), the nature of the portfolio and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements. They have not identified any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of these financial statements.

Risk Management and Internal Control

The Committee examines the effectiveness of the Company's internal control systems, receives information from the Manager 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. A risk matrix has been developed which covers all key risks the Company faces, the likelihood of their occurrence and their potential impact, how these risks are monitored and mitigating controls in place. The Board has delegated to the Committee the responsibility for the review and maintenance of the risk matrix.

Auditor Appointment and Tenure

Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Financial Statements were considered and also engage with Directors as and when required. 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. Details of the auditors fees paid are disclosed in note 6 on page 66. BDO LLP were appointed in 2019 and consequently this year is the second year for the current audit partner.

The Company is in Compliance with the provisions of "The Statutory Audit Services for Large Companies Market Investigation" (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 as issued by the Competition & Markets Authority.

Fair, Balanced and Understandable

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30th June 2021, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 50.

Richard Laing
Audit Committee Chairman

29th September 2021

DIRECTORS' REMUNERATION REPORT

The Board presents the Directors' Remuneration Report for the year ended 30th June 2021, 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 52 to 57.

Directors' Remuneration Policy

The law requires that the Directors' Remuneration Policy is subject to a triennial binding vote. The policy was last approved at the Annual General Meeting held in 2019 and therefore will next be put to shareholders for approval at the 2022 Annual General Meeting. The policy is set out in full below and is currently in force.

The Board's policy for this and subsequent years is that Directors' fees should properly reflect the time spent by the Directors on the Company's business and should be at a level to ensure that candidates of a high calibre are recruited to the Board. The Chairman of the Board, 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 £44,500; Audit Committee Chairman £36,750; Senior Independent Director £33,500 and other Directors £30,500. With effect from 1st July 2021, fees have been increased to £47,000, £38,200, £34,800 and £31,700 respectively.

The Company's articles of association currently stipulate that aggregate fees must not exceed £225,000 per annum and provide that any increase in the maximum aggregate annual limit on Directors' fees requires both Board and shareholder approval. The Directors propose that the aggregate maximum be increased to £275,000 per annum in the New Articles of Association. The increased amount will allow the Board to accommodate additional Directors joining the Board to ensure orderly transition for the purpose of Board refreshment and succession planning. Further details on Adoption of New Articles of Association are set out on pages 87 and 88.

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 40.

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 compared with the year ended 30th June 2020 and no changes are proposed for the year ending 30th June 2022.

At the Annual General Meeting held on 5th November 2020, of the votes cast, 99.9% of votes were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.1% 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 2021 Annual General Meeting will be given in the annual report for the year ending 30th June 2022.

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 2021 was £201,167. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

Single total figure table¹

Directors' Name	2021			2020		
	Taxable Fees expenses ²		Total	Taxable Fees expenses ²		Total
	£	£	£	£	£	£
Sarah Arkle	44,500	-	44,500	43,000	43	43,043
Helen Coles ³	25,417	-	25,417	-	-	-
Richard Laing	36,750	-	36,750	35,500	971	36,471
Ruary Neill	30,500	-	30,500	29,500	616	30,116
Andrew Page	33,500	-	33,500	32,500	-	32,500
Aidan Lisser	30,500	-	30,500	29,500	-	29,500
Total	201,167	-	201,167	170,000	1,630	171,630

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

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

³ Appointed on 1st September 2020.

Annual Percentage Change in Directors Remuneration

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

Directors' Name	Percentage change on prior year
Sarah Arkle	+3.5%
Helen Coles ¹	n/a
Richard Laing	+3.5%
Ruary Neill	+3.4%
Andrew Page	+3.1%
Aidan Lisser	+3.4%

¹ Appointed on 1st September 2020.

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

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

Year ended 30th June	Fees
2021	£44,500
2020	£43,000
2019	£41,000
2018	£40,000
2017	£38,000

Directors' Shareholdings¹

There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The beneficial shareholdings of the Directors who held office at the year end are detailed below.

Directors' Name	30th June 2021*	1st July 2020
Sarah Arkle	200,000	20,000
Helen Coles	12,000	-
Richard Laing	60,000	6,000
Aidan Lisser	50,000	5,000
Ruary Neill	50,000	5,000
Andrew Page	50,000	5,000
Total	422,000	41,000

¹ Audited information.

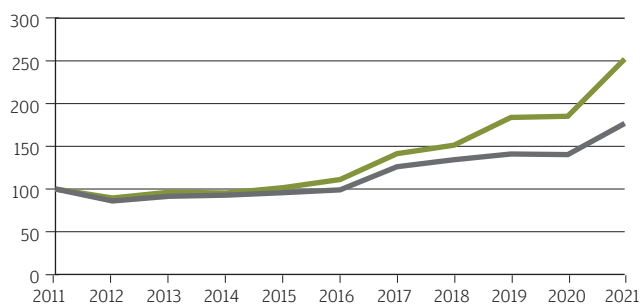
*Following the sub-division of each existing ordinary share of 25p into 2.5p each on 6th November 2020.

As at the latest practical date before the publication of this document, there have been no changes to the Directors' shareholdings.

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

A graph showing the Company's share price total return compared with the return on its benchmark index, the MSCI Emerging Markets Index with net dividends reinvested, in sterling terms, over the last ten 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.

Ten Year Share Price and Benchmark Total Return Performance to 30th June 2021



Source: Morningstar.

— Share price total return.
— Benchmark total return.

