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Annual Report 2015
JPMorgan Global Emerging Markets Income Trust plc

for the year ended 31st July 2015

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J.P.Morgan
Asset Management

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Features

Objective

The Company's investment objective is to provide investors with a dividend income combined with the potential for long term capital growth from a diversified portfolio of emerging markets investments.

Investment Policies

- The Company invests predominantly in listed equities but retains the flexibility also to invest in other types of securities, including, but not limited to, unlisted equities, convertible securities, preference shares, debt securities, cash and cash equivalents.
- The Company is free to invest in any particular market, sector or country in the global emerging markets universe. It may also invest in securities issued by companies based in or operating in emerging markets but listed or traded on the stock exchanges of developed markets and in the securities of issuers based in developed markets that have substantial exposure to emerging markets.
- The Company's portfolio will typically contain between 50 and 80 holdings.
- There are no fixed limits on portfolio construction with regard to region, country, sector or market capitalisation. In the normal course of business the Company typically invests at least 80% of its gross assets in listed equities, but other security types may be used in the event of adverse equity market conditions or where they represent a more efficient means of obtaining investment income for the purposes of making dividend payments. Non-equity portfolio assets are expected to comprise predominantly cash or fixed income securities issued by companies, states or supra-national organisations domiciled in, or with a significant exposure to, emerging markets. In the event of adverse equity market conditions, the Company may increase its holdings in fixed income securities of any kind to a maximum of 50% of its gross assets.
- Despite the absence of specific region, country, sector or market capitalisation limits, the Company will at all times invest and manage its assets in a manner that is consistent with spreading investment risk and in accordance with its published investment policy. The Company shall not conduct any trading activity that is significant in the context of the Company as a whole.
- No more than 15% of the Company's gross assets shall be invested in the securities of any one company or group at the time the investment is made.
- The Company shall not invest more than 10% of its gross assets in unlisted securities or in other listed closed-ended investment funds at the time the investment is made.
- The Company may undertake option writing in respect of up to 10% of the Company's net assets.
- The Company may use derivative instruments for the purposes of efficient portfolio management. The Company does not have a policy of hedging or otherwise seeking to mitigate foreign exchange risk but reserves the right to do so from time to time as part of the Company's efficient portfolio management.
- For the purposes of the investment policy, emerging markets are the capital markets of developing countries, including both recently industrialised countries and countries in transition from planned economies to free-market economies. Many, but not all, emerging market countries are constituents of the MSCI Emerging Markets Index or, in the case of smaller or less developed emerging markets, the MSCI Frontier Index. The Company may invest in securities listed in, or exposed to, these countries or other countries that meet the definition in this paragraph. These markets will tend to be less mature than developed markets and will not necessarily have such a long history of substantial foreign investment.
- The Company has power under its Articles of Association to borrow up to an amount equal to 30% of its net assets at the time of the drawdown, although the Board intends only to utilise borrowings on such occasions as the Manager believes that gearing will enhance returns to shareholders.

Benchmark

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

Capital Structure

At 31st July 2015, the Company's issued share capital comprised 294,339,438 Ordinary shares of 1p each.

Continuation Vote

At the annual general meeting of the Company to be held in 2015 and every three years thereafter, an ordinary resolution will be put to shareholders that the Company continues as an investment trust.

Management Company

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

FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares it issues can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority ('FCA') in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

AIC

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

Website

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

Financial Results

Total returns (includes dividends reinvested)

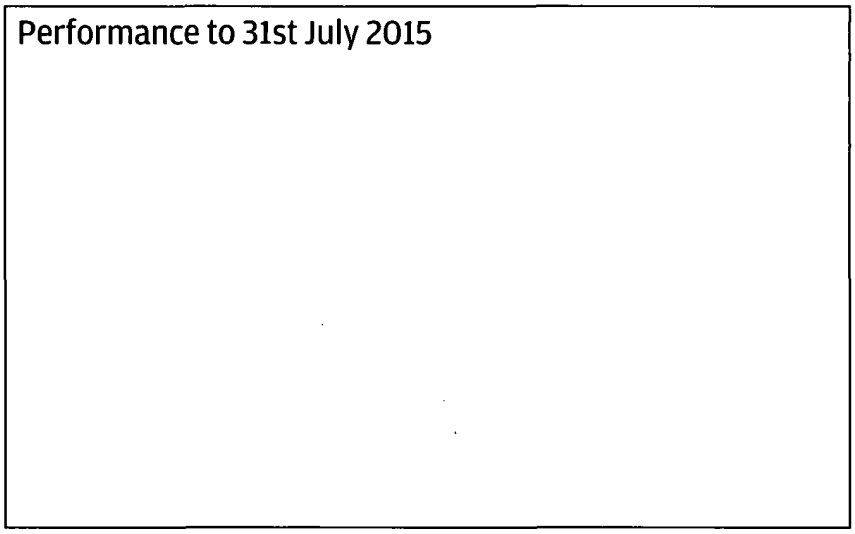
-14.4%
Return to shareholders[1]
(2014: +3.6%)

-7.8%
Return on net assets[2]
(2014: +1.3%)

-6.3%
Return on the MSCI Emerging Markets Index[3]
(2014: +3.6%)

4.90p
Dividend
(2014: 4.90p)

Performance to 31st July 2015



Financial Data

	31st July 2015	31st July 2014	% change
Net assets (£'000)	**310,536**	332,217	-6.5
Number of shares in issue	**294,339,438**	278,514,438	+5.7
Net asset value per share	**105.5p**	119.3p	-11.6
Share price	**100.3p**	122.0p	-17.8
Share price (discount)/premium to net asset value per share	**(4.9)%**	2.3%	

A glossary of terms and definitions is provided on page 67.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

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

Strategic Report

Chairman's Statement

Performance

The last financial year has been tough, particularly in the second half. For the year ended 31st July 2015 the Company recorded a total return on net assets of -7.8%. This compares with a return on the benchmark index, the MSCI Emerging Markets Index with net dividends reinvested (in sterling), of -6.3%. The total return to shareholders including dividends was -14.4%, as the Company's share price decreased from 122.0p to 100.3p over the financial year. Since year-end the share price has fallen further to new lows.

The facts don't make great reading but they are simple:-

1. The currencies of these developing economies have depreciated relative to sterling.
2. Emerging equity markets have fallen.
3. Investment performance has lagged the benchmark index.
4. The share price has moved from a premium to the cum income net asset value of +2.3% at 31st July 2014 to a discount of -4.9% at 31st July 2015.

The Investment Managers' Report reviews these issues at some length and explains how they have combined to produce a poor year for shareholders. It is important that I add that the Company's income objective means that the composition of the portfolio is very different to the composition of the benchmark index. This means that the pattern of returns will, in any given period, vary meaningfully from the benchmark index, which the Board understands and accepts. This has been the case in terms of the long term returns for the Company since 1st August 2010, where the compound total return on net assets has been +30.7% compared to the return of the benchmark index of +3.3%.

Revenue and Dividends

The better news is that the Board has been able to maintain the dividend. Gross return for the year amounted to £21.4 million (2014: £17.4 million) and net revenue return £17.0 million (2014: £13.9 million). Net revenue return per ordinary share for the year, calculated on the average number of shares in issue, was 5.85p (2014: 5.41p).

In the current financial year the Board paid three interim dividends of 1.0p per share and has announced the payment of a fourth interim dividend of 1.9p per share. This brings the total dividend for the year to 4.9p, unchanged from last year. The Board continues the approach of paying four interim dividends, reflecting the support we have received from shareholders for a regular and timely income stream.

As shareholders are aware, the Company receives dividends in the currencies of developing countries and US dollars, but pays dividends in sterling. It has not been the Company's policy to hedge currency risk as that is expensive, impracticable in some currencies and considered unnecessary in the longer term. That policy inevitably means that the Company's asset values and cash flows will be buffeted by adverse currency movements and flattered by favourable ones. During the year, the pound strengthened against emerging market currencies which was unhelpful from a total return perspective in sterling terms.

Chairman's Statement continued

Share Capital

During the year, the Company issued a total of 15.8 million new shares at an average premium to the cum income net asset value of 2.4% to cover issuance expenses. For the year ended 31st July 2015, the impact of share issuances on the NAV has been +0.21p. Since the year end, the Company has not issued any shares.

The Board is seeking shareholder authority at the forthcoming Annual General Meeting to issue up to a further 10% of the Company's issued share capital. The intention is to use this authority to meet demand for the Company's shares when they trade at a premium to net asset value.

Key Performance Indicators ('KPIs')

The Board tracks a series of KPIs. Further details may be found on pages 18 and 19. The Board pays particular attention to performance, share price premium or discount to NAV, ongoing charges, income available to pay dividends and the investment risk of the portfolio.

Management and Performance Fees

Following a review of the fee arrangements the Board has agreed with JPMF to remove the performance fee element from its fee arrangements and to change the basis of the management fee from the end of the Company's current financial year, being 31st July 2015.

With effect from 1st August 2015 the Company's fee arrangements comprise only a management fee, which is charged at the rate of 1.0% per annum on the Company's total assets less current liabilities. Loans that are drawn down under a loan facility with an original maturity date of one year or more are not classified as current liabilities for the purposes of the management fee calculation.

Gearing

The Company has recently renewed one of its US$20 million loan facilities with National Australia Bank at its maturity in October 2015. Loans with National Australia Bank total US$40 million. As at 31st July 2015, gearing stood at 6.6%.

Corporate Governance

In accordance with corporate governance best practice, all Directors except Paul Wallace, who will retire from the Board, will seek reappointment at this year's Annual General Meeting. Shareholders who wish to contact the Chairman or other members of the Board may do so through the Company Secretary or the Company's website, details of which appear below. Shareholders are assured that these communications are forwarded to the Chairman accordingly.

Board Changes

Paul Wallace, a Director since the launch of the Company, will retire from the Board on 19th November 2015. I would like to thank Paul for his energy, commitment and insight since – and indeed even before – the Company was launched in 2010.

It is proposed that Caroline Gulliver will assume the role of Audit Committee Chairman. The role of Senior Independent Director will be assumed by Sarah Fromson.

Auditor

During the year the Audit Committee conducted a formal review of audit services. Following a competitive tender process it was resolved to continue with Ernst & Young LLP as the Company's Auditor.

Annual General Meeting

The Annual General Meeting will be held on Thursday, 19th November 2015 at 2.00 p.m. at The Honourable Society of the Inner Temple, Treasury Office, Inner Temple, London EC4Y 7HL. The meeting will include a presentation from the Investment Managers on investment policy and performance. There will also be an opportunity for shareholders to meet the Board and representatives of J.P.Morgan after the meeting. It would be helpful if shareholders seeking answers to detailed questions put them in writing beforehand, addressed to the Company Secretary at JPMorgan Funds Limited, 60 Victoria Embankment, London EC4Y 0JP. Alternatively, questions may be submitted via the Company's website (www.jpmglobalemergingmarketsincome.co.uk) and I am pleased that a number of shareholders took the opportunity to do so last year. Shareholders who are unable to attend the Annual General Meeting in person are encouraged to use their proxy votes. Proxy votes may be lodged electronically, whether shares are held through CREST or in certificate form and full details are set out on the form of proxy.

Continuation Vote

In accordance with the Company's articles of association, an ordinary resolution will be put to shareholders at the forthcoming Annual General Meeting that the Company continue in existence as an investment trust for a further three year period.

The Board believes that the long term outlook for global emerging markets is favourable, despite the current headwinds. Equally, it believes that J.P.Morgan has the resources and process to deliver better results for shareholders. Accordingly, the Board believes that the continuation of the Company is in the best interests of all shareholders and strongly recommends that shareholders vote in favour of the resolution.

Outlook

Shareholders will be disappointed by the Company's performance last year and concerned by the continuing stream of bad news associated with the emerging markets.

The hazards are real and not to be underestimated or downplayed. Low growth in China, abrupt currency adjustments, political tensions, weak commodity prices, capital outflows and the risks of policy error – all these are current and they are ugly. The spectres of weak growth and deflation are especially worrisome. An extended period of low growth – or no growth – in these economies would weigh heavily, but not just on developing markets: developed markets would also suffer.

Chairman's Statement continued

In the Board's view, however, the prospects for the Company are actually improving. If we look through the negative narrative we see a number of positive factors:-

1. We have been here before. No two cycles are quite the same but in emerging markets they tend to follow patterns. These markets are volatile – never for the faint-hearted – and have proven time and time again that they can recover after a beating.
2. Weaker currencies improve economic competitiveness in the medium term and are of real benefit to certain exporting businesses.
3. These markets now look undervalued. On the basis of the ratio of price to book value, the valuation of these markets is now in the cheapest decile of its historical range. History also suggests that from these levels, subsequent returns have been strongly positive. This is not to say these markets can not get cheaper. They can. But it does suggest that the upside is interesting.
4. J.P.Morgan is a first class firm with a long and distinguished history of managing money in emerging markets through the cycles. The Board is confident in the Manager's ability to navigate the Company through this latest cycle.
5. This is becoming a "target-rich" environment. The Managers are now seeing plenty of stocks that trade at attractive valuations with healthy balance sheets and reasonable long term growth prospects.

The Managers sensibly balance opportunities against the risks involved; but they are positioning the portfolio, incrementally, for a recovery in these markets while maintaining the centrality of income generation.

Andrew Hutton
Chairman

9th October 2015

Investment Managers' Report

Richard Titherington
Investment Manager

Omar Negyal
Investment Manager

Introduction

In the 12 months to 31st July 2015, the Company's return on net assets was -7.8%, while the total return to shareholders was -14.4% including dividends. The return to shareholders was worse than the return on net assets due to the share price moving from a premium to a discount to the Net Asset Value. The Company lagged its benchmark, the MSCI Emerging Markets Index, which was down 6.3% (on a total return (net) basis, in sterling terms). In a challenging year for emerging market profits and dividends, it was comforting that the Company was able to maintain the total dividend. However, it was disappointing that the Company's performance lagged the benchmark. We would have generally expected the portfolio to have performed in a more defensive manner, considering the type of companies we tend to favour from an income perspective. Our performance was dragged down by negative stock selection in China and Taiwan, two key markets for the Company. We describe these challenges in more detail below.

Market review

Emerging market equities had a difficult 12 months, hit by currency weakness, worries over the outlook for Chinese growth and uncertainty over the timing of the first interest rate rise in the US.

Fears over the impact of higher US interest rates were perhaps the biggest influence on emerging market returns. As US interest rates start to rise, international investors would be expected to move some of their capital back to the US and out of higher-yielding, riskier assets like emerging market equities. The impact was felt in weaker stock markets and weaker emerging market currencies, providing an unhelpful environment for emerging market dividends.

Concerns over the outlook for Chinese growth also damaged sentiment. China's government has been implementing policies to rebalance growth away from fixed asset investment and towards consumption, but consistently weaker-than-expected GDP growth has raised concerns that China's economy may not contribute as much to global growth as hoped.

China is the largest constituent of the MSCI Emerging Markets Index and a major trading partner for other emerging markets. Therefore, changes in the outlook for the Chinese economy and Chinese companies had a major impact on expectations for emerging market growth and corporate profits. Chinese growth issues also contributed to another steep fall in commodity prices in the year, which meant that emerging market commodity producers had a particularly tough time. Meanwhile, a precipitous rise in the domestic A share market, followed by a sharp and significant sell-off towards the end of the year under review, caused further nervousness.

Performance review

In a challenging 12 months for emerging market equities, the Company's net asset value underperformed the benchmark, while the share price underperformed to a greater degree. One negative factor contributing to performance was our use of gearing. Gearing, where the Company borrows money to increase its exposure to emerging market equities, would be expected to boost returns when markets rise, but can increase underperformance when markets fall.

Investment Managers' Report continued

Performance attribution for the year ended 31st July 2015

	%	%
Contributions to total returns		
Return on MSCI Emerging Markets Index (in sterling terms)		**-6.3**
Investment Manager contribution		**-0.4**
Portfolio total return		**-6.7**
Management fee/ other expenses	-1.2	
Shares issues	0.1	
Return on net assets		**-7.8**
Impact of change in premium/discount		**-6.6**
Return to shareholders		**-14.4**

Source: Xamin/Datastream/Morningstar. All figures are on a total return basis.

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

A glossary of terms and definitions is provided on page 67.

The absolute performance of the Company was impacted in particular by weakness in emerging market currencies vs. sterling, as investors positioned themselves for higher US interest rates. Our view is that emerging market currencies are currently at cheap levels, but we are uncertain about when the depreciating trend will come to an end. In an income-producing portfolio, currency weakness presents particular challenges, as the value of the dividends received is reduced when they are converted into sterling.

In terms of country allocations, our underweight exposure and conservative positioning in the Chinese market was the biggest negative contributor to relative performance. The decision to avoid low quality cyclical stocks and property companies was detrimental as the Chinese market was lifted by a sharp upswing in domestic A shares through most of the year under review. However, the correction later in the year helped from a relative performance angle and began to reverse some of the earlier underperformance.

We expect the Chinese market to remain volatile and therefore maintain our cautious positioning. The shift in China's economic model, from investment-led to consumption-led growth, is something that we still believe is happening, but the transition will not be smooth. We have seen short-term policy measures to help growth, including the depreciation of the renminbi in August, and we expect further stimulus ahead.

The Company's underweight position in Korea was the biggest positive contributor from a country allocation perspective, as Korea significantly underperformed the broader market. As an income-focused portfolio, it can be difficult to find attractive dividend stocks in Korea, so we have tended to avoid the market. Nevertheless, the Company did benefit from holdings in three Korean stocks that do meet our investment criteria, offering decent returns, good free cash flow and attractive dividend policies, as these stocks significantly outperformed both Korea and the broader market.

Our positioning in Brazil also contributed positively in an environment of continued political uncertainty and deteriorating economic news. Investors reacted negatively to the re-election of president Dilma Rousseff due to worries over a lack of economic reform. A slump in commodity prices, a slowdown in China, political scandal and disappointing GDP growth all added to downward pressure on Brazilian stocks. In this environment, our Brazilian stock selection was positive. We avoided many of the larger index stocks, which declined significantly, and were rewarded by our focus on mid cap opportunities, which performed better than the market and therefore helped relative performance.

An overweight position in Taiwan detracted from relative performance. We have a large exposure to Taiwan due to its established dividend culture, particularly among the market's large technology sector, where we believe the outlook for long-term return on capital is positive. Taiwan's technology sector struggled in the year under review due to an inventory correction, as global demand for computer equipment, smartphones and semiconductors fell. We see this as a short-term issue and have used share price weakness to add to our positions. The dividend streams from these companies remain strong, which is supportive of our investment case.

Dividends

Despite a particularly tough period for emerging market dividends, the Company has been able to hold its dividend for the financial year. However, emerging market dividends remain under pressure, as emerging market companies struggle to grow their payouts against a challenging growth backdrop, combined with the continued currency weakness against sterling. Even if payout ratios are held steady, company dividends ultimately depend on the company's ability to deliver profits. In a weak environment, as company profits face headwinds, this naturally has a knock-on impact on dividends and warrants caution when thinking about near-term dividend receipts from the Company's holdings.

Portfolio changes

Portfolio changes over the year have been modest. This is consistent with our desire to invest for the long term and benefit from the continued dividend streams from the companies that we invest in.

Sales (whether outright or position size reduction) in the year can generally be divided into three types:

1. **Dividend payout disappointments**
   An example of this was Industries Qatar, as the payout was lower than expected. Although the payout was still significantly higher than the average emerging market company, we did not like the sudden shift in dividend policy.
2. **Stocks where our fundamental view on dividend sustainability or growth deteriorated relative to other opportunities**
   For example Perusahaan Gas, an Indonesian utility, where we had concern over potential government interference in gas pricing that could materially affect the company's return on capital.
3. **Stocks where our view on dividends remained positive but valuations had increased to the extent that the stocks looked less attractive**
   For example South African retailer Foschini, whose share price rose, taking its prospective dividend yield below 3% – a level at which we felt total returns were not attractive enough to hold the stock.

New stocks added to the portfolio include:

Banco Santander Chile: a highly profitable bank with a steady and attractive dividend.

Vanguard: a good example of a Taiwanese technology company that we like, operating in a profitable niche area of semiconductor production, with a strong management team and a firm commitment to paying dividends to shareholders.

China Resources Power: a utility that offers an attractive and relatively stable yield, which we believe can grow over time.

Investment Managers' Report continued

Outlook

Emerging markets may finally be approaching valuation levels that compel long-term investors to reallocate to the asset class. On several measures, emerging market equities appear to be pricing in a much more negative outlook for growth and corporate profits than is perhaps justified. Although emerging markets are slowing, these economies overall are still growing, while today's much more flexible exchange rate regimes should provide greater support.

Nevertheless, the outlook for emerging market profits has become cloudier, and this continues to provide a challenging backdrop for income-seeking investors. In particular, the recent declines in currencies across emerging markets are putting near-term pressure on profit and dividend streams from emerging market companies, from a sterling viewpoint.

Even in this environment, we are still finding many opportunities in stocks with attractive dividend yields. We intend to stick to our philosophy and disciplined approach, looking for dividend-paying stocks with decent profitability, strong cash generation, and clear and understandable dividend policies. Over the long term, we are confident this approach will deliver attractive returns for shareholders.

Richard Titherington
Omar Negyal
Investment Managers

9th October 2015

Summary of Results

	2015	2014	
Total returns for the year ended 31st July			
Return to shareholders[1]	**-14.4%**	+3.6%	
Return on net assets[2]	**-7.8%**	+1.3%	
Benchmark return[3]	**-6.3%**	+3.6%	
			% change
Net asset value, share price and discount			
Net assets (£'000)	**310,536**	332,217	-6.5
Number of shares in issue	**294,339,438**	278,514,438	+5.7
Net asset value per share	**105.5p**	119.3p	-11.6
Share price	**100.3p**	122.0p	-17.8
Share price (discount)/premium to net asset value per share	**(4.9)%**	2.3%	
Revenue for the year ended 31st July			
Gross revenue return (£'000)	**21,355**	17,361	+23.0
Net revenue available for shareholders (£'000)	**16,973**	13,942	+21.7
Revenue return per share	**5.85p**	5.41p	+8.1
Dividend per share	**4.90p**	4.90p	–
Gearing at 31st July	**6.6%**	5.4%	
Ongoing Charges	**1.24%**	1.22%	

A glossary of terms and definitions is provided on page 67.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

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

Strategic Report continued

Ten Largest Equity Investments

at 31st July 2015

Company	Sector	2015 Valuation £'000	2015 Valuation % [1]	2014 Valuation £'000	2014 Valuation % [1]
KT&G (South Korea) KT&G Corporation processes, produces, and sells cigarettes and other tobacco products. The company, through its subsidiaries, manufactures ginseng products such as red ginseng tea and herbal medicines. KT&G is also involved in real estate development of its former factory sites.	Consumer Staples	**7,775**	**2.4**	6,275	1.8
Bidvest (South Africa) Bidvest Group Limited is the holding company for a group of companies operating in a range of sectors. Subsidiaries manufacture and distribute food and allied products to the catering industry, as well as packaging, stapling, fastening and adhesive tapes, office products, cosmetics, toiletries and skin care products. Bidvest supplies cleansing products and provides laundering services.	Industrials	**7,168**	**2.2**	6,979	2.0
Advanced Info Service (Thailand)[2] Advanced Info Service Public Company Limited is granted a 25-year concession expiring the year 2015 by the Telephone Organization of Thailand to provide cellular phone services. The company provides analog mobile phone services through the Nordic Mobile Telephone (NMT900) network, and digital phone services through the Global Systems for Mobile Communication (GSM) network.	Telecommunication Services	**7,073**	**2.2**	5,351	1.5
Banco Santander Chile (Chile)[3] Banco Santander Chile attracts deposits and offers retail and commercial banking services in Chile. The bank offers personal and corporate loans, credit cards, mutual funds, lease financing, securities brokerage services, and business consulting.	Financials	**6,967**	**2.2**	–	–
Barclays Africa (South Africa) Barclays Africa Group Limited is the holding company of a banking and financial services group. The group provides a range of retail and corporate banking, insurance, financial and property services through local and international networks.	Financials	**6,965**	**2.1**	6,503	1.8
Taiwan Semiconductor Manufacturing (Taiwan)[2] Taiwan Semiconductor Manufacturing Company Ltd. manufactures integrated circuits based on its proprietary designs. The company offers a comprehensive set of integrated circuit fabrication processes to manufacture CMOS logic, mixed-mode, volatile and non-volatile memory and BiCMOS chips. Taiwan Semiconductor is an affiliate of Philips Electronics N.V.	Information Technology	**6,891**	**2.1**	5,756	1.6
Kimberly-Clark de Mexico (Mexico)[2] Kimberly-Clark de Mexico, S.A.B. de C.V. manufactures, markets and distributes consumer, industrial, and institutional hygiene products. The company produces feminine care items, diapers, toilet paper and facial tissues.	Consumer Staples	**6,715**	**2.1**	4,657	1.3
MTN (South Africa)[2] MTN Group Limited provides a wide range of communication services. The company's services include cellular network access and business solutions. MTN Group is a multinational telecommunications group, operating in countries in Africa and the Middle East.	Telecommunication Services	**6,696**	**2.1**	5,585	1.6
Sands China (China)[3] Sands China Ltd. develops, owns, and operates integrated resorts and casinos in Macau. The company also owns convention and exhibition halls in Macau and retail malls.	Consumer Discretionary	**6,692**	**2.1**	–	–
Siam Cement (Thailand)[2] The Siam Cement Public Company Limited is a diversified industrial company. The company's operations include cement manufacturing, petrochemicals manufacturing, paper manufacturing, building product manufacturing and distribution.	Materials	**6,457**	**2.0**	2,459	0.7
Total		**69,399**	**21.5**		

[1]Based on total assets less current liabilities of £323.4m (2014: £355.9m).
[2]Not included in the ten largest investments at 31st July 2014.
[3]Not held in the portfolio at 31st July 2014.

Sector Analysis
at 31st July 2015

	31st July 2015		31st July 2014	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Financials	**23.4**	**29.5**	17.9	27.6
Information Technology	**15.5**	**17.5**	13.6	16.8
Telecommunication Services	**14.7**	**7.6**	15.9	7.2
Consumer Staples	**10.7**	**8.5**	7.0	8.2
Consumer Discretionary	**10.4**	**9.0**	12.1	9.3
Materials	**7.2**	**6.7**	7.1	8.9
Industrials	**7.0**	**7.1**	9.2	6.4
Energy	**6.3**	**8.1**	10.4	10.3
Utilities	**4.2**	**3.4**	3.2	3.5
Health Care	**1.9**	**2.6**	1.5	1.8
Total Equity Investments	**101.3**	**100.0**	97.9	100.0
Liquidity Fund	**0.9**	**–**	–	–
Net Current (Liabilities)/Assets	**(2.2)**	**–**	2.1	–
Total	**100.0**	**100.0**	100.0	100.0

[1]Based on total assets less current liabilities of £323.4m (2014: £355.9m).

Strategic Report continued

Geographical Analysis

at 31st July 2015

	31st July 2015		31st July 2014	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Taiwan	**20.0**	**12.5**	17.0	11.9
China	**15.1**	**21.7**	11.7	17.8
South Africa	**12.5**	**8.0**	11.8	7.5
Brazil	**9.2**	**7.1**	9.9	10.9
Russia	**7.4**	**3.8**	7.4	4.8
Thailand	**5.2**	**2.3**	4.3	2.2
Hong Kong	**5.1**	**2.2**	7.7	1.6
South Korea	**5.0**	**14.2**	5.6	15.6
Turkey	**4.6**	**1.5**	5.3	1.7
India	**3.3**	**8.4**	1.3	6.7
Saudi Arabia	**2.2**	**–**	4.0	–
Chile	**2.1**	**1.2**	–	1.4
Mexico	**2.1**	**4.7**	1.3	5.1
Poland	**1.9**	**1.5**	1.8	1.5
Indonesia	**1.7**	**2.4**	3.8	2.6
United Arab Emirates	**1.6**	**0.8**	1.2	0.6
Hungary	**1.5**	**0.2**	1.1	0.2
Malaysia	**0.4**	**3.4**	0.7	3.9
Kazakhstan	**0.4**	**–**	0.9	–
Qatar	**–**	**1.0**	1.1	0.5
Philippines	**–**	**1.4**	–	1.0
Colombia	**–**	**0.6**	–	1.0
Greece	**–**	**0.3**	–	0.7
Peru	**–**	**0.4**	–	0.4
Czech Republic	**–**	**0.2**	–	0.2
Egypt	**–**	**0.2**	–	0.2
Total Equity Investments	**101.3**	**100.0**	97.9	100.0
Liquidity Fund	**0.9**	**–**	–	–
Net Current (Liabilities)/Assets	**(2.2)**	**–**	2.1	–
Total	**100.0**	**100.0**	100.0	100.0

[1]Based on total assets less current liabilities of £323.4m (2014: £355.9m).