DIRECTORS' REMUNERATION REPORT

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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th June	
	2021	2020
	£	£
Remuneration paid to all Directors		
– by way of fees	201,167	171,630
Distribution to shareholders		
– by way of dividend	16,898,000	17,151,000
– by way of share repurchases	10,662,000	23,293,000

For and on behalf of the Board

Andrew Page

Chairman of the Remuneration Committee

29th September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

and the Directors confirm that they have done so.

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

The accounts are published on the www.jpmemergingmarkets.co.uk website, which is maintained by the Company's Manager. The maintenance and integrity of the website maintained by the Manager is, so far as it relates to the Company, the responsibility

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

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

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

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

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board

Sarah Arkle

Chairman

29th September 2021

Independent auditor's report to the members of JPMorgan Emerging Markets Investment Trust plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the Company's net return 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.

We have audited the financial statements of JPMorgan Emerging Markets Investment Trust plc (the 'Company') for the year ended 30 June 2021 which comprise the Income Statement, the Statement of Comprehensive Income Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs

(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 13 November 2019 to audit the financial statements for the year ended 30 June 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 2 years, covering the years ending 30 June 2020 to 30 June 2021. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of management's method of assessing going concern in light of market volatility and the present uncertainties due to the Covid-19;
- Assessing the liquidity position available to meet the future obligations and operating expenses for the next twelve months;
- Challenging the reasonableness of management's assumptions and judgements made in their forecasts with reference to historical actual results.

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

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

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

Overview

		2021	2020
Key audit matters	Valuation and ownership of quoted investments	✓	✓
Materiality	Company financial statements as a whole £16,900,000 based on 1% of Net Assets [2020: £13,000,000]		

An overview of the scope of our audit

The Company was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

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

Key audit matter	How the scope of our audit addressed the key audit matter
<i>Valuation and ownership quoted of investments (note 1b and note 10)</i>	<p>The investment portfolio at the year-end comprised of investments at fair value through profit or loss.</p> <p>The investment portfolio is the most significant balance in the financial statements and is the key driver of performance. As the investment manager is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations.</p> <p>We responded to this matter by testing the valuation and ownership of 100% of the portfolio of quoted investments. We performed the following procedures:</p> <ul style="list-style-type: none"> Confirmed the year end bid price was used by agreeing to externally quoted prices and for all of the investments, assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value. Obtained direct confirmation from the custodian regarding all investments held at the balance sheet date. <p>Key observations:</p> <p>Based on our procedures performed we consider management's assessment of the valuation of quoted investments to be supported by the audit evidence obtained.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT

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

	2021 £	2020 £
Materiality	16,900,000	13,000,000
Basis for determining materiality	1% of Net Assets	1% of Net Assets
Rationale for the benchmark applied	As an investment trust, the net asset value is a key measure for users of the financial statements.	As an investment trust, the net asset value is a key measure for users of the financial statements.
Performance materiality	12,700,000	9,000,000
Basis for determining performance materiality	75% of materiality for the financial statements as a whole based on our risk assessment and prior year experience.	70% of materiality for the financial statement as a whole.

Lower Testing Threshold

Profit before tax could influence users of the financial statements as it is a measure of the Company's performance of income generated from its investments after expenses. Thus, we have set a lower testing threshold for those items impacting revenue return of £1,500,000 (2020: £1,600,000) which is based on 10% (2020: 10%) of net revenue returns before tax.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £338,000 (2020: £260,000) being 2% (2020: 2%) of materiality. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none"> • The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	<ul style="list-style-type: none"> • The Directors' statement on fair, balanced and understandable ; • The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the Audit Committee.
Other Companies Act 2006 reporting	
Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.	
Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> • 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 Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.</p>
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

We gained an understanding of the legal and regulatory framework applicable to the Company by understanding the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Chapter 3 Part 6 of the Income Tax Act 2007, the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS 102. We also considered the Company's qualification as an Investment Trust under UK tax legislation. We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the significant fraud risk area to be management override of controls.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements and the susceptibility of the entity's financial statements to material misstatement including fraud. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance;
- testing of journal postings, on a sample basis based on a defined risk criteria, made during the year to identify potential management override of controls;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. The Engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Vanessa-Jayne Bradley (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
29th September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2021

	Notes	Revenue £'000	2021 Capital £'000	Total £'000	Revenue £'000	2020 Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	3	–	420,640	420,640	–	23,660	23,660
Net foreign currency (losses)/gains		–	(2,201)	(2,201)	–	292	292
Income from investments	4	19,508	–	19,508	20,247	–	20,247
Interest receivable	4	115	–	115	136	–	136
Gross return		19,623	418,439	438,062	20,383	23,952	44,335
Management fee	5	(3,798)	(8,862)	(12,660)	(3,231)	(7,539)	(10,770)
Other administrative expenses	6	(1,420)	–	(1,420)	(1,324)	–	(1,324)
Net return before taxation		14,405	409,577	423,982	15,828	16,413	32,241
Taxation	7	(2,268)	–	(2,268)	(1,651)	–	(1,651)
Net return after taxation		12,137	409,577	421,714	14,177	16,413	30,590
Return per share¹	8	1.02p	34.38p	35.40p	1.17p	1.36p	2.53p

¹ Comparative figures at 30th June 2020 have been restated following the sub-division of each existing ordinary share of 25p into ten ordinary shares of 2.5p each on 6th November 2020.

A final dividend of 0.83p (2020: 9.0p) per ordinary share has been proposed in respect of the year ended 30th June 2021, totalling £9.9 million (2020: £10.7 million). Further details are given in note 9 on page 68.

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. Net return after taxation represents the profit for the year and also Total Comprehensive Income.