List of Investments
at 31st July 2015

Company	Valuation £'000
Taiwan	
Taiwan Semiconductor Manufacturing[1]	6,891
Mediatek	6,369
Delta Electronics	6,186
Siliconware Precision Industries	5,992
Taiwan Mobile	5,286
President Chain Store	4,819
Cheng Shin Rubber Industries	4,060
Asustek Computer	3,928
Quanta Computer	3,836
Vanguard International Semiconductor	3,815
Radiant Opto-Electronics	3,657
Far Eastone Telecommunications	3,144
Novatek Microelectronics	1,794
Simplo Technology	1,652
Chicony Electronics	1,635
Tripod Technology	1,551
	64,615
China	
Sands China	6,692
Bank of China H-shares	6,329
Industrial & Commercial Bank of China H-shares	6,012
China Construction Bank H-shares	5,678
China Resources Power	4,885
Zhejiang Expressway H-shares	4,729
Hutchison Port	4,173
China Shenhua Energy H-shares	4,059
Jiangsu Expressway H-shares	3,426
Midea[2]	2,844
	48,827
South Africa	
Bidvest	7,168
Barclays Africa	6,965
MTN	6,696
Life Healthcare Group	6,055
AVI	5,142
Imperial	4,853
MMI Holdings South Africa	3,586
	40,465

Company	Valuation £'000
Brazil	
Ambev[1]	5,472
Tractebel Energia	5,132
BB Seguridade Participacoes	5,061
Banco do Brasil	4,541
CCR	3,216
Banco Bradesco	2,870
AES Tiete	1,762
Cia Energetica de Minas Gerais[1]	1,683
	29,737
Russia	
Lukoil[1]	6,431
MMC Norilsk Nickel[1]	5,705
Surgutneftegas	3,511
Severstal[1]	3,280
Mobile Telesystems OJSC[1]	3,109
Megafon	1,999
	24,035
Thailand	
Advanced Info Service	7,073
Siam Cement	6,457
TISCO Financial	3,325
	16,855
Hong Kong	
Hang Seng Bank	5,869
MGM China	3,922
China Mobile	3,919
Vtech	2,920
	16,630
South Korea	
KT&G	7,775
SK Telecom[1]	5,012
Kangwon Land	3,351
	16,138

Strategic Report continued

List of Investments continued
at 31st July 2015

Company	Valuation £'000
Turkey	
Tofas Turk Otomobil	4,602
Arcelik	3,229
Turk Telekomunikasyon	2,793
Turkcell Iletisim Hizmetleri	2,296
Eregli Demir Celik	2,026
	14,946
India	
Coal India[2]	5,803
ITC India[2]	4,754
	10,557
Saudi Arabia	
Al Rajhi Bank[2]	2,683
Yanbu National Petrochemicals[2]	2,214
YACCO[2]	1,663
Yamama Cement[2]	601
	7,161
Chile	
Banco Santander Chile[1]	6,967
	6,967
Mexico	
Kimberly-Clark de Mexico	6,715
	6,715
Poland	
Powszechny Zaklad Ubezpieczen	6,148
	6,148
Indonesia	
Telekomunikasi Indonesia	4,913
Indo Tambangraya Megah	695
	5,608
United Arab Emirates	
First Gulf Bank	5,051
	5,051
Hungary	
OTP Bank	4,727
	4,727
Malaysia	
Lafarge Malaysia	1,403
	1,403
Kazakhstan	
Kcell[1]	1,232
	1,232
Total Equity Investments	**327,817**
Liquidity Fund	
JPMorgan US Dollar Liquidity Fund[3]	2,806
Total Liquidity Funds	**2,806**
Total Portfolio	**330,623**

[1]Includes ADRs (American Depositary Receipts)/GDRs (Global Depositary Receipts)/ADSs (American Depositary Shares).

[2]Participation notes.

[3]Managed by JPMorgan Asset Management.

Business Review

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. To assist shareholders with this assessment, the Strategic Report sets out the structure and objective of the Company, its investment policies and risk management, investment limits and restrictions, performance and key performance indicators, share capital movements, principal risks and how the Company seeks to manage those risks, the Company's environmental, social and ethical policy and finally its future developments.

Business of the Company

JPMorgan Global Emerging Markets Income Trust plc is an investment trust company that has a premium listing on the London Stock Exchange. Its objective is to provide investors with a dividend income combined with the potential for long term capital growth from a diversified portfolio of emerging markets investments. In seeking to achieve this objective, the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') which, in turn, delegates portfolio management to JPMorgan Asset Management (UK) Limited, to manage the Company's assets actively. The Board has determined an investment policy and related guidelines and limits as described below.

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

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

Investment Policies, Investment Guidelines and Risk Management

In order to achieve its objective, the Company invests in a diversified portfolio and employs a Manager with a strong focus on research and company visits that enables it to identify what it believes to be the most attractive stocks in the market.

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

- The Company invests predominantly in listed equities but retains the flexibility also to invest in other types of securities, including, but not limited to, unlisted equities, convertible securities, preference shares, debt securities, cash and cash equivalents.
- The Company is free to invest in any particular market, sector or country in the global emerging markets universe. It may also invest in securities issued by companies based in or operating in emerging markets but listed or traded on the stock exchanges of developed markets and in the securities of issuers based in developed markets that have substantial exposure to emerging markets.
- The Company's portfolio will typically contain between 50 and 80 holdings.
- There are no fixed limits on portfolio construction with regard to region, country, sector or market capitalisation. In the normal course of business the Company typically invests at least 80% of its gross assets in listed equities but other security types may be used in the event of adverse equity market conditions or where they represent a more efficient means of obtaining investment income for the purposes of making dividend payments. Non-equity portfolio assets are expected to comprise predominantly cash or fixed income securities issued by companies, states or supra-national organisations domiciled in, or with a significant exposure to, emerging markets. In the event of adverse equity market conditions, the Company may increase its holdings in fixed income securities of any kind to a maximum of 50% of its gross assets.
- Despite the absence of specific region, country, sector or market capitalisation limits, the Company will at all times invest and manage its assets in a manner that is consistent with spreading investment risk and in accordance with its published investment policy. The Company shall not conduct any trading activity that is significant in the context of the Company as a whole.
- No more than 15% of the Company's gross assets shall be invested in the securities of any one company or group at the time the investment is made.
- The Company shall not invest more than 10% of its gross assets in unlisted securities or in other listed closed-ended investment funds at the time the investment is made.
- The Company may undertake option writing in respect of up to 10% of the Company's net assets.

Business Review continued

- The Company may use derivative instruments for the purposes of efficient portfolio management. The Company does not have a policy of hedging or otherwise seeking to mitigate foreign exchange risk but reserves the right to do so from time to time as part of the Company's efficient portfolio management.
- For the purposes of the investment policy, emerging markets are the capital markets of developing countries, including both recently industrialised countries and countries in transition from planned economies to free-market economies. Many, but not all, emerging market countries are constituents of the MSCI Emerging Markets Index or, in the case of smaller or less developed emerging markets, the MSCI Frontier Index. The Company may invest in securities listed in, or exposed to, these countries or other countries that meet the definition in this paragraph. These markets will tend to be less mature than developed markets and will not necessarily have such a long history of substantial foreign investment.
- The Company measures its performance against the total return of the MSCI Emerging Markets Index (in sterling) with net dividends reinvested.
- The Company has power under its Articles of Association to borrow up to an amount equal to 30% of its net assets at the time of the drawdown, although the Board intends only to utilise borrowings on such occasions as the Manager believes that gearing will enhance returns to shareholders.

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 ended 31st July 2015, the Company produced a total return to shareholders of -14.4% and a total return on net assets of -7.8%. This compares with the return on the Company's benchmark index of -6.3%. As at 31st July 2015, the value of the Company's investment portfolio was £330.6 million. The Investment Managers' Report on pages 7 to 9 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 loss for the year amounted to £19.6 million (2014: £10.6 million return) and net total loss amounted to £26.6 million (2014: £4.7 million return). Net revenue return for the year amounted to £17.0 million (2014: £13.9 million).

Four interim dividends were paid during the year; one of 1.9p per share and three of 1.0p per share (2014: one of 1.9p per share and three of 1.0p per share).

On 10th August 2015 the Board announced the payment of a fourth interim dividend of 1.9p per share (2014: 1.9p per share), payable on 30th October 2015 to shareholders on the register of members as at the close of business on 28th August 2015. This will bring the total dividend in respect of the year to 4.9p, unchanged from last year. This distribution will absorb £5,592,000 (2014: £5,292,000).

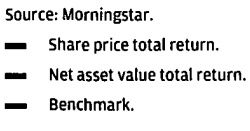
Key Performance Indicators ('KPIs')
At each Board meeting the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The principal KPIs are performance against the benchmark index, performance, performance attribution, share price premium or discount to net asset value per share, ongoing charges, income and the amount available to pay dividends, and the investment risk of the portfolio (on absolute and relative bases). Unless there is a particular reason for the Board to change the KPIs (which would require an explanation to shareholders), consistency is maintained to provide continuity. Further details of the principal KPIs are given below:

- **Performance against the benchmark index**
  This is the most important KPI by which performance is judged. The Company does not have a wholly comparable benchmark against which to measure its performance. Therefore the Board has chosen the closest possible index of stocks as its benchmark for these purposes. However, the Company's investment strategy does not 'track' this index and, consequently, there may be some divergence between the Company's performance and that of the benchmark. The Company's net asset value total return is measured against the benchmark's total return (i.e. both with dividends reinvested). Information on the Company's performance is given in the Chairman's Statement and the Investment Managers' Report on pages 3 to 6 and 7 to 9 respectively.

Business Review

Performance Since Inception

Figures have been rebased to 100 at 31st July 2010



Source: Morningstar.

- Share price total return.
- Net asset value total return.
- Benchmark.

- **Performance**
  The principal objective is to provide investors with a dividend income combined with the potential for long term capital growth. However, the Board also monitors performance compared with a benchmark index and a broad range of competitor funds.

  It is not the Company's investment objective to target a particular level of dividend growth and there is no guarantee that any dividends will be paid in respect of any financial year, the ability to pay dividends being dependent on the level of dividends earned from the portfolio.

- **Performance attribution**
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index. Details of the attribution analysis for the year ended 31st July 2015 are given in the Investment Managers' Report on page 8.

- **Share price premium/discount to cum income net asset value ('NAV') per share**
  The Board recognises that the possibility of a narrowing premium or a widening discount can be a key disadvantage of investment trusts that can discourage investors. The share issuance and repurchase programme therefore seeks to address imbalances in supply of and demand for the Company's shares within the market and thereby reduce the volatility and absolute level of the premium or discount to the cum income NAV at which the Company's shares trade. Because the Company's shares have traded at a premium or close to the cum income NAV since launch, there has been an ongoing programme of share issuance to meet demand for the Company's shares. During that time, no shares have been repurchased. The share price moved to a discount on 18th March 2015.

Premium/(Discount) Performance

Source: Datastream.

- Share price premium to cum income net asset value per share.

- **Ongoing charges**
  The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs and performance fee payable, expressed as a percentage of the average of the daily net assets during the year. The ongoing charges for the year ended 31st July 2015 were 1.24% (2014: 1.22%). Each year, the Board reviews an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers. The main reasons for the increase for the year ended 31st July 2015 were depositary fees, and higher dealing charges, regulatory fees and directors' fees.

- **Income and the amount available to pay dividends**
  The Board recognises the importance of income to shareholders and undertakes detailed consideration of the forecast income for the Company with the Investment Managers and the Company's fund accountants, including reviews of any potential impact of exchange rate movements, further share issues or potential risk of non-receipt of a particular dividend. The review takes place on a monthly basis.

- **The investment risk of the portfolio**
  The Board considers the risk profile of the Company's portfolio, on absolute and relative bases, regularly and monitors the changes in this, challenging the Investment Managers and seeking additional explanations where necessary.

Strategic Report continued

Business Review

Share Capital
The Company has authority both to issue new shares for cash at a premium to net asset value and to repurchase shares in the market (for cancellation or to be held in Treasury) at a discount to net asset value.

At the Annual General Meeting held on 27th November 2014, shareholders granted Directors authority to issue 28,486,443 shares in the Company (being approximately 10% of the issued share capital of the Company as at 26th November 2014) for cash. Shareholders also granted the Directors authority to disapply pre-emption rights in respect of these share issues.

During the year 15,825,000 ordinary shares were issued for gross proceeds of £19.1 million at an average premium to the cum income net asset value of 2.4%. Further details are given on page 4. Since the year end, the Company has not issued further Ordinary shares. All new Ordinary shares have been issued at a premium to the cum income net asset value. No shares were repurchased during the year and, at the time of writing this report, none have been repurchased since the year end.

The Company does not have authority to reissue shares from Treasury at a discount to net asset value and will not seek such authority at the forthcoming Annual General Meeting. It will however, seek to renew its authority to reissue shares from Treasury at a premium to net asset value.

Resolutions to renew the authority to issue new shares (up to a maximum of 10% of the issued share capital as at the date of the passing of the resolution) and to repurchase shares for cancellation or to be held in Treasury will be put to shareholders at the forthcoming Annual General Meeting. The full text of those resolutions are set out in the Notice of Meeting on pages 64 and 65.

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

- Investment Strategy: an inappropriate investment strategy, for example asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a narrower premium or a wider discount. The Board manages these risks by diversification of investments through its investment restrictions and guidelines, which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Managers, who attend Board meetings, and reviews data which show statistical measures of the Company's risk profile. The Investment Managers employ the Company's gearing strategically, within a range set by the Board.
- Income: insufficient income generation leading to a cut in the dividend. The Board regularly reviews the Company's income statement and receives forecasts prepared by the Manager on future dividends of investments in the portfolio. The Investment Managers monitor continuously the Company's level of income.
- Foreign Currency: the majority of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and the currency in which it reports). As a result, movements in exchange rates may affect the sterling value of these items. Cash assets are mainly held in US dollars, the currency of the loans held by the Company. Therefore, there is an inherent risk from movements in the exchange rates between US dollars and other currencies. No foreign currency hedging is undertaken and this is kept under review by the Board. Further details about the foreign currency risk may be found in note 22 on pages 56 to 62.
- Going concern: pursuant to the Sharman Report, Boards are now advised to consider going concern as a potential risk, whether or not there is an apparent issue arising in relation thereto. Going concern is considered on an ongoing basis including the continuation vote to be held at the forthcoming AGM and the Board's statement on going concern is detailed on page 24.
- Financial: the financial risks faced by the Company include market price risk, interest rate risk, liquidity risk and credit risk. Further details are disclosed in note 22 on pages 56 to 62.
- Accounting, Legal and Regulatory: in order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given under 'Business of the Company' above. Were the Company to breach Section 1158, it would lose its investment trust status and, as a consequence, gains within the Company's portfolio could 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 and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules and the Disclosure & 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, the Manager and its professional advisers to ensure compliance with the Companies Act, the UKLA Listing Rules, DTRs and the Alternative Investment Fund Managers Directive.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board. At 31st July 2015, there were three male Directors and two female Directors on the Board.

Employees, Social, Community and Human Rights Issues

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

Social, Community, Environmental and Human Rights

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

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

Greenhouse Gas Emissions

The Company is managed by JPMorgan Funds Limited with portfolio management delegated to JPMorgan Asset Management (UK) Limited. It has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company itself has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. J.P. Morgan Asset Management is a signatory to the Carbon Disclosure Project and JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

Future Developments

Clearly, the future development of the Company is much dependent upon the success of the Company's investment strategy in the light of economic and equity market developments and the continued support of its shareholders. The Investment Managers discuss the outlook in their report on page 10.

By order of the Board
Juliet Dearlove, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

9th October 2015

Governance continued

Board of Directors

Andrew Hutton (Chairman of Board)

A Director since June 2010. Appointed Chairman in July 2010.

Owner and Director of A. J. Hutton Ltd, an investment advisory practice. Director of Schroder UK Growth Fund PLC, Asia Altitude Fund and Asia Altitude Master Fund. He is a member of the Governing Body of the Lister Institute of Preventive Medicine, a Trustee of the National Trust Retirement & Death Benefits Scheme and a Trustee of Kusuma Trust UK. Previously held senior positions with J.P. Morgan, Coutts Group and RBS Asset Management.

Connections with Manager: None.

Shared directorships with other Directors: None.

Paul Wallace

(Chairman of the Audit and Nomination Committee and Senior Independent Director)

A Director since June 2010.

Finance Director of Forum Energy plc and Director of FEC Resources and Pitkin Petroleum plc. From February 2014 he has been CFO of First Pacific Company Limited. He previously acted as a consultant providing corporate financial advice to a wide variety of sizeable UK and international corporations. He also held senior finance and management roles for a number of UK and Hong Kong based companies including Blue Ocean Wireless Limited and Sanctuary Group plc. He was formerly a partner in Price Waterhouse, Hong Kong, and is a member of the Canadian Institute of Chartered Accountants.

Connections with Manager: None.

Shared directorships with other Directors: None.

Sarah Fromson

A Director since June 2011.

Head of Investment Risk at Wellcome Trust. She was previously at RBS Asset Management (formerly Coutts) where she held a number of senior positions, including Chief Investment Risk Officer, Co-Head of Investments and Head of the Long-Only Investment team.

Connections with Manager: None.

Shared directorships with other Directors: None.

Caroline Gulliver

A Director since 1st January 2015.

A Chartered Accountant, she spent 25 years with Ernst & Young LLP, latterly as an Executive Director before leaving in 2012. During that time she specialised in the asset management sector and developed an extensive experience of investment trusts and was a member of The Association of Investment Companies' Technical Committee. She is also a director of International Biotechnology Trust plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Richard Robinson

A Director since December 2011.

Investment Director at Paul Hamlyn Foundation. He was previously Group Head of Charities & Foundations at Schroders plc and held a number of senior positions at Rothschild Asset Management. He was a director of Aurora Investment Trust plc from 2007 to 2011.

Connections with Manager: None.

Shared directorships with other Directors: None.

All Directors are members of the Audit and Nomination Committee and are considered independent of the Manager.

All Directors are subject to annual reappointment.

Governance continued

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31st July 2015.

Management of the Company

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

The Manager is a wholly owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides accounting, banking, dealing and custodian services to the Company.

Portfolio management is delegated to JPMorgan Asset Management (UK) Limited ('JPMAM').

The Board conducts a formal evaluation of the Manager on an annual basis. The evaluation includes consideration of the investment strategy and process of the Manager, performance against the benchmark over the long term and the quality of support that the Company receives from the Manager including the marketing support provided. The latest evaluation of the Manager was carried out in October 2015. As a result of that process, the Board confirms that it is satisfied that the continuing appointment of the Manager is in the interests of shareholders as a whole. In arriving at this view, the Board considered the investment process and performance of the Manager and the support that the Company receives from the Manager. Further information is given in the 'Continuation Vote' paragraphs of the Chairman's Statement on page 5.

No separate Management Engagement Committee has been established because all Directors are considered to be independent of the Manager and, given the nature of the Company's business, it is felt that all Directors should take part in the review process.

Management and Performance Fees

For the year ended 31st July 2015, the management fee is charged at the rate of 1.0% per annum of the Company's total net assets. The fee is calculated and paid monthly in arrears. Investments made by the Company in investment funds on which the Manager or a member of its group earns a fee are excluded from the calculation and therefore attract no management fee. With effect from 1st August 2015, the management fee will be charged at the rate of 1.0% per annum on the Company's total assets less current liabilities. Loans that are drawn down under a loan facility with an original maturity date of one year or more are not classified as current liabilities for the purpose of the management fee calculation.

The Investment Management Agreement has been amended to provide that no performance fee is payable with effect from 1st August 2015. Prior to this, the Manager was entitled to receive a performance fee equivalent to 10% of any outperformance of the Company's net asset value per Ordinary share (on a total return basis) over the Company's benchmark index, the MSCI Emerging Markets Index, with net dividends reinvested (in sterling terms) over a performance fee period. A performance fee measurement period ended, and restarted, at a financial year end when outperformance of the Company's benchmark had been achieved. If there was underperformance, the measurement period would continue. Therefore, under the previous arrangement, the period might be more than one year.

The maximum performance that could be earned in any one year was capped at 0.75% of net asset value and no excess amount would be accrued.

During the year ended 31st July 2015, the Company underperformed its benchmark index. As a result, no performance fee was earned.

Going Concern

The Directors believe that, having considered the Company's investment objective (see page 1), risk management policies (see pages 17 and 18), capital management policies and procedures (see pages 62 and 63), the nature of the portfolio and expenditure and cash flow 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.

The Company's first continuation vote will be at the forthcoming Annual General Meeting. The Board ensures that communication with shareholders is maintained. Major shareholders have been consulted about the continuation vote and have indicated their intention to support the resolution.

For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Directors

All Directors of the Company who held office at the end of the year under review are detailed on pages 22 and 23. Caroline Gulliver was appointed a Director of the Company with effect

from 1st January 2015. Details of their beneficial shareholdings may be found in the Directors' Remuneration Report on page 34.

In accordance with corporate governance best practice, all continuing Directors will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment by shareholders.

The Audit and Nomination Committee, having considered their qualifications, performance and contribution to the Board and to the Committee, 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, each Director has 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 insures 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 the Auditor

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

(a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's Auditor is unaware, and

(b) each of the Directors has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information (as defined) and to establish that the Company's Auditor is aware of that information.

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

Independent Auditor

Further to a full external tender of audit services in the year under review, Ernst & Young LLP will continue as the Company's Auditor. Ernst & Young LLP have expressed their willingness to continue in office as Auditor to the Company and a resolution proposing their reappointment and to authorise the Directors to determine their remuneration for the ensuing year, will be proposed at the Annual General Meeting.

Section 992 Companies Act 2006

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

Capital Structure

As at 31st July 2015, the Company's issued share capital comprised 294,339,438 Ordinary shares of 1p each. There were no shares held in Treasury. The Ordinary shares have a premium listing on the London Stock Exchange.

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 66.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	Number of voting rights	%
Brewin Dolphin Limited[1]	47,062,044	16.0
Investec Wealth & Investment Limited[2]	24,990,809	8.5
Schroders plc[1]	17,551,007	6.0
Old Mutual[1]	16,373,758	5.6

[1]Indirect holding.

[2]Direct holding.

Other than the notifications since 31st July 2015 of increases in holding by Old Mutual to 17,637,636 shares, there have been no changes to the notifiable interests in the Company's voting rights as at the date of this report.

The Company is also aware that, as at 31st July 2015, approximately 2.8% of the Company's total voting rights were held by individuals through savings products managed by JPMAM and registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under certain circumstances, JPMAM has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

The rules concerning the appointment, reappointment and replacement of Directors, amendment of the Company's

Directors' Report continued

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 to which the Company is party that affect its control following a takeover bid; and no agreements between the Company and its Directors concerning compensation for loss of office.

Annual General Meeting

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

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting. The full text of the resolutions is set out in the Notice of Annual General Meeting on pages 64 and 65.

(i) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 9 and 10)

The Directors will seek renewal of the authority at the Annual General Meeting to issue new Ordinary shares in the Company. The authority being sought is for up to 29,433,943 new Ordinary shares for cash or by way of a sale of Treasury shares up to an aggregate nominal amount of £294,339, such amount being equivalent to approximately 10% of the issued share capital (excluding Treasury shares) as at the latest practicable date before the publication of this document or, if different, the number of Ordinary shares which is equal to 10% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the resolution.

This authority will expire at the conclusion of the Annual General Meeting of the Company in 2016 unless renewed at a prior general meeting. It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to participants purchasing shares through the J.P. Morgan Asset Management savings products and also to other investors when the Directors consider that it is in the best interests of shareholders to do so. Any such issues would only be made at prices greater than the cum income net asset value, thereby increasing the net asset value per share and spreading 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 would be available for investment in line with the Company's investment policies.

If Resolution 10 is passed, the Directors will also have the power to allot the shares over which they are granted authority pursuant to Resolution 9 for cash on a non pre-emptive basis. Any Ordinary shares allotted on a non pre-emptive basis will not be issued at a price less than the prevailing net asset value per Ordinary share.

(ii) Authority to repurchase the Company's shares (resolution 11)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2014 Annual General Meeting, will expire on 26th May 2016 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewal of this authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying net asset value enhances the net asset value of the remaining shares.

Resolution 11 gives the Company authority to repurchase its own issued Ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to a maximum of 44,121,481 Ordinary shares, representing approximately 14.99% of the Company's issued Ordinary shares as at the latest practicable date before the publication of this document or, if less, the number of Ordinary shares which is equal to 14.99% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the resolution. The authority also sets minimum and maximum prices.

If resolution 11 is passed at the Annual General Meeting, the Board may repurchase the shares for cancellation or hold them in Treasury pursuant to the authority granted to it for possible reissue at a premium to net asset value.

Any repurchases will be at the discretion of the Board and will be made in the market only at prices below the prevailing net asset value per share, thereby enhancing the net asset value of the remaining shares, as and when market conditions are appropriate. In the normal course of business the Directors would expect to exercise their discretion to repurchase shares

if the discount to NAV at which they trade exceeded 5% over any significant period of time.

The authority to repurchase shares will expire on 18th May 2017, but it is the Board's intention to seek renewal of the authority at the 2016 Annual General Meeting.

(iii) Continuation vote (resolution 12)
The Company's articles of association require that shareholder approval is sought for the Company to continue in existence as an investment trust for a further three year period. More detail is set out in the Chairman's Statement on page 5.

Recommendation
The Board considers that resolutions 9 to 12 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, as at the year end, amounted in aggregate to 192,540 Ordinary shares, representing 0.07% of the voting rights of the Company.

Corporate Governance

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

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

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

At each Board meeting, Directors' interests are considered. These are reviewed carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved. It was resolved that there were no actual or indirect interests of a Director which conflicted with the interests of the Company, which arose during the year.

Following the introduction of The Bribery Act 2010, the Board has adopted appropriate procedures designed to prevent bribery. It confirms that the procedures have operated effectively during the year under review.

The Board meets on at least four occasions 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, at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Composition
The Board, chaired by Andrew Hutton, currently consists of five 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. Brief biographical details of each Director are set out on pages 22 and 23. There have been no changes to the Chairman's other significant commitments

Directors' Report continued

during the year under review. At the close of the Annual General Meeting on 19th November 2015, Paul Wallace will stand down as a Director of the Company, Audit Committee Chairman and the Senior Independent Director. It is proposed that Caroline Gulliver will assume the chairmanship of the Audit and Nomination Committee, and Sarah Fromson will assume the role of Senior Independent Director.

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

Tenure
Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter, a Director's appointment runs from year to year. In the light of the performance evaluation carried out each year, the Board will decide whether it is appropriate for the Director to seek an additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committee. The Board has adopted corporate governance best practice and all Directors stand for annual reappointment.

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

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 the Audit and Nomination Committee of which all Directors are members.

The table below details the number of Board and Audit and Nomination Committee meetings attended by each Director. During the year under review there were four Board meetings and three Audit and Nomination Committee meetings. In addition, there were two other *ad hoc* Board meetings to deal with various corporate initiatives, procedural matters and formal approvals. In addition, there is regular contact between the Directors and the Manager and Company Secretary throughout the year.