The notes on pages 63 to 79 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2021

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserves £'000	Capital reserves £'000	Revenue reserve ¹ £'000	Total £'000
At 30th June 2019	33,091	173,657	1,665	69,939	1,009,708	25,709	1,313,769
Repurchase of shares into Treasury	—	—	—	—	(23,293)	—	(23,293)
Net return	—	—	—	—	16,413	14,177	30,590
Dividends paid in the year (note 9)	—	—	—	—	—	(17,151)	(17,151)
At 30th June 2020	33,091	173,657	1,665	69,939	1,002,828	22,735	1,303,915
Repurchase of shares into Treasury	—	—	—	—	(10,662)	—	(10,662)
Share split charges	—	(26)	—	—	—	—	(26)
Net return	—	—	—	—	409,577	12,137	421,714
Dividend paid in the year (note 9)	—	—	—	—	—	(16,898)	(16,898)
At 30th June 2021	33,091	173,631	1,665	69,939	1,401,743	17,974	1,698,043

¹ This reserve forms the distributable reserve of the Company and is used to fund distributions to investors.

The notes on pages 63 to 79 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	1,685,041	1,288,907
Current assets	11		
Debtors		13,869	1,703
Cash and cash equivalents		510	13,534
		14,379	15,237
Current liabilities			
Creditors: amounts falling due within one year	12	(1,376)	(229)
Derivative financial liabilities	13	(1)	-
Net current assets		13,002	15,008
Total assets less current liabilities		1,698,043	1,303,915
Net assets		1,698,043	1,303,915
Capital and reserves			
Called up share capital	14	33,091	33,091
Share premium	15	173,631	173,657
Capital redemption reserve	15	1,665	1,665
Other reserve	15	69,939	69,939
Capital reserves	15	1,401,743	1,002,828
Revenue reserve	15	17,974	22,735
Total shareholders' funds		1,698,043	1,303,915
Net asset value per share¹	16	143.0p	108.9p

¹ Comparative figures at 30th June 2020 have been restated following the sub-division of each existing ordinary share of 25p into ten ordinary shares of 2.5p each on 6th November 2020.

The financial statements on pages 59 to 79 were approved and authorised for issue by the Directors on 29th September 2021 and were signed on their behalf by:

Sarah Arkle

Director

The notes on pages 63 to 79 form an integral part of these financial statements.

The Company is registered in England and Wales.

Company registration number: 2618994

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2021

	Notes	2021 £'000	2020 £'000
Net cash outflow from operations before dividends and interest ¹	17	(15,601)	(12,390)
Dividends received		16,618	19,859
Interest received		115	138
Overseas tax recovered		56	91
Net cash inflow from operating activities		1,188	7,698
Purchases of investments		(132,793)	(133,905)
Sales of investments		145,707	173,768
Settlement of forward currency contracts		(197)	257
Net cash inflow from investing activities		12,717	40,120
Repurchase of shares into Treasury		(9,720)	(23,293)
Dividend paid		(16,898)	(17,151)
Costs in relation to share split		(26)	—
Net cash outflow from financing activities		(26,644)	(40,444)
(Decrease)/increase in cash and cash equivalents		(12,739)	7,374
Cash and cash equivalents at start of year		13,534	5,947
Unrealised (loss)/gain on foreign currency cash and cash equivalents ¹		(285)	213
Cash and cash equivalents at end of year		510	13,534
(Decrease)/increase in cash and cash equivalents		(12,739)	7,374
Cash and cash equivalents consist of:			
Cash and short term deposits		232	747
Cash held in JPMorgan US Dollar Liquidity Fund		278	12,787
Total		510	13,534

¹ The unrealised exchange gain on the JPMorgan US Dollar Liquidity Fund in the comparative column has been moved from the initial "Net cash outflow from operations" total to be disclosed separately as the "unrealised gain on foreign currency cash and cash equivalents".

The notes on pages 63 to 79 form an integral part of these financial statements.

RECONCILIATION OF NET CASH

	As at 30th June 2020 £'000	Cash flows £'000	Other non-cash charges £'000	As at 30th June 2021 £'000
Cash and cash equivalents				
Cash	747	(428)	(87)	232
Cash equivalents	12,787	(12,311)	(198)	278
Total	13,534	(12,739)	(285)	510

FOR THE YEAR ENDED 30TH JUNE 2021

1. Accounting policies**(a) Basis of accounting**

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in October 2020.

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

The Directors believe that having considered the Company's investment objective (see page 27), risk management policies (see pages 73 to 78), capital management policies and procedures (see page 79), the nature of the portfolio and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements. They have not identified any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of these financial statements.

The policies applied in these financial statements 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. The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors.

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

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

(c) Accounting for reserves

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

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

(d) Income

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

Overseas dividends are included gross of any withholding tax.

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

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

Interest receivable is taken to revenue on an accruals basis.

(e) Expenses

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

- The management fee and any finance costs incurred are allocated 30% to revenue and 70% to capital, in line with Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- Expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 10 on page 69.

(f) Financial instruments

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

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

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 Statement of Financial Position.

(g) Taxation

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

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

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

(h) Value Added Tax ('VAT')

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

(i) Functional currency

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

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

1. Accounting policies *continued***(j) Dividends payable**

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

(k) Repurchase of shares for cancellation or to hold in Treasury

The cost of repurchasing ordinary shares (for cancellation or to hold in Treasury) including the related stamp duty and transactions costs is charged to the 'capital reserves' and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis.

Where shares are cancelled (or are subsequently cancelled having previously been held in Treasury), 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 capital profit up to the amount of the purchase price of those shares and will be transferred to capital reserves. The excess of the sales proceeds over the purchase price will be transferred to 'Share premium'.