Director	Board Meetings Attended	Audit and Nomination Committee Meetings Attended
Andrew Hutton	4/4	3/3
Sarah Fromson	4/4	2/3
Caroline Gulliver[1]	2/4	2/3
Richard Robinson	4/4	3/3
Paul Wallace	4/4	3/3

[1]Appointed 1st January 2015.

Audit and Nomination Committee
The Audit and Nomination Committee, chaired by Paul Wallace, and comprising all of the independent Directors, meets at least twice each year. The members of the Audit and Nomination Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. At least one member of the Committee has recent and relevant financial experience.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual accounts and the Company's compliance with the UK Corporate Governance Code. During its review of the Company's financial statements for the year ended 31st July 2015, the Committee considered the following significant issues, in particular those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Going concern	The Directors have considered the Company's investment objective, risk management policies, capital management policies and procedures, the nature of the portfolio, expenditure and cash flow projections and the continuation vote to be held in 2015. As a result, they have determined that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. Following consultation with the Company's major shareholders, it is believed that the continuation vote will be passed.
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 45. Controls are in place to ensure that valuations are appropriate and ownership is verified through Depositary and Custodian reconciliations. The audit includes the determination of the existence, ownership and valuation of the investments.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 45. The Board reviews subjective elements of income such as special dividends and agrees their treatment is relevant.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st August 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

Having taken all available information into consideration and having discussed the content of the annual report and accounts with the Alternative Investment Fund Manager, Investment Managers, Company Secretary and other third party service providers, the Audit and Nomination Committee has concluded that the annual report and accounts for the year ended 31st July 2015, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy, and has reported these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 35.

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

The Committee reviews the terms of the management agreement between the Company and the Manager, the performance of the Manager, the notice period that the Board has with the Manager and makes recommendations to the Board on the continued appointment of the Manager following these reviews.

The Committee reviews and examines the effectiveness of the Company's internal controls systems, receives information from the Manager's Compliance department and reviews the scope and results of the external audit, its cost effectiveness, the balance of audit and non-audit services and the independence and objectivity of the external Auditor. In the Directors' opinion the Auditor is considered independent. The Board reviews and approves any non-audit services provided by the independent Auditor and assesses the impact of any non-audit work on the ability of the Auditor to remain independent. In order to safeguard the Auditor's objectivity and independence, any significant non-audit services are carried out through a partner other than the audit engagement partner. No such work was undertaken during the year under review. The Committee also receives confirmations from the Auditor as part of its reporting, in regard to its objectivity and independence. Representatives of the Company's Auditor attend the Audit and Nomination Committee meeting at which the draft annual report and accounts are considered.

The Audit and Nomination Committee has the primary responsibility for making recommendations to the Board on the reappointment and removal of external auditors. As part of its review of the continuing appointment of the Auditor, the Audit and Nomination Committee considers the length of tenure of the audit firm, its fees, its independence from the Alternative Investment Fund Manager and the Investment Managers and any matters raised during the audit. Representatives of the Company's Auditor attend the Audit Committee meeting at which the draft annual report and accounts are considered and also engage with the Directors as and when required. Having reviewed the performance of the external Auditor, including the quality of work, timing of communications and work with the Manager, the Committee

Directors' Report continued

considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting.

The current audit firm has audited the Company's financial statements since launch in July 2010. During 2015 a tender for audit services was undertaken and it was resolved to continue to retain Ernst & Young LLP. In accordance with present professional guidelines the Audit Partner is rotated after no more than five years and the current year is the first year for which the present Audit Partner, Sarah Williams, has served. Details of the fees paid for audit services are included in note 5 on page 48.

The Directors' statement on the Company's system of Risk Management and Internal Controls is set out on page 31.

The Committee fulfils the role of a Nomination Committee in ensuring that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates, when necessary, for appointment. A variety of sources, including independent search consultants or open advertising, may be used to ensure that a wide range of candidates is considered. For the recruitment of Caroline Gulliver during the year under review, no search consultant was used, however, the Board and Manager have a wide network of contacts which enabled them to draw up a shortlist of six candidates with relevant experience, of which four were interviewed.

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

The Committee undertakes an annual performance evaluation of the Board, its Committee and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committee. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. Questionnaires, drawn up by the Board, with the assistance of the Manager are completed by each Director. The responses are then collated and discussed by the Committee. The evaluation of the individual Directors is led by the Chairman who also meets with each Director. The Senior Independent Director leads the evaluation of the Chairman's performance. The Committee also reviews Directors' fees and makes recommendations to the Board as and when required. This takes into account the level of fees paid to the directors of the Company's peers and within the investment trust industry generally to ensure that high quality people are attracted and retained.

Terms of Reference

The Audit and Nomination Committee has written terms of reference which define clearly its responsibilities, a copy of which is available for inspection on the Company's website, 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 quarterly 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.

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.

During the year the Company's brokers, the Investment Managers and JPMF hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to support these meetings and to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 69.

The Company's annual report and accounts are published in time to give shareholders at least twenty working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit

questions via the Company's website or write to the Company Secretary at the address shown on page 69.

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

Risk Management and Internal Controls

The UK Corporate Governance Code requires the Directors, at least annually, to review the effectiveness of the Company's system of risk management and internal controls 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 controls 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 the Manager and its associates, the Company's system of risk management and internal controls mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 20 and 21). This process has been in place for the year under review and up to the date of the approval of the annual report and accounts, and it accords with the Turnbull guidance. The Company does not have an internal audit function of its own; the Board considers that it is sufficient to rely on the internal audit department of the Manager. This arrangement is kept under review. The key elements designed to provide effective internal controls 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, depositary and custodian regulated by the FCA, whose responsibilities are clearly defined in a written agreement.

Management Systems - The Manager's system of risk management and internal control includes organisational agreements which clearly define the lines of responsibility, delegated authority, control procedures and systems. These are monitored by 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 and Nomination Committee, keeps under review the effectiveness of the Company's system of risk management and internal controls 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 risk management and internal controls and the operations of its Depositary, BNY Mellon Trust & Depositary (UK) Limited, and its Custodian, JPMorgan Chase Bank, which are independently reviewed; and
- reviews every six months an independent report on the risk management and internal controls and the operations of the Manager.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal controls for the year ended 31st July 2015, and to the date of approval of this annual report and accounts.

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

Governance continued

Directors' Report continued

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to the Manager. The following is a summary of the policy statements of J.P. Morgan Asset Management ('JPMAM') on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included in the Strategic Report on page 21.

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

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

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

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

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

By order of the Board
Juliet Dearlove, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

9th October 2015

Directors' Remuneration Report

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

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The Auditor's opinion is included in their report on pages 36 and 39.

Remuneration of the Directors is considered by the Board on a regular basis.

Directors' Remuneration Policy

An ordinary resolution to approve the Directors' Remuneration Policy will be put to shareholders at the forthcoming Annual General Meeting. The policy subject to the vote, is set out in full below and is currently in force.

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

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

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

In the year under review, Directors' fees were paid at the following rates: Chairman £32,500; Chairman of the Audit and Nomination Committee £26,000; and other Directors £22,000. Although the fees for the Chairman of the Audit and Nomination Committee and the other Directors fall below the median level for JPMorgan investment trusts as described above, a decision has been taken to make no changes to the Directors' remuneration for the year ending 31st July 2016.

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

The Company has not sought shareholder views on its remuneration policy. The Board 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 28.

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 31st July 2014 and no changes are currently proposed for the year ending 31st July 2016.

At the Annual General Meeting held on 27th November 2014, of votes cast, 99.77% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) both the remuneration policy and the remuneration report and 0.23% voted against each resolution. Abstentions were received from 0.1% and 0.2% respectively of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report from the 2015 Annual General Meeting will be given in the annual report for the year ending 31st July 2016.

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

Governance continued

Directors' Remuneration Report continued

Single total figure of remuneration

The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

Single total figure table[1]

	Total fees	
	2015	2014
Andrew Hutton	**£32,500**	£32,500
Sarah Fromson	**£22,000**	£22,000
Caroline Gulliver[2]	**£12,800**	–
Richard Robinson	**£22,000**	£22,000
Paul Wallace	**£26,000**	£26,000
Total	**£115,300**	£102,500

[1]Audited information.

[2]Appointed 1st January 2015.

A table showing the total remuneration for the Chairman since launch to 31st July 2015 is below:

Remuneration for the Chairman since launch to 31st July 2015

Year ended 31st July	Fees
2015	£32,500
2014	£32,500
2013	£30,000
2012	£25,000
2011[1]	£28,109

[1]From appointment as the Company's first Chairman in 2010.

Directors' Shareholdings[1]

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

Directors' Name	31st July 2015	31st July 2014
Andrew Hutton	**90,000**	90,000
Sarah Fromson	**21,990**	21,990
Caroline Gulliver[2,3]	**10,000**	–
Richard Robinson	**20,550**	20,550
Paul Wallace	**50,000**	50,000
Total	**192,540**	182,540

[1]Audited information.

[2]Purchase of shares during the year ended 31st July 2015.

[3]Appointed 1st January 2015.

As at the latest practicable 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 its benchmark, the MSCI Emerging Markets Index, with net dividends reinvested, in sterling terms, since the date the Company began investing is shown below. The MSCI Emerging Markets Index has been chosen as this is the Company's adopted benchmark index, for reasons given on page 18.

Share price and benchmark total return since launch to 31st July 2015

Source: Morningstar/Datastream.

— Share price total return.

— Benchmark.

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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 31st July	
	2015	2014
Remuneration paid to all Directors	**£115,300**	£102,500
Distribution to shareholders		
– by way of dividend	**£14,129,000**	£12,876,000
– by way of share repurchases	**£nil**	£nil
Total distribution to shareholders	**£14,244,300**	£12,978,500

For and on behalf of the Board
Andrew Hutton
Chairman

9th October 2015

Statement of Directors' Responsibilities

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

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

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

and the Directors confirm that they have done so.

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

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

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

Each of the Directors, whose names and functions are listed on pages 22 to 23 confirm that, to the best of their knowledge the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and return or loss of the Company.

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

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

For and on behalf of the Board
Andrew Hutton
Chairman

9th October 2015

Independent Auditor's Report

To the Members of JPMorgan Global Emerging Markets Income Trust plc

Our audit 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 31st July 2015 and of its net loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Our audit opinion on matters prescribed by the Companies Act 2006

In our opinion:

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

What we have audited

We have audited the financial statements of JPMorgan Global Emerging Markets Income Trust plc for the year ended 31st July 2015 which comprise the Income Statement, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 35, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

The scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

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

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based

on or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our assessment of the risk of material misstatement and our audit response

The risks included in the table below represent those material risks of misstatement that have had the greatest impact on our audit strategy and approach for the year ended 31st July 2015 (including the allocation of resources and the directing of efforts of the engagement team). The table also includes our audit response to each of these risks:

Risk identified	Our response
The investment income receivable by the company during the period directly drives the company's ability to make a dividend payment to shareholders. The investment income receivable for the year to 31st July 2015 was £21.4 million (as disclosed in note 3 to the financial statements). If the company is not entitled to receive the dividend income recognised in the financial statements or the income recognised does not relate to the current financial year, this will impact the extent of the profits available to fund dividend distributions to shareholders.	• We agreed a sample of dividends to the corresponding announcement made by the investee company and agreed cash received to bank statements. • For all dividends accrued at year end, we reviewed the investee company announcements to assess whether the dividend obligation arose prior to 31st July 2015. • We agreed a sample of accrued dividends to post year end bank statements to assess the recoverability of these amounts.
The fees payable by the Company for investment management services are a significant component of the company's cost base and, therefore, impact the Company's total return. For the year to 31 July 2015, the management fee was £3.4 million (as disclosed in note 4 to the financial statements). There was no performance payable as at 31 July 2015. The performance fee was terminated with effect from 1st August 2015. If the management and performance fees are not calculated in accordance with the methodology prescribed in the investment management agreement this could have a significant impact on both costs and overall performance.	• We used the terms contained in the investment management agreement to recalculate the management and performance fees for the year. • We agreed the inputs for the calculations to source data and agreed the payments to bank statements.
The valuation of the assets held in the investment portfolio is the key driver of the Company's investment return. The value of the Company's investment portfolio at 31st July 2015 was £330.6 million (movements in the investment portfolio are shown in note 10 to the financial statements). Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.	• We agreed the year end prices of the investments to an independent source. • We agreed the number of shares held in each security to a confirmation of legal title received from both the Company's custodian and its depositary

Independent Auditor's Report continued

Risk identified	Our response
Given the continuation vote this year, going concern has been a focus of our audit in the current year.	• We have obtained and reviewed the revenue estimates and the cash flow projections for the Company as produced by the Manager for the Board. • We have made enquiries of the Company's principal broker in relation to the procedures they have performed to gain an understanding of shareholders' views ahead of the Continuation Vote. Based on enquiries that the brokers have made of principal shareholders, they have confirmed to us that they are not aware of any matters that would indicate that a substantial portion of the Company's shareholder base plans to vote against the continuation of the Company. • We have enquired of the Directors and the Manager to understand the extent to which the Company's shareholder profile or other factors may influence the result of the Continuation Vote. • We have reviewed the disclosures in the Directors' Report with respect to going concern and the Continuation Vote.

Our application of materiality

We have defined the concept of materiality and planning materiality below.

We determined materiality for the company to be £3.1 million, which is 1% of total equity (2014: £3.3 million based on 1% of total equity). We have derived our materiality calculation based on a proportion of total equity as we consider it to be the most important financial metric on which shareholders would judge the performance of the Company.

We determined performance materiality for the Company to be 75% of materiality, or £2.3 million (2014: £2.5 million).

In addition, we agreed with the Audit Committee that we would report any audit differences in excess of £0.16 million (2014: £0.17 million), as well as any differences below that threshold that, in our view, warranted reporting on qualitative grounds.

In accordance with the scope of our audit, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements.

We apply the concept of materiality for the purposes of obtaining sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. For this reason, we also define a separate performance materiality threshold which reflects our tolerance for misstatement in an individual account balance and is set as a proportion of our overall materiality.

Our objective in setting the performance materiality threshold is to identify the amount of testing required in respect of each balance to reduce to an appropriately low level the probability that the aggregate of any uncorrected and undetected misstatements in the financial statements as a whole exceeds our materiality level.

We evaluate any uncorrected misstatements and potential audit differences against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

We applied the concept of materiality in planning and performing our audit, in evaluating the effect of identified misstatements on our audit and of uncorrected misstatements on the financial statements, and in forming our audit opinion. When establishing our overall audit strategy, we determined the magnitude of omissions or uncorrected misstatements that we judged would be material to the financial statements as a whole. This provided a basis for determining the nature of our risk assessment procedures, identifying and assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.

Matters on which we are required to report by exception

We are required by the International Standards on Auditing (UK and Ireland), the Companies Act 2006 and the Listing Rules to report to you by exception if certain matters are identified during the course of our audit. These matters are listed below and we have nothing to report in respect of any of these matters.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

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

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

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

- 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.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 24, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the ten provisions of the UK Corporate Governance Code specified for our review.

Ernst & Young LLP

Sarah Williams (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London

9th October 2015

Financial Statements

Income Statement

for the year ended 31st July 2015

	Notes	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Losses on investments held at fair value through profit or loss	2	–	**(39,147)**	**(39,147)**	–	(9,342)	(9,342)
Net foreign currency (losses)/gains		–	**(1,857)**	**(1,857)**	–	2,617	2,617
Income from investments	3	**21,351**	–	**21,351**	17,359	–	17,359
Other interest receivable and similar income	3	**4**	–	**4**	2	–	2
Gross return/(loss)		**21,355**	**(41,004)**	**(19,649)**	17,361	(6,725)	10,636
Management fee	4	**(1,025)**	**(2,391)**	**(3,416)**	(878)	(2,048)	(2,926)
Other administrative expenses	5	**(799)**	–	**(799)**	(673)	–	(673)
Net return/(loss) on ordinary activities before finance costs and taxation		**19,531**	**(43,395)**	**(23,864)**	15,810	(8,773)	7,037
Finance costs	6	**(242)**	**(565)**	**(807)**	(246)	(573)	(819)
Net return/(loss) on ordinary activities before taxation		**19,289**	**(43,960)**	**(24,671)**	15,564	(9,346)	6,218
Taxation	7	**(2,316)**	**373**	**(1,943)**	(1,622)	75	(1,547)
Net return/(loss) on ordinary activities after taxation		**16,973**	**(43,587)**	**(26,614)**	13,942	(9,271)	4,671
Net return/(loss) per share	9	**5.85p**	**(15.01)p**	**(9.16)p**	5.41p	(3.60)p	1.81p

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

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

The accompanying notes on pages 45 to 63 form an integral part of these accounts.

Statement of Total Recognised Gains and Losses
for the year ended 31st July 2015

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Movement in fair value of the cash flow hedge	–	–	–	–	50	50
Net return/(loss) on ordinary activities	**16,973**	**(43,587)**	**(26,614)**	13,942	(9,271)	4,671
Total recognised gains/(losses) for the year	**16,973**	**(43,587)**	**(26,614)**	13,942	(9,221)	4,721

The accompanying notes on pages 45 to 63 form an integral part of these accounts.

Financial Statements continued

Reconciliation of Movements in Shareholders' Funds
for the year ended 31st July 2015

	Called up share capital £'000	Capital redemption reserve £'000	Share premium £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	**Total £'000**
At 31st July 2013	2,344	13	148,189	101,276	30,450	6,255	**288,527**
Issue of Ordinary shares	441	–	51,554	–	–	–	**51,995**
Expenses of new share issues	–	–	(150)	–	–	–	**(150)**
Net (loss)/return from ordinary activities	–	–	–	–	(9,271)	13,942	**4,671**
Movement in fair value of the cash flow hedge	–	–	–	–	50	–	**50**
Dividends appropriated in the year	–	–	–	–	–	(12,876)	**(12,876)**
At 31st July 2014	2,785	13	199,593	101,276	21,229	7,321	**332,217**
Issue of Ordinary shares	158	–	18,956	–	–	–	**19,114**
Expenses of new share issues	–	–	(52)	–	–	–	**(52)**
Net (loss)/return from ordinary activities	–	–	–	–	(43,587)	16,973	**(26,614)**
Dividends appropriated in the year	–	–	–	–	–	(14,129)	**(14,129)**
At 31st July 2015	2,943	13	218,497	101,276	(22,358)	10,165	**310,536**

The accompanying notes on pages 45 to 63 form an integral part of these accounts.

Balance Sheet
at 31st July 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investments held at fair value through profit or loss		**327,817**	348,174
Investment in Liquidity Fund held at fair value through profit or loss		**2,806**	136
	10	**330,623**	348,310
Current assets	11		
Debtors		**3,476**	2,830
Cash and short term deposits		**2,400**	5,559
		5,876	8,389
Creditors: amounts falling due within one year	12	**(13,145)**	(788)
Financial liability: derivative financial instrument	13	**(1)**	(1)
Net current (liabilities)/assets		**(7,270)**	7,600
Total assets less current liabilities		**323,353**	355,910
Creditors: amounts falling due after more than one year	14	**(12,817)**	(23,693)
Net assets		**310,536**	332,217
Capital and reserves			
Called up share capital	15	**2,943**	2,785
Capital redemption reserve	16	**13**	13
Share premium	16	**218,497**	199,593
Other reserve	16	**101,276**	101,276
Capital reserves	16	**(22,358)**	21,229
Revenue reserve	16	**10,165**	7,321
Total equity shareholders' funds		**310,536**	332,217
Net asset value per share	17	**105.5p**	119.3p

The accounts on pages 40 to 63 were approved by the Directors and authorised for issue on 9th October 2015 and are signed on their behalf by:

Andrew Hutton
Director

The accompanying notes on pages 45 to 63 form an integral part of these accounts.

Company registration number: 7273382

Financial Statements continued

Cash Flow Statement
for the year ended 31st July 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operating activities	18	**14,070**	8,860
Returns on investments and servicing of finance			
Interest paid		**(789)**	(873)
Net cash outflow from returns on investments and servicing of finance		**(789)**	(873)
Taxation			
Overseas tax recovered		**157**	94
Total tax recovered		**157**	94
Capital expenditure and financial investment			
Purchases of investments		**(157,982)**	(169,587)
Sales of investments		**136,017**	124,098
Other capital charges		**(17)**	(37)
Net cash outflow from capital expenditure and financial investment		**(21,982)**	(45,526)
Dividends paid		**(14,129)**	(12,876)
Net cash outflow before financing		**(22,673)**	(50,321)
Financing			
Proceeds of issue of Ordinary shares		**19,483**	52,246
Expenses of new share issues		**(52)**	(166)
Repayment of bank loans		**–**	(12,415)
Drawdown of bank loans		**–**	12,556
Net cash inflow from financing		**19,431**	52,221
(Decrease)/increase in cash for the year	19	**(3,242)**	1,900

The accompanying notes on pages 45 to 63 form an integral part of these accounts.

Notes to the Financial Statements
for the year ended 31st July 2015

1. Accounting policies

(a) Basis of accounting

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

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

The financial statements have been prepared on a going concern basis.

(b) Valuation of investments

The Company's business is investing in financial assets with a view to providing shareholders with a dividend income and the potential for long term capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as 'held at fair value through profit or loss'. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value which are quoted bid market prices for investments traded in active markets.

Realised gains or losses on investments are recognised in the Income Statement and represent the difference between the proceeds arising on sale and the brought forward fair value of the investment sold.

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

(c) Accounting for reserves

Gains and losses on sales of investments and realised gains or losses on derivatives, including any related foreign exchange gains and losses, performance fees realised, management fee and finance costs and any other capital charges, are included in the Income Statement and dealt with in capital reserves within 'Gains and losses on sales of investments'. Unrealised gains or losses in the valuation of investments, and other derivatives held at the year end, including the related foreign exchange gains and losses, are included in the Income Statement and dealt with in capital reserves within 'Investment holding gains'. The other reserve is for the purpose of financing share repurchases.

(d) Income

Dividends receivable from equity investments 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.

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

Interest receivable on deposits and debt instruments is taken to revenue on an accruals basis using the effective interest rate method.

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.

The Company performs an ongoing assessment of the recoverability of withholding tax and any amounts that are no longer considered to be recoverable are written off to the profit and loss account.

(e) Expenses

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

- Management fees are allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- Performance fees are allocated 100% to capital.
- Expenses incidental to purchases and sales of investments are charged to capital. These expenses are commonly referred to as transaction costs and include items such as stamp duty and brokerage commissions. Details of transaction costs are given in note 10.

Notes to the Financial Statements continued

(f) Finance costs

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

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

(g) Financial instruments

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

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at carrying value as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying value of all debtors and creditors approximates to their fair value.

Derivatives are classified as held for trading and are measured at fair value using a recognised valuation technique. Unrealised movements in the valuation of derivatives are recognised in the Income Statement except where the derivative meets the criteria for cash flow hedge accounting. Under the requirements of cash flow hedge accounting, unrealised gains or losses on derivative products are recognised through the Statement of Total Recognised Gains and Losses as a separate component of equity.

Short term forward currency contracts are classified as derivative financial instruments and are held at fair value through profit or loss. Unrealised gains or losses on contracts outstanding at the end of the year are recognised in the Income Statement.

The Company uses an interest rate swap to hedge the cash flow risk arising from interest rate fluctuations. The swap is classified as 'held at fair value through profit or loss' and has been designated as an effective cash flow hedge in accordance with the provisions of FRS 26. Gains or losses arising on the fair value of the cash flow hedge during the year are shown in the Statement of Total Recognised Gains and Losses and are accounted for in capital reserves.

(h) Foreign currency

The Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined the functional currency to be sterling. Sterling is also the currency in which the accounts are presented.

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

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

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and netted off against the value of the loan to the extent that it is probable that some or all of the facility will be drawn down.

(j) Taxation

Current taxation is provided on an accruals basis at the rate expected to be received or paid based on the Company's taxable profit.

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

Deferred taxation 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.

Investment trusts which have approval under the appropriate tax regulations are not liable for taxation on capital gains.

(k) Dividends payable

Dividends are recognised in the accounts in the year in which the Company's obligation to make the payment to shareholders is established.

(l) Share issue costs

Share capital is classified as equity and the costs of the share issue are netted from proceeds in equity.

	2015 £'000	2014 £'000
2. Losses on investments held at fair value through profit or loss		
Losses on sales of investments held at fair value through profit or loss based on historic cost	**(455)**	(2,744)
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	**(5,120)**	(5,918)
Realised losses on sales of investments based on carrying value at the previous balance sheet date	**(5,575)**	(8,662)
Net movement in investment holding gains and losses	**(33,561)**	(641)
Other capital charges	**(11)**	(39)
Total losses on investments held at fair value through profit or loss	**(39,147)**	(9,342)

Financial Statements continued

Notes to the Financial Statements continued

	2015 £'000	2014 £'000
3. Income		
Overseas dividends	**20,807**	16,095
Dividends from Participation notes	**531**	1,218
UK investment income	**–**	38
Dividends from Liquidity Fund	**13**	8
Total income from investments	**21,351**	17,359
Other income		
Deposit interest	**4**	2
Total income	**21,355**	17,361

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
4. Management and performance fees						
Management fee	**1,025**	**2,391**	**3,416**	878	2,048	2,926
	1,025	**2,391**	**3,416**	878	2,048	2,926

Details of the management and performance fee are given in the Directors' Report on page 24. For the year ended 31st July 2015, no performance fee is payable as the Company underperformed its benchmark index (2014: same).

	2015 £'000	2014 £'000
5. Other administrative expenses		
Administration expenses	**588**	475
Directors' fees	**115**	103
Savings scheme costs[1]	**69**	68
Auditor's remuneration for audit services[2]	**27**	27
	799	673

[1]These amounts are payable to the Manager for the marketing and administration of savings scheme products, and includes £5,000 (2014: £5,000) irrecoverable VAT.

[2]Includes £2,000 irrecoverable VAT (2014: £2,000). The Auditor did not provide any non-audit services in the current or prior year.

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
6. Finance costs						
Interest on bank loans and overdrafts	**242**	**565**	**807**	246	573	819

7. Taxation

(a) Analysis of tax charge in the year

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	**1,943**	**–**	**1,943**	1,547	–	1,547
Tax relief from expenses charged to capital	**373**	**(373)**	**–**	75	(75)	–
Current tax charge for the year	**2,316**	**(373)**	**1,943**	1,622	(75)	1,547

(b) Factors affecting current tax charge for the year

The tax charge for the year is lower (2014: lower) than the Company's applicable rate of corporation tax of 20.67% (2014: 22.33%). The difference is explained below:

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) on ordinary activities before taxation	**19,289**	**(43,960)**	**(24,671)**	15,564	(9,346)	6,218
Net return/(loss) on ordinary activities before taxation multiplied by the applicable rate of corporation tax of 20.67% (2014: 22.33%)	**3,987**	**(9,086)**	**(5,099)**	3,475	(2,087)	1,388
Effects of:						
Non taxable capital losses	**–**	**8,475**	**8,475**	–	1,502	1,502
Non taxable UK dividends	**–**	**–**	**–**	(8)	–	(8)
Non taxable overseas dividends	**(3,448)**	**–**	**(3,448)**	(3,155)	–	(3,155)
Tax attributable to expenses and finance costs charged to capital	**(238)**	**238**	**–**	(510)	510	–
Income taxed in different periods	**(53)**	**–**	**(53)**	(45)	–	(45)
Overseas withholding tax	**1,943**	**–**	**1,943**	1,547	–	1,547
Unutilised expenses carried forward to future periods	**125**	**–**	**125**	318	–	318
Current tax charge for the year	**2,316**	**(373)**	**1,943**	1,622	(75)	1,547

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £2,273,000 which comprises unutilised expenses of £11,364,000 (2014: £2,120,000, unutilised expenses of £10,598,000) based on a prospective corporation tax rate of 20% (2014: 20%). The deferred tax asset has arisen due to the excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts. The UK Government announced in July 2015 that the corporation tax rate is set to be cut to 19% in 2017 and 18% in 2020. These rate reductions have not been substantively enacted, therefore the impact of these reductions has not been incorporated into the tax charge for the period.