2. Significant accounting judgements and estimates

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

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

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

	2021 £'000	2020 £'000
Realised gains on sales of investments	81,115	69,343
Net change in unrealised gains and losses on investments	339,564	(45,649)
Other capital charges	(39)	(34)
Total capital gains on investments held at fair value through profit or loss	420,640	23,660

4. Income

	2021 £'000	2020 £'000
Income from investments		
Overseas dividends	19,508	20,172
Scrip dividends	–	75
	19,508	20,247
Interest receivable and similar income		
Interest from liquidity fund	23	134
Deposit interest	92	2
	115	136
Total income	19,623	20,383

5. Management fee

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	3,798	8,862	12,660	3,231	7,539	10,770

Details of the management fee are given in the Directors' Report on page 36.

6. Other administrative expenses

	2021 £'000	2020 £'000
Administrative expenses	532	422
Safe custody fees	495	490
Directors' fees ¹	201	172
Depositary fees ²	154	138
Savings scheme costs ³	–	64
Auditors' remuneration – for audit services ⁴	38	38
	1,420	1,324

¹ Full disclosure is given in the Directors' Remuneration Report on page 47.

² Includes £7,000 (2020: £9,000) irrecoverable VAT.

³ Paid to the Manager for the administration of savings scheme products. Includes £nil (2020: £4,000) irrecoverable VAT.

⁴ Includes £2,000 (2020: £3,000) irrecoverable VAT.

7. Taxation

(a) Analysis of tax charge in the year

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax on dividends	2,268	–	2,268	1,651	–	1,651
Total tax charge for the year	2,268	–	2,268	1,651	–	1,651

(b) Factors affecting total tax charge for the year

The tax charge for the year is lower than (2020: lower) the Company's applicable rate of corporation tax of 19% (2020: 19%). The factors affecting the total tax charge for the year are as follows:

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	14,405	409,577	423,982	15,828	16,413	32,241
Net return before taxation multiplied by the applicable rate of corporation tax of 19% (2020: 19%)	2,737	77,819	80,556	3,007	3,119	6,126
Effects of:						
Non taxable scrip dividends	–	–	–	(14)	–	(14)
Gains on investments not subject to UK income tax	–	(79,503)	(79,503)	–	(4,551)	(4,551)
Non taxable overseas dividends	(3,192)	–	(3,192)	(3,588)	–	(3,588)
Tax attributable to expenses charged to capital	(1,684)	1,684	–	(1,432)	1,432	–
Timing differences relating to the receipt of dividends	–	–	–	323	–	323
Deferred tax not recognised	2,191	–	2,191	1,773	–	1,773
Overseas withholding tax on dividends	2,268	–	2,268	1,651	–	1,651
Double tax relief expensed	(52)	–	(52)	(69)	–	(69)
Total tax charge for the year	2,268	–	2,268	1,651	–	1,651

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £26,603,726 (2020: £18,059,000) based on a prospective corporation tax rate of 25% (2020: 19%). The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1 April 2023. This increase in the standard rate of corporation tax was substantively enacted on 24th May 2021 and became effective from 2nd June 2021. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

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

8. Return per share

	2021 £'000	2020 £'000
Revenue return	12,137	14,177
Capital return	409,577	16,413
Total return	421,714	30,590
Weighted average number of shares in issue during the year ¹	1,191,294,140	1,207,942,160
Revenue return per share ¹	1.02p	1.17p
Capital return per share ¹	34.38p	1.36p
Total return per share¹	35.40p	2.53p

¹ Comparative figures at 30th June 2020 have been restated following the sub-division of each existing ordinary share of 25p into ten ordinary shares of 2.5p each on 6th November 2020.

9. Dividends

(a) Dividends paid and proposed

	2021 £'000	2020 £'000
Dividends paid		
2020 final dividend of 0.9p ¹ (2019: 0.9p ¹) per share	10,710	10,895
2021 interim dividend of 0.52p ¹ (2020: 0.52p ¹) per share	6,188	6,256
Total dividends paid in the year	16,898	17,151
Dividend proposed		
2021 final dividend proposed of 0.83p (2020: 0.9p) ¹ per share	9,858	10,773

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

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

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

The requirements of Section 1158 are considered on the basis of the dividend proposed in respect of the financial year, shown below.

The revenue available for distribution by way of dividend for the year is £12,137,000 (2020: £14,177,000). The revenue reserve after payment of the final dividend will amount to £8,116,000 (2020: £11,962,000).

	2021 £'000	2020 £'000
2021 interim dividend of 0.52p (2020: 0.52p) ¹ per share	6,188	6,256
2021 final dividend proposed of 0.83p (2020: 0.9p) ¹ per share	9,858	10,773
	16,046	17,029

¹ The dividend rate has been restated following the sub-division of each existing ordinary share of 25p into 2.5p each on 6th November 2020.

10. Investments

	2021 £'000	2020 £'000
Investments listed on a recognised stock exchange	1,685,041	1,288,907
Opening book cost	585,112	555,591
Opening investment holding gains	703,795	749,444
Opening valuation	1,288,907	1,305,035
Movements in the year:		
Purchases at cost	132,793	133,980
Sales – proceeds	(157,338)	(173,802)
Gains on investments	420,679	23,694
	1,685,041	1,288,907
Closing book cost	641,682	585,112
Closing investment holding gains	1,043,359	703,795
Total investments held at fair value through profit or loss	1,685,041	1,288,907

Transaction costs on purchases during the year amounted to £183,000 (2020: £338,000) and on sales during the year amounted to £103,000 (2020: £186,000). These costs comprise mainly brokerage commission.