Given the Company's intention to apply for status as an investment trust company, no deferred tax has been provided on any capital gains or losses arising on the revaluation or disposal of investments.

Notes to the Financial Statements continued

8. Dividends

(a) Dividends paid and declared

	2015 £'000	2014 £'000
2014 Fourth interim dividend paid of 1.90p (2013: 2.10p)	**5,324**	5,005
First interim dividend paid of 1.00p (2014: 1.00p)	**2,919**	2,544
Second interim dividend paid of 1.00p (2014: 1.00p)	**2,943**	2,603
Third interim dividend paid of 1.00p (2014: 1.00p)	**2,943**	2,724
Total dividends paid in the year	**14,129**	12,876
Fourth interim dividend declared of 1.90p (2014: 1.90p)	**5,592**	5,292

The fourth interim dividend declared in respect of the year ended 31st July 2014 amounted to £5,292,000. However, the actual payment amounted to £5,324,000 due to share issuances after the balance sheet date, but prior to the share register Record Date.

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

The requirements of Section 1158 are considered on the basis of dividends paid and declared in respect of the financial year, as follows:

	2015 £'000	2014 £'000
First interim dividend paid of 1.00p (2014: 1.00p)	**2,919**	2,544
Second interim dividend paid of 1.00p (2014: 1.00p)	**2,943**	2,603
Third interim dividend paid of 1.00p (2014: 1.00p)	**2,943**	2,724
Fourth interim dividend declared of 1.90p (2014: 1.90p)	**5,592**	5,324
Total dividends for Section 1158 purposes	**14,397**	13,195

The revenue available for distribution by way of dividend is £16,973,000 (2014: £13,942,000).

9. Net return/(loss) per share

Return/(loss) per share is based on the following:

	2015 £'000	2014 £'000
Revenue return	**16,973**	13,942
Capital loss	**(43,587)**	(9,271)
Total (loss)/return	**(26,614)**	4,671
Weighted average number of Ordinary shares in issue during the year	**290,335,671**	257,623,359
Revenue return per share	**5.85p**	5.41p
Capital loss per share	**(15.01)p**	(3.60)p
Total (loss)/return per share	**(9.16)p**	1.81p

	2015 £'000	2014 £'000
10. Investments		
Listed investments and Participation notes	**327,817**	348,174
Investment in Liquidity Fund	**2,806**	136
Total investments	**330,623**	348,310
Opening book cost	**325,910**	282,510
Opening investment holding gains	**22,400**	28,959
Opening valuation	**348,310**	311,469
Movements in the year:		
Purchases at cost	**157,491**	170,190
Sales - proceeds	**(136,042)**	(124,046)
Realised losses on sales of investments based on the fair value at the previous balance sheet date	**(5,575)**	(8,662)
Net movement in investment holding gains and losses	**(33,561)**	(641)
	330,623	348,310
Closing book cost	**346,904**	325,910
Closing investment holding (losses)/gains	**(16,281)**	22,400
Total investments held at fair value	**330,623**	348,310

During the year, prior investment holding gains amounting to £5,120,000 were transferred to gains on sales of investments within capital reserves as disclosed in notes 2 and 16.

Transaction costs on purchases during the year amounted to £207,000 (2014: £249,000) and on sales during the year amounted to £198,000 (2014: £118,000). These costs comprise mainly brokerage commission.

	2015 £'000	2014 £'000
11. Current assets		
Debtors		
Securities sold awaiting settlement	**25**	–
Dividends and interest receivable	**3,371**	2,358
Overseas tax recoverable	**48**	73
Issue of Ordinary shares awaiting settlement	**–**	369
Other debtors	**32**	30
	3,476	2,830

The carrying amount of debtors approximates to their fair value, and no debtor was impaired nor past due date.

Cash and short term deposits

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

Notes to the Financial Statements continued

	2015 £'000	2014 £'000
12. Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	**112**	603
Bank loan – US Dollar 20 million fixed rate loan with National Australia Bank (maturing 2015)	**12,816**	–
Other creditors and accruals	**145**	131
Loan interest payable	**72**	54
	13,145	788

The Company has a US Dollar 20 million fixed rate loan with National Australia Bank Limited, repayable in October 2015 at an interest rate of 2.88% per annum.

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

	2015 £'000	2014 £'000
13. Financial liability: derivative financial instrument		
Forward foreign currency contracts	**1**	1

	2015 £'000	2014 £'000
14. Creditors: amounts falling due after more than one year		
Bank loan - US Dollar 20 million fixed rate loan with National Australia Bank (maturing 2018)	**12,817**	11,847
Bank loan - US Dollar 20 million fixed rate loan with National Australia Bank (maturing 2015)	**–**	11,846
	12,817	23,693

The Company has a US Dollar 20 million fixed rate loan with National Australia Bank Limited, repayable in October 2018 at an interest rate of 3.18% per annum.

	2015 £'000	2014 £'000
15. Called up share capital		
Ordinary shares - allotted and fully paid		
Opening balance represented by 278,514,438 (2014: 234,369,438) Ordinary shares	**2,785**	2,344
Issue of 15,825,000 (2014: 44,145,000) Ordinary shares	**158**	441
Closing balance represented by 294,339,438 (2014: 278,514,438) Ordinary shares of 1p each	**2,943**	2,785

Share capital transactions

During the year 15,825,000 Ordinary shares were issued for gross proceeds of £19.1 million. The purpose of the new share issues was not only to satisfy demand but also to enhance the net asset value because all new Ordinary shares were issued at a premium to NAV.

The Company has the authority to repurchase shares in the market for cancellation. However, no shares were repurchased during the year (2014: same).

Resolutions to renew the authority to issue new shares and to repurchase shares will be put to shareholders at the forthcoming Annual General Meeting. More details are given on page 26 and the full text of the resolutions is set out in the Notice of Annual General Meeting on pages 64 and 65.

					Capital reserves		
	Called up share capital £'000	Capital redemption reserve £'000	Share premium £'000	Other reserve[1] £'000	Gains and losses on sales of investments £'000	Investment holding gains £'000	Revenue reserve £'000
16. Reserves							
Opening balance	2,785	13	199,593	101,276	(2,425)	23,654	7,321
Foreign currency gains on cash and short term deposits	–	–	–	–	83	–	–
Realised losses on sales of investments based on carrying value at the previous balance sheet date	–	–	–	–	(5,575)	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	(33,561)	–
Transfer on disposal of investments	–	–	–	–	5,120	(5,120)	–
Issue of Ordinary shares	158	–	18,956	–	–	–	–
Expenses of new share issue	–	–	(52)	–	–	–	–
Unrealised foreign currency losses on loans	–	–	–	–	–	(1,940)	–
Finance costs charged to capital	–	–	–	–	(565)	–	–
Management fee charged to capital	–	–	–	–	(2,391)	–	–
Other capital charges	–	–	–	–	(11)	–	–
Tax relief from expenses charged to capital	–	–	–	–	373	–	–
Dividends appropriated in the year	–	–	–	–	–	–	(14,129)
Retained revenue for the year	–	–	–	–	–	–	16,973
Closing balance	**2,943**	**13**	**218,497**	**101,276**	**(5,391)**	**(16,967)**	**10,165**

[1]The balance of the share premium account was cancelled on 20th October 2010 and transferred to the 'Other reserve'. The 'Other reserve' is for the purposes of financing share repurchases and it is a non-distributable reserve.

17. Net asset value per share

The net asset value per share is based on the net assets attributable to the Ordinary shareholders of £310,536,000 (2014: £332,217,000) and on the 294,339,438 (2014: 278,514,438) Ordinary shares outstanding at 31st July 2015.

Notes to the Financial Statements continued

	2015 £'000	2014 £'000
18. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities		
Net (loss)/return on ordinary activities before finance costs and taxation	**(23,864)**	7,037
Add: capital loss on ordinary activities before finance costs and taxation	**43,395**	8,773
Increase in accrued income	**(1,013)**	(1,252)
(Increase)/decrease in other debtors	**(2)**	25
Increase/(decrease) in accrued expenses	**20**	(7)
Management fee charged to capital	**(2,391)**	(2,048)
Overseas withholding tax	**(2,075)**	(1,615)
Performance fee paid	**–**	(2,053)
Net cash inflow from operating activities	**14,070**	8,860

	2014 £'000	Cash flow £'000	Exchange movement £'000	2015 £'000
19. Analysis of changes in net debt				
Cash and short term deposits	5,559	(3,242)	83	**2,400**
Foreign currency bank loan falling due within one year	(11,846)	–	(970)	**(12,816)**
Foreign currency bank loan falling due after more than one year	(11,847)	–	(970)	**(12,817)**
Net debt	(18,134)	(3,242)	(1,857)	**(23,233)**

20. Transactions with the Manager, affiliates of the Manager and related party transactions

The management fee payable to the Manager for the year was £3,416,000 (2014: £2,926,000) of which £nil (2014: £nil) was outstanding at the year end.

Expenses amounting to £69,000 (2014: £68,000) were payable to the Manager for the marketing and administration of savings scheme products during the year, of which £nil (2014: £6,000) was outstanding at the year end.

Handling charges on dealing transactions amounting to £11,000 (2014: £39,000) were payable to JPMorgan Chase during the year, of which £1,000 (2014: £7,000) was outstanding at the year end.

Included in 'Administration expenses' in note 5 are safe custody fees amounting to £198,000 (2014: £213,000) payable to JPMorgan Investor Services Limited, an affiliate of the Manager, of which £33,000 (2014: £40,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities Limited for the year was £2,000 (2014: £16,000) of which £nil (2014: £nil) was outstanding at the year end.

The Company holds an investment in the JPMorgan US Dollar Liquidity Fund. At 31st July 2015 this holding was valued at £2,806,000 (2014: £136,000). Income receivable from this fund amounted to £13,000 (2014: £8,000) of which £nil (2014: £nil) was outstanding at the year end. JPMorgan earns no management fee on this fund.

At the year end, a bank balance of £2,400,000 (2014: £5,559,000) was held with JPMorgan Chase. A net amount of interest of £3,000 (2014: £2,000) was receivable by the Company during the year from JPMorgan Chase, of which £nil (2014: £nil) was outstanding at the year end.

Details of Directors' transactions in the Company's shares and Directors' fees are included in the Directors' Remuneration Report on page 34. No fees were outstanding at the year end.

21. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments that are held at fair value comprise its investment portfolio and derivative contracts.

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

Level 1 - valued using quoted prices in active markets;

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

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

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

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

The following table sets out the fair value measurements using the FRS 29 hierarchy at 31st July:

	2015			
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets held at fair value through profit or loss				
Listed investments and Participation notes	**327,817**	**–**	**–**	**327,817**
Liquidity Fund	**2,806**	**–**	**–**	**2,806**
Derivative financial instruments - forward foreign currency contracts	**–**	**(1)**	**–**	**(1)**
Total	**330,623**	**(1)**	**–**	**330,622**

	2014			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets held at fair value through profit or loss				
Listed investments and participation notes	348,174	–	–	348,174
Liquidity Fund	136	–	–	136
Derivative financial instruments - forward foreign currency contracts	–	(1)	–	(1)
Total	348,310	(1)	–	348,309

There have been no transfers between Level 1, 2 or 3 during the year (2014: nil).

Notes to the Financial Statements continued

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

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

The Company's financial instruments may comprise the following:

- investments in equity shares and participation notes of overseas companies and a US Dollar liquidity fund which are held in accordance with the Company's investment objective;
- derivative financial instruments including forward foreign currency contracts;
- short term debtors, creditors and cash arising directly from its operations; and
- two fixed rate loans with National Australia Bank.

(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. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and the currency in which it reports). 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 the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Foreign currency borrowing may be used to limit the Company's exposure to anticipated changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. This borrowing would be limited to currencies and amounts commensurate with the asset exposure to those currencies. Income denominated in foreign currencies is converted to US Dollars 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 exchange risk.

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 31st July 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.

	Taiwan Dollar £'000	Hong Kong Dollar £'000	US Dollar £'000	2015 South African Rand £'000	Brazilian Real £'000	Other £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	–	–	2,806	–	–	–	2,806
Current assets	2,897	1,161	1,560	–	2	784	6,404
Creditors	(112)	(516)	(25,633)	–	–	(96)	(26,357)
Foreign currency exposure on net monetary items	2,785	645	(21,267)	–	2	688	(17,147)
Investments held at fair value through profit or loss that are equities	57,724	58,440	76,025	40,465	22,583	72,580	327,817
Total net foreign currency exposure	60,509	59,085	54,758	40,465	22,585	73,268	310,670

	Taiwan Dollar £'000	Hong Kong Dollar £'000	US Dollar £'000	2014 South African Rand £'000	Brazilian Real £'000	Other £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	–	–	136	–	–	–	136
Current assets	1,571	576	5,478	302	2	32	7,961
Creditors	–	–	(23,693)	(603)	–	–	(24,296)
Foreign currency exposure on net monetary items	1,571	576	(18,079)	(301)	2	32	(16,199)
Investments held at fair value through profit or loss that are equities	54,657	64,388	76,178	42,091	23,831	87,029	348,174
Total net foreign currency exposure	56,228	64,964	58,099	41,790	23,833	87,061	331,975

The following tables illustrate the sensitivity of the return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary financial instruments (excluding fixed asset investments) held at the balance sheet date and the income receivable in foreign currency, and assumes a 10% (2014: 10%) appreciation or depreciation in sterling against the Hong Kong Dollar, US Dollar, Taiwan Dollar, South African Rand, Brazilian Real, and other currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

Notes to the Financial Statements continued

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

(a) Market risk continued

(i) Currency risk continued

Foreign currency exposure continued

If sterling had weakened against all currencies throughout the year by 10% (2014: 10%) this would have had the following effect:

	2015 £'000	2014 £'000
Income statement return after taxation		
Revenue return	**2,135**	1,732
Capital return	**(1,715)**	(1,620)
Total return after taxation for the year	**420**	112
Net assets	**420**	112

Conversely, if sterling had strengthened against all currencies throughout the year by 10% (2014: 10%) this would have had the following effect:

	2015 £'000	2014 £'000
Income statement return after taxation		
Revenue return	**(2,135)**	(1,732)
Capital return	**1,715**	1,620
Total return after taxation for the year	**(420)**	(112)
Net assets	**(420)**	(112)

In the opinion of the Directors, the above sensitivity analysis may not be representative of the Company's future exposure to foreign currency risk.