The company received £157,338,000 (2020: £173,802,000) from investments sold in the year. The book cost of these investments when they were purchased was £76,223,000 (2020: £104,459,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

11. Current assets

	2021 £'000	2020 £'000
Debtors		
Securities sold awaiting settlement	11,592	–
Dividends and interest receivable	2,126	1,611
Other debtors	151	92
	13,869	1,703

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

Cash and cash equivalents

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

12. Current liabilities

	2021 £'000	2020 £'000
Creditors: amounts falling due within one year		
Repurchase of the Company's own shares awaiting settlement	942	–
Other creditors and accruals	434	229
	1,376	229

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

13. Derivative financial liabilities

	2021 £'000	2020 £'000
Derivative financial liabilities		
Forward foreign currency contracts	1	–
	1	–

14. Called up share capital

	2021 £'000	2020 £'000
Issued and fully paid share capital:		
Ordinary shares of 2.5p (2020: 25p)¹ each		
Opening balance of 119,705,240 (2020: 122,119,236) shares excluding shares held in Treasury	29,926	30,530
Repurchase of 9,261,304 (2020: 2,413,996) shares into Treasury	(235)	(604)
Sub-division of 107,102,991 shares of 25p each into 1,071,029,916 shares of 2.5p each	–	–
Subtotal of 1,187,666,096 (2020: 119,705,240) shares excluding shares held in Treasury	29,691	29,926
135,969,154 (2020: 12,658,285) shares held in Treasury	3,400	3,165
Closing balance of 1,323,635,250 (2020: 1,323,635,250 ¹) shares including shares held in Treasury	33,091	33,091
	33,091	33,091

Share capital transactions

During the year 9,261,304 shares were repurchased into Treasury for a total consideration of £10,662,000.

Further details of transactions in the Company's shares are given in the Business Review on page 29.

¹ Comparative figures at 30th June 2020 have been restated following the sub-division of each existing ordinary share of 25p into ten ordinary shares of 2.5p each on 6th November 2020.

15. Capital and reserves

2021

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve ¹ £'000	Capital reserves		Revenue reserve ² £'000	Total £'000
					Gains and losses on sales of investments £'000	Investment holding gains and losses £'000		
Opening balance	33,091	173,657	1,665	69,939	299,640	703,188	22,735	1,303,915
Net foreign currency loss	—	—	—	—	(2,200)	—	—	(2,200)
Unrealised losses on foreign currency contracts	—	—	—	—	—	(1)	—	(1)
Realised gains on sale of investments	—	—	—	—	81,115	—	—	81,115
Net change in unrealised gains and losses on investments	—	—	—	—	—	339,564	—	339,564
Repurchase of shares into Treasury	—	—	—	—	(10,662)	—	—	(10,662)
Management fee charged to capital	—	—	—	—	(8,862)	—	—	(8,862)
Share split cost	—	(26)	—	—	—	—	—	(26)
Other capital charges	—	—	—	—	(39)	—	—	(39)
Dividend paid in the year	—	—	—	—	—	—	(16,898)	(16,898)
Retained revenue for the year	—	—	—	—	—	—	12,137	12,137
Closing balance	33,091	173,631	1,665	69,939	358,992	1,042,751	17,974	1,698,043

2020

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve ¹ £'000	Capital reserves		Revenue reserve ² £'000	Total £'000
					Gains and losses on sales of investments £'000	Investment holding gains and losses £'000		
Opening balance	33,091	173,657	1,665	69,939	260,871	748,837	25,709	1,313,769
Net foreign currency gains	—	—	—	—	292	—	—	292
Realised gains on sale of investments	—	—	—	—	69,343	—	—	69,343
Net change in unrealised gains and losses on investments	—	—	—	—	—	(45,649)	—	(45,649)
Repurchase of shares into Treasury	—	—	—	—	(23,293)	—	—	(23,293)
Management fee charged to capital	—	—	—	—	(7,539)	—	—	(7,539)
Other capital charges	—	—	—	—	(34)	—	—	(34)
Dividend paid in the year	—	—	—	—	—	—	(17,151)	(17,151)
Retained revenue for the year	—	—	—	—	—	—	14,177	14,177
Closing balance	33,091	173,657	1,665	69,939	299,640	703,188	22,735	1,303,915

¹ Created during the year ended 30th June 1999, following a cancellation of the share premium account.² This reserve forms the distributable reserve of the Company and may be used to fund distributions to investors.

16. Net asset value per share

	2021	2020
Net assets (£'000)	1,698,043	1,303,915
Number of shares in issue ¹	1,187,666,096	1,197,052,400
Net asset value per share¹	143.0p	108.9p

¹ Comparative figures at 30th June 2020 have been restated following the sub-division of each existing ordinary share of 25p into ten ordinary shares of 2.5p each on 6th November 2020.

17. Reconciliation of net return before taxation to net cash outflow from operations before dividends and interest

	2021 £'000	2020 £'000
Net return before taxation	423,982	32,241
Less: capital return before taxation	(409,577)	(16,413)
Scrip dividends received as income	—	(75)
(Increase)/decrease in accrued income and other debtors	(523)	1,399
Increase/(decrease) in accrued expenses	205	(86)
Overseas withholding tax	(2,375)	(1,742)
Expenses charged to capital	(8,862)	(7,539)
Dividends received	(16,618)	(19,859)
Interest received	(115)	(138)
Realised loss on foreign currency transactions	(359)	(141)
Exchange loss on liquidity fund	(1,359)	(37)
Net cash outflow from operations before dividends and interest	(15,601)	(12,390)

18. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2020: none).

19. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 36. The management fee payable to the Manager for the year was £12,660,000 (2020: £10,770,000) of which £nil (2020: £nil) was outstanding at the year end.

During the year £nil (2020: £64,000), including VAT, was payable to the Manager for the administration of savings scheme products, of which £nil (2020: £nil) was outstanding at the year end.

Safe custody fees amounting to £495,000 (2020: £490,000) were payable during the year to JPMorgan Chase N.A. of which £301,000 (2020: £100,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities Limited for the year was £1,000 (2020: £9,000) of which £nil (2020: £nil) was outstanding at the year end.

The Company also holds cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMF. At the year end this was valued at £0.3 million (2020: £12.8 million). Interest amounting to £23,000 (2020: £134,000) was received during the year of which £nil (2020: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £39,000 (2020: £34,000) were payable to JPMorgan Chase N.A. during the year of which £16,000 (2020: £16,000) was outstanding at the year end.

At the year end, total cash of £232,000 (2020: £747,000) was held with JPMorgan Chase. A net amount of interest of £92,000 (2020: £2,000) was receivable by the Company during the year from JPMorgan Chase of which £nil (2020: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 47.

20. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio. The investments are categorised into a hierarchy consisting of the following three levels:

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

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

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

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

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

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

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 63.

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

	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	1,685,041	—	1,288,907	—

There were no transfers between Level 1, 2 or 3 during the year (2020: same).

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

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

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

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

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

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

- investments in equity shares of overseas companies, which are held in accordance with the Company's investment objective;
- cash held within a liquidity fund; and
- short term debtors, creditors and cash arising directly from its operations.

21. Financial instruments' exposure to risk and risk management policies *continued***(a) Market risk**

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

(i) Currency risk

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

Management of currency risk

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

Foreign currency exposure

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

	2021						
	US Dollar £'000	Hong Kong Dollar £'000	Indian Rupee £'000	Chinese Yuan Renminbi £'000	South African Rand £'000	Other £'000	Total £'000
Net current assets	12,225	–	1,182	–	152	266	13,825
Foreign currency exposure on net monetary items	12,225	–	1,182	–	152	266	13,825
Investments held at fair value through profit or loss	634,016	369,085	229,392	129,419	76,861	246,268	1,685,041
Total net foreign currency exposure	646,241	369,085	230,574	129,419	77,013	246,534	1,698,866

	US Dollar £'000	Hong Kong Dollar £'000	Indian Rupee £'000	2020 Chinese Yuan Renminbi £'000	South African Rand £'000	Other £'000	Total £'000
Net current assets	14,316	49	127	–	–	545	15,037
Foreign currency exposure on net monetary items	14,316	49	127	–	–	545	15,037
Investments held at fair value through profit or loss	518,951	283,684	177,240	69,387	65,488	174,156	1,288,906
Total net foreign currency exposure	533,267	283,733	177,367	69,387	65,488	174,701	1,303,943

In the opinion of the Directors, the above year end amounts are broadly representative of the exposure to foreign currency risk on monetary items during the year. Cash held in the JPMorgan US Dollar Liquidity Fund has fluctuated between £nil and £45,953,780 during the year (2020: £nil and £31,449,175).

Foreign currency sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2020: 10%) appreciation or depreciation in sterling against the currencies to which the Company is exposed to, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2021		2020	
	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(1,953)	1,953	(2,038)	2,038
Capital return	(1,383)	1,383	(1,504)	1,504
Total return after taxation	(3,336)	3,336	(3,542)	3,542
Net assets	(3,336)	3,336	(3,542)	3,542

In the opinion of the Directors, the above sensitivity analysis is not representative of the whole year or comparative year due to fluctuations in the cash held in liquidity fund.

(ii) Interest rate risk

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

Management of interest rate risk

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

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

(a) Market risk *continued*

(ii) Interest rate risk *continued*

Interest rate exposure

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

	2021 £'000	2020 £'000
Exposure to floating interest rates:		
Cash and short term deposits	232	747
JPMorgan US Dollar Liquidity Fund	278	12,787
Total net exposure	510	13,534

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

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

Interest rate sensitivity

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

	2021		2020	
	1% increase in rate £'000	1% decrease in rate £'000	1% increase in rate £'000	1% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	5	(5)	135	(135)
Capital return	–	–	–	–
Total return after taxation for the year	5	(5)	135	(135)
Net assets	5	(5)	135	(135)

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

(iii) Other price risk

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

Management of other price risk

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

Other price risk exposure

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

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	1,685,041	1,288,907

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 22 to 26. The Company's benchmark is the MSCI Emerging Markets Index but, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2020: 20%) in the market value of equity investments. In addition, in 2020, due to the COVID-19 pandemic, we have added the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% due to the volatility of the markets. This has now been reduced back to 10% as the markets have stabilised. This level of change is considered to be a reasonable illustration based on observation of current market conditions.

The sensitivity analysis is based on the Company's equities, adjusting for changes in the management fee but with all other variables held constant.

	2021		2020			
	10% increase in fair value £'000	10% decrease in fair value £'000	20% increase in fair value £'000	20% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income – return after taxation						
Revenue return	(506)	506	(580)	580	(290)	290
Capital return	167,325	(167,325)	256,428	(256,428)	128,214	(128,214)
Total return after taxation for the year and net assets	166,819	(116,819)	255,848	(255,848)	127,924	(127,924)

(b) Liquidity risk

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

Management of the risk

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

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

(b) Liquidity risk *continued*

Liquidity risk exposure

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

	2021		2020	
	Within one year £'000	Total £'000	Within one year £'000	Total £'000
Creditors: amounts falling due within one year				
Repurchase of the Company's own shares awaiting settlement	942	942	—	—
Other creditors and accruals	434	434	229	229
Derivative financial liabilities	1	1	—	—
	1,377	1,377	229	229

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

(c) Credit risk

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

Cash and cash equivalents

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

Exposure to JPMorgan Chase

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading. The Depositary, The Bank of New York Mellon (International) Limited, is responsible for the safekeeping of all custodial assets of the Company and for verifying and maintaining a record of all other assets of the Company. However, no absolute guarantee can be given on the protection of all the assets of the Company.

Credit risk exposure

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

(d) Fair values of financial assets and financial liabilities

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

22. Capital management policies and procedures

The Company's capital comprises the following:

	2021 £'000	2020 £'000
Equity:		
Called up share capital	33,091	33,091
Reserves	1,664,952	1,270,824
Total capital	1,698,043	1,303,915

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

The Board determines the Company's capital structure and gearing policy, with input from the Manager. The Board's gearing policy is that the Company will remain invested in the range of 90-120% under normal market conditions.

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	1,685,041	1,288,907
Net assets	1,698,043	1,303,915
Gearing/(net cash)	(0.8)%	(1.2)%

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

- the 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.

23. Subsequent events

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

Regulatory Disclosures

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

Leverage

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

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD, at 30th June 2021, which gives the following figures:

Leverage Exposure	Gross Method	Commitment Method
Maximum limit	175%	175%
Actual ¹	100%	100%

¹ It should be noted that the Company does not have a borrowing facility and does not currently employ gearing. At the year end the Company's position was 0.7% net cash. The above figures are theoretical and are calculated in accordance with the methodology prescribed by the AIFMD.

JPMF Remuneration

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

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

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

Remuneration Policy

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

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

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

Quantitative Disclosures

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

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 30 Alternative Investment Funds (with 5 sub-funds) and 2 UCITS (with 40 sub-funds) as at 31st December 2020, with a combined AUM as at that date of £20.4 billion and £22.5 billion respectively.

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

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

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

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

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

Shareholder Information

Notice is hereby given that the thirtieth Annual General Meeting of JPMorgan Emerging Markets Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on 4th November 2021 at 3.00pm for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th June 2021.
2. To approve the Directors' Remuneration Report for the year ended 30th June 2021.
3. To approve a final dividend of 0.83p per share.
4. To reappoint Sarah Arkle as a Director of the Company.
5. To reappoint Helena Coles as a Director of the Company.
6. To reappoint Richard Laing as a Director of the Company.
7. To reappoint Aidan Lisser as a Director of the Company.
8. To reappoint Ruary Neill as a Director of the Company.
9. To reappoint Andrew Page as a Director of the Company.
10. To reappoint BDO LLP as independent Auditors of the Company.
11. To authorise the Directors to determine the auditors remuneration.

Special Business

To consider the following resolutions:

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 £1,654,544 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 2021 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 £1,654,544 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 198,412,923, 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 the nominal value;
- (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 4th May 2022 unless the authority is renewed at the Company's Annual General Meeting in 2021 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.

Adoption of New Articles of Association – Special Resolution

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

By order of the Board
 Nira Mistry, for and on behalf of
 JPMorgan Funds Limited,
 Company Secretary
 29th September 2021

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 6.30 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.
6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.

NOTICE OF ANNUAL GENERAL MEETING

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 28th September 2021 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 1,323,635,250 Ordinary shares (of which 140,867,779 shares are held in Treasury), carrying one vote each. Therefore the total voting rights in the Company are 1,182,767,471.
17. A copy of the proposed new articles of association of the Company, together with a copy showing all of the proposed changes to the existing articles of association, will be available for inspection on the Company's website, www.jpmemergingmarkets.co.uk and at the offices of J.P. Morgan Asset Management, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00am and 5.00pm (Saturdays, Sundays and public holidays excepted), from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

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.

APPENDIX TO THE AGM NOTICE DESCRIBING THE PRINCIPAL AMENDMENTS TO THE ARTICLES

Appendix

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

Set out below is a summary of the principal amendments which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 15 to be proposed at the AGM is approved by shareholders.

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

Virtual and hybrid shareholder meetings

The New Articles permit the Company to hold shareholder meetings on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means.

A shareholder meeting may be virtual-only if attendees participate only by way of electronic means.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using wholly electronic means, the Directors have no intention of holding a virtual-only meeting if it can be reasonably avoided. The Board is committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting when law and regulation permits and where shareholders can meet with the Board face to face. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a contingency to ensure the continued smooth operation of the Company in extreme operating circumstances as a temporary measure where physical meetings are prohibited or cannot reasonably be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

Increase in annual cap on Directors' fees

The aggregate annual cap on Directors' fees is currently £225,000. Any increase in this cap requires both the Board's and shareholders' approval. This cap was last increased in 2015 and the proposed New Articles will increase the cap to £275,000 in

order to provide the Board with future flexibility to allow the Board to accommodate additional Directors joining the Board to ensure orderly transition for the purpose of Board refreshment and succession planning.

International tax regimes requiring the exchange of information

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

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

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

The Alternative Investment Fund Managers Directive (2011/61/EU) ('AIFMD') as implemented in the UK

The Board is proposing to take this opportunity to make amendments to the Existing Articles in response to the AIFMD and all applicable rules and regulations implementing that Directive in the UK. The proposed new provisions are as follows:

- (i) The Existing Articles will be amended to provide that the net asset value per share of the Company will be calculated at least annually and be disclosed to shareholders from time to time in such manner as may be determined by the Board. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFMD as implemented in the UK.