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the Liquidity Fund. The Company has no exposure to fair value interest rate risk.

Management of interest rate risk

The Company will not normally hold significant cash balances. There is an overdraft facility available from JPMorgan Chase, if required, bearing interest at a market rate and on the terms on which JPMorgan Chase makes similar overdrafts available.

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. It is the Board's policy to utilise gearing up to a maximum of 20%.

The Company has two US Dollar 20 million fixed rate loans with National Australia Bank Limited, repayable in October 2015 and October 2018 at interest rates of 2.88% and 3.18% per annum respectively.

Interest rate exposure

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

	2015 £'000	2014 £'000
Exposure to floating interest rates:		
Cash and short term deposits	**2,400**	5,559
JPMorgan US Dollar Liquidity Fund	**2,806**	136
Total exposure	**5,206**	5,695

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

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

The exposure to floating interest rates has fluctuated during the year between net cash balances as follows:

	2015 £'000	2014 £'000
Maximum credit interest rate exposure - net cash balance	**12,382**	5,635
Minimum credit/maximum (debt) interest rate exposure - net cash/(loan) balance	**3,965**	(20,851)

Interest rate sensitivity

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

	2015		2014	
	1% increase in rate £'000	1% decrease in rate £'000	1% increase in rate £'000	1% decrease in rate £'000
Income statement - return after taxation				
Revenue return	**52**	**(52)**	57	(57)
Capital return	**–**	**–**	–	–
Total return after taxation for the year	**52**	**(52)**	57	(57)
Net assets	**52**	**(52)**	57	(57)

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

Notes to the Financial Statements continued

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

(a) Market risk continued

(iii) Other price risk

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

Management of other price risk

The Board will meet 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 objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Other price risk exposure

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

	2015 £'000	2014 £'000
Equity investments held at fair value through profit or loss	**327,817**	348,174

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

Concentration of exposure to other price risk

The value of the investment portfolio is in a broad spread of countries with no particular concentration of exposure to any one country. It should also be noted that an investment may not be wholly exposed to the economic conditions in its country of domicile or of listing.

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% in the fair value of the Company's equities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities and adjusting for change in the management fee, but with all other variables held constant.

	2015		2014	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Income statement - return after taxation				
Revenue return	**(98)**	**98**	(104)	104
Capital return	**32,552**	**(32,552)**	34,574	(34,574)
Total return after taxation for the year and net assets	**32,454**	**(32,454)**	34,470	(34,470)

In the opinion of the Directors, the above sensitivity analysis may not be representative of the Company's future exposure to other price risk.

(b) Liquidity risk

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

Management of the liquidity risk

Liquidity risk is not significant as the Company's assets comprise readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft facilities. Also there is no liquidity risk arising from the fixed rate loans due to fluctuations in interest payments.

Liquidity risk exposure

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

	2015			
	Three months or less £'000	More than three months but less than one year £'000	One year or more £'000	Total £'000
Creditors: amounts falling due within one year				
Securities purchased awaiting settlement	112	–	–	112
Other creditors and accruals	145	–	–	145
Financial liability: derivative financial instrument - forward foreign currency contract	1	–	–	1
Bank loan (maturing 2015)	12,879	–	–	12,879
Creditors: amounts falling due after more than one year				
Bank loan (maturing 2018)	100	307	13,712	14,119
	13,237	307	13,712	27,256

	2014			
	Three months or less £'000	More than three months but less than one year £'000	One year or more £'000	Total £'000
Creditors: amounts falling due within one year				
Securities purchased awaiting settlement	603	–	–	603
Other creditors and accruals	185	–	–	185
Financial liability: derivative financial instrument - forward foreign currency contract	1	–	–	1
Creditors: amounts falling due after more than one year				
Bank loans	177	541	24,954	25,672
	966	541	24,954	26,461

Notes to the Financial Statements continued

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

(c) Credit risk

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

Management of credit risk

Portfolio dealing

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

Cash

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

Exposure to JPMorgan Chase

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

Credit risk exposure

The amounts shown in the balance sheet under 'debtors' and 'cash and short term deposits' represent the maximum exposure to credit risk at the year end.

(d) Fair values of financial assets and financial liabilities

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

23. Capital management policies and procedures

The Company's capital management objectives are to ensure that it will continue as a going concern and to provide investors with a dividend income combined with the potential for long term capital growth.

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

	2015 £'000	2014 £'000
Debt		
US Dollar 20 million fixed rate loan with National Australia Bank (maturing 2018)	**12,817**	11,847
US Dollar 20 million fixed rate loan with National Australia Bank (maturing 2015)	**12,816**	11,846
Total debt	**25,633**	23,693
Equity		
Equity share capital	**2,943**	2,785
Reserves	**307,593**	329,432
Total equity	**310,536**	332,217

The Board's policy is to employ gearing when the Manager believes it appropriate to do so. It is the Board's policy to utilise gearing up to a maximum of 20% at the time of drawdown. Gearing for this purpose is defined as Total Assets (including net current assets/liabilities) less cash/cash equivalents and excluding bank loans, expressed as a percentage of net assets.

	2015 £'000	2014 £'000
Investments excluding holdings in liquidity funds	**327,817**	348,174
Current assets excluding cash and short term deposits	**3,476**	2,830
Current liabilities excluding any bank loans	**(329)**	(789)
Total assets	**330,964**	350,215
Net assets	**310,536**	332,217
Gearing	**6.6%**	5.4%

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

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

24. Alternative Investment Fund Managers Directive ('AIFMD')

The Company's maximum and actual leverage (see Glossary of Terms and Definitions on page 67) levels at 31st July 2015 are shown below:

Leverage Exposure	Gross method	Commitment method
Maximum limit	175%	175%
Actual	116%	116%

Shareholder Information

Notice of Annual General Meeting

Notice is hereby given that the fifth Annual General Meeting of JPMorgan Global Emerging Markets Income Trust plc will be held at The Honourable Society of the Inner Temple, Treasury Office, Inner Temple, London EC4Y 7HL on Thursday, 19th November 2015 at 2.00 p.m. for the following purposes:

1. To receive the Directors' Report & Accounts and the Auditor's Report for the year ended 31st July 2015.
2. To approve the Company's Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st July 2015.
4. To reappoint Andrew Hutton as a Director of the Company.
5. To reappoint Sarah Fromson as a Director of the Company.
6. To reappoint Richard Robinson as a Director of the Company.
7. To reappoint Caroline Gulliver as a Director of the Company.
8. To reappoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares - Ordinary Resolution

9. 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 for 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 £294,339 or, if different, the aggregate nominal amount representing approximately 10% of the Company's issued Ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2016 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

10. THAT subject to the passing of Resolution 9 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 9 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 £294,339 or, if different the aggregate nominal amount representing approximately 10% of the issued 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 9 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

11. 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 of 1p each in the capital of the Company 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 44,121,481 or, if different, that number of Ordinary shares which is equal to 14.99% of the Company's issued share capital as at the date of the passing of this Resolution;

    (ii) the minimum price which may be paid for an Ordinary share shall be 1p;

(iii) the maximum price which may be paid for an Ordinary share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for an Ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is contracted to be purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

(iv) any purchase of Ordinary shares will be made in the market for cash at prices below the prevailing net asset value per Ordinary share (as determined by the Directors);

(v) the authority hereby conferred shall expire on 18th May 2017 unless the authority is renewed at the Company's Annual General Meeting in 2016 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.

Continuation vote - Ordinary Resolution

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

By order of the Board
Juliet Dearlove, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

16th October 2015

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 2.00 p.m. two business days prior to the Meeting (i.e. excluding weekends and bank holidays).
4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.

Shareholder Information continued

Notice of Annual General Meeting continued

6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting ('AGM'); or (b) any circumstances connected with the Auditor of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
10. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmglobalemergingmarketsincome.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 AGM. 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 Direction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
16. As at 6th October 2015 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 294,339,438 Ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 294,339,438.

Electronic appointment - CREST members

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

Glossary of Terms and Definitions

Return to Shareholders

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

Return on Net Assets

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

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the Balance Sheet Date are deducted from the NAV per share when calculating the total return on net assets.

Benchmark Return

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

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

Gearing/Net Cash

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

Leverage

For the purposes of the Alternative Investment Fund Managers Directive ('AIFMD'), leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated on a gross and a commitment method, in accordance with the 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.

Ongoing Charges

The Ongoing Charges represent the Company's management fees and all other operating expenses, excluding finance costs and performance fee payable, expressed as a percentage of the average of the daily net assets during the year.

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

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

H-Shares

Companies incorporated in mainland China and listed in Hong Kong and on other foreign exchanges.

Performance Attribution

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

Performance Attribution Definitions:

Management Fees/Other Expenses
The payment of fees and expenses reduces the level of total assets and therefore has a negative effect on relative performance.

Share Issues
Measures the positive effect on relative performance of issuing shares at a premium to net asset value per share.

Shareholder Information continued

Where to buy J.P. Morgan Investment Trusts

Savings Plan

The Company participates in the J.P. Morgan Investment Trusts Savings Plan, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Savings Plan should call J.P. Morgan Asset Management free on 0800 731 1111 or visit its website at https://am.jpmorgan.co.uk/investor/guidance-and-planning/guides/regular-savings-made-simple-guide.aspx.

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within J.P. Morgan's Stocks & Shares ISA. For the 2015/16 tax year, from 6th April 2015 and ending 5th April 2016, the total ISA allowance is £15,240. Details are available from J.P. Morgan Asset Management free on 0800 731 1111 or via its website at https://am.jpmorgan.co.uk/investor/isas/what-is-a-stocks-and-shares-isa.aspx.

There are a number of ways that you can buy shares in investment trust companies; you can invest through J.P. Morgan WealthManager+ or on the following:

Fund supermarkets:

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

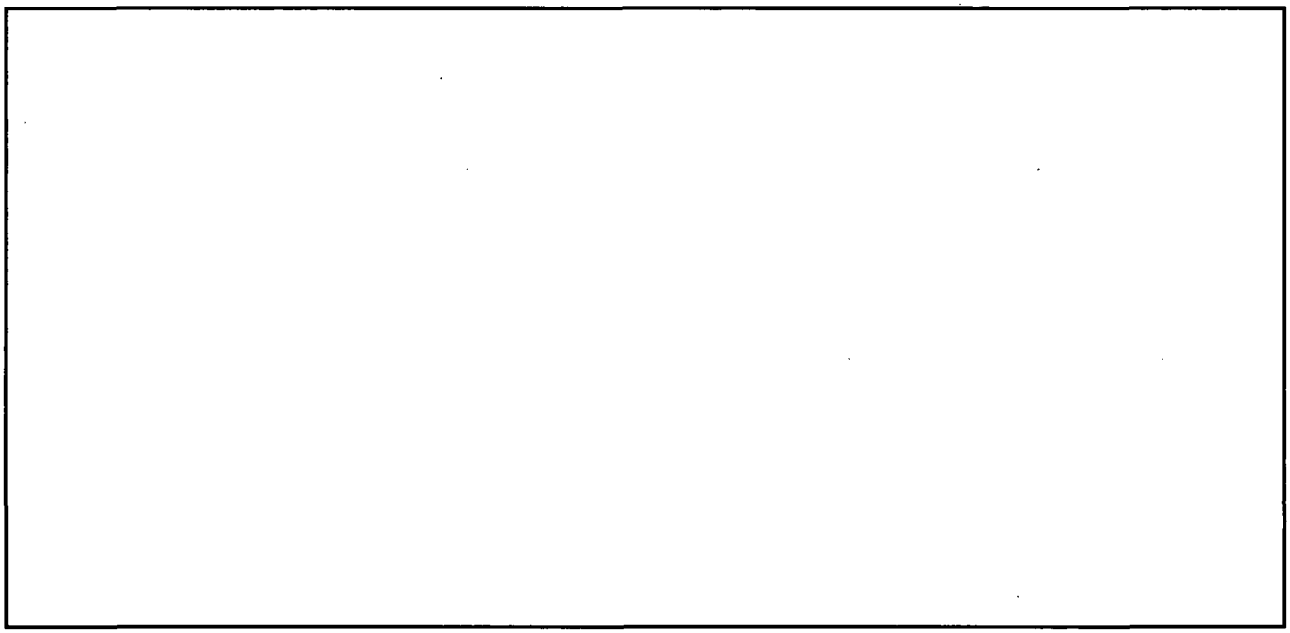
Alternatively you can invest through an Investment Professional (e.g. a Financial Adviser) on the following 3rd party platforms:

Ascentric
Avalon
Axa Elevate
Novia
Nucleus
Praemium
Transact

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

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

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



Information about the Company

Financial Calendar

Financial year end	31st July
Final results announced	October
Half year end	31st January
Half year results announced	March
Interim dividends declared	February, June, August and November
Annual General Meeting	November

History
JPMorgan Global Emerging Markets Income Trust plc is an investment trust which was launched in July 2010 with assets of £102.3 million.

Directors
Andrew Hutton (Chairman)
Sarah Fromson
Caroline Gulliver
Richard Robinson
Paul Wallace

Company Numbers
Company registration number: 7273382

Ordinary Shares
London Stock Exchange ISIN code: GB00B5ZZY915
Bloomberg code: JEMI
SEDOL B5ZZY91

Market Information
The Company's unaudited net asset value ('NAV') is published daily, via the London Stock Exchange.

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

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

Manager and Company Secretary
JPMorgan Funds Limited

Company's Registered Office
60 Victoria Embankment
London EC4Y 0JP
Telephone number: 020 7742 4000

For company secretarial and administrative matters please contact Juliet Dearlove at the above address.

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

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

Registrars
Equiniti Limited
Reference 3570
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0871 384 2857

Calls to this number cost 10p per minute plus network charges. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday. The overseas helpline number is +44 (0)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 3570. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Independent Auditor
Ernst & Young LLP
Statutory Auditor
1 More London Place
London SE1 2AF

Brokers
Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA
Telephone number: 020 3100 0000

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

A member of the AIC