- (ii) The AIFMD as implemented in the UK requires that prior to any new or existing investor making an investment in the Company, certain prescribed information is to be made available to them. Therefore, the New Articles will include language with the effect that such information shall be made available to prospective and existing shareholders in such manner as may be determined by the Board from time to time (including, in certain cases, on the Company's website or by electronic notice).
- (iii) The New Articles stipulate that the valuation of the Company's assets will be performed in accordance with prevailing accounting standards, in line with guidance from the Financial Conduct Authority. This reflects best practice, has no bearing on current practice and simply articulates the minimum requirements of the AIFMD as implemented in the UK.
- (iv) The Existing Articles will be amended to provide that the Company's annual report and accounts may be prepared either in accordance with generally accepted accounting principles of the United Kingdom or such other international accounting standards as may be permitted under English law. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFMD as implemented in the UK.

Minor amendments

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles, including

(i) providing the Directors with the ability to postpone general meetings of the Company; (ii) the inclusion of a procedure in the event an insufficient number of Directors are re-elected at an annual general meeting of the Company; (iii) clarifying that the consideration (if any) received by the Company upon the sale of any share which is forfeited by a shareholder pursuant to the New Articles will belong to the Company; (iv) simplifying the procedure in relation to the untraced shareholders procedure by removing the requirement for the Company to publish newspaper advertisements and clarifying that the consideration (if any) received by the Company upon the sale of any share pursuant to the untraced shareholder provisions will belong to the Company; and (v) allowing the Company to pay dividends through bank transfers instead of by way of cheques with the further ability to retain cash payments where bank details are not provided by a shareholder. These changes reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

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

Return to Shareholders (APM)

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

Total return calculation	Page	Year ended 30th June 2021	Year ended 30th June 2020 ²	
Opening share price (p)	5	99.4	100.2	(a)
Closing share price (p)	5	133.8	99.4	(b)
Total dividend adjustment factor ¹		1.011752	1.015561	(c)
Adjusted closing share price (d = b x c)		135.4	101.0	(d)
Total return to shareholders (e = d / a - 1)		36.2%	0.7%	(e)

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

² Comparative figures at 30th June 2020 have been restated following the sub-division of each existing ordinary share of 25p into ten ordinary shares of 2.5p each on 6th November 2020.

Return on Net Assets (APM)

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

Total return calculation	Page	Year ended 30th June 2021	Year ended 30th June 2020 ²	
Opening cum-income NAV per share (p)	5	108.9	107.6	(a)
Closing cum-income NAV per share (p)	5	143.0	108.9	(b)
Total dividend adjustment factor ¹		1.011067	1.014140	(c)
Adjusted closing cum-income NAV per share (d = b x c)		144.6	110.5	(d)
Total return on net assets (e = d / a - 1)		32.7	2.7%	(e)

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

² Comparative figures at 30th June 2020 have been restated following the sub-division of each existing ordinary share of 25p into ten ordinary shares of 2.5p each on 6th November 2020.

Benchmark total return

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

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

Gearing/(Net Cash) (APM)

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

Gearing calculation	Page	Year ended 30th June 2021 £'000	Year ended 30th June 2020 £'000	
Investments held at fair value through profit or loss	61	1,685,041	1,288,907	(a)
Net assets	61	1,698,043	1,303,915	(b)
Gearing/(net cash) (c = a / b - 1)		(0.8)%	(1.2)%	(c)

Ongoing Charges (APM)

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

		Year ended 30th June 2021 £'000	Year ended 30th June 2020 £'000	
Ongoing charges calculation	Page			
Management Fee	59	12,660	10,770	
Other administrative expenses	59	1,420	1,324	
Total management fee and other administrative expenses		14,080	12,094	(a)
Average daily cum-income net assets		1,559,517	1,279,072	(b)
Ongoing Charges (c = a / b)		0.90%	0.95%	(c)

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

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

Portfolio Turnover

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

Performance attribution

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

Performance Attribution Definitions:**Asset allocation**

Measures the impact of allocating assets differently from 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.

Currency effect

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

Gearing/(net cash)

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

Management fee/Other expenses

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

Share Buyback

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

American Depositary Receipts (ADRs)

Certificates that are traded on US stock exchanges representing a specific number of shares in a non-US company. ADRs are denominated and pay dividends in US dollars and may be treated like regular shares of stock.

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

1. Via a third party provider

Third party providers include:

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

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

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

2. Through a professional adviser

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

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

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

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

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

2 Check the FCA Warning List

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

3 Get impartial advice

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

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

Report a Scam

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

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

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



FINANCIAL CALENDAR

Financial year end	30th June
Final results announced	September/October
Half year end	December
Half year results announced	February
Final dividend on ordinary shares paid	November
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
LEI: 5493001VPQDYH1SSSR77

Ordinary Shares

London Stock Exchange number: 0341895
ISIN: GB00BMXWN182
Bloomberg code: JMG LN

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.

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.

Manager and Company Secretary

JPMorgan Funds Limited
Company's Registered Office
60 Victoria Embankment
London EC4Y 0JP

Telephone: 020 7742 4000

For Company Secretarial and administrative matters, please contact Nira Mistry.

Depository

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

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

Registrars

Equiniti Limited
Reference 1081
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Telephone number: 0371 384 2320

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

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

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

Independent Auditor

BDO LLP
Chartered Accountants and Statutory Auditors
55 Baker Street
London W1U 7EU
Telephone number: 020 7486 588

Brokers

Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET
Telephone number: 020 7710 7600



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Asset Management