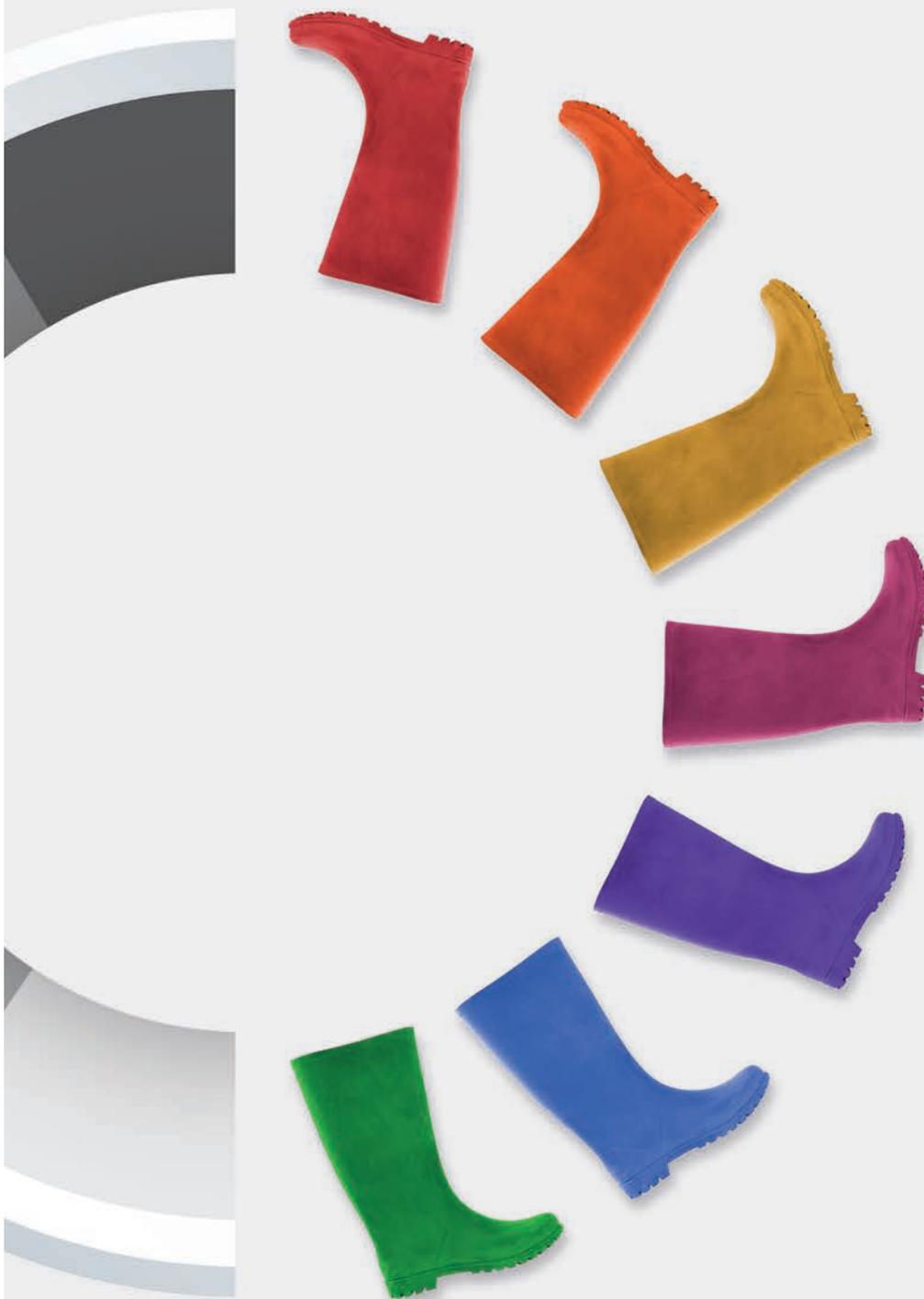


JPMorgan Mid Cap Investment Trust plc

Annual Report & Financial Statements for the year ended 30th June 2020



KEY FEATURES

Your Company

Objective

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

Investment Policies

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

The Company's shares are designed for private investors in the UK, including retail investors, professionally-advised private clients and institutional investors, who seek the potential for capital growth from investment in the UK market and who understand and are willing to accept the risks of exposure to equities. Private investors should consider consulting an independent financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares in the Company. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

Benchmark

The FTSE 250 Index (excluding investment trusts).

Capital Structure

- UK domiciled.
- Premium Listing on the London Stock Exchange.
- As at 30th June 2020, the Company's called-up share capital comprised 25,398,080 Ordinary shares of 25p each including 1,688,721 shares held in Treasury.

Management Company

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

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

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

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

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

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



The Manager's Investment Approach

JPMAM believes that markets are not always efficient. As evidenced by comprehensive research, investors exhibit consistent behavioural biases and irrational behaviours that often result in persistent market inefficiencies, and hence investment opportunities. Taking advantage of these patterns of behaviour, the Investment Managers aim to outperform over market cycles by creating a portfolio comprised of attractively valued and high quality companies which demonstrate positive momentum.

Environmental, Social and Governance ('ESG')

While the Investment Managers have always considered environmental, social and governance ('ESG') issues in their investment process, it has been more formally integrated into their investment process in recent years. To assess a company's ESG characteristics, the Investment Managers use a proprietary methodology to rank companies that examines both the exposure to, and performance against, sustainability issues. The Investment Managers focus on those issues that are material to a firm's business activities on a company by company basis, using a combination of third-party research and data, in-house proprietary models, fundamental analysis, and information gained from meeting and engaging with company management throughout the investment process.

The Manager's Heritage and Team

JPMAM's well-resourced team of dedicated investment professionals follow a distinctive and disciplined methodology that seeks to exploit market inefficiencies caused by consistent and predictable human behaviours. The process is an active, bottom-up, team-based investment approach, which focuses on the Value, Quality, and Momentum style characteristics of stocks. JPMAM's Behavioural Finance Team has been managing European equity funds since 1949 and this current investment process was introduced in 1999.

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Strategic Report

FINANCIAL HIGHLIGHTS

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED) TO 30TH JUNE

	2020	2019	3 Years Cumulative	5 Years Cumulative
Return to shareholders ^{1,APM}	-15.0%	-11.4%	-4.1%	+14.4%
Return on net assets ^{2,APM}	-14.0%	-6.8%	-6.7%	+12.2%
Benchmark return ³	-13.3%	-5.9%	-9.3%	+4.0%
Net asset return (under)/ over performance compared to benchmark return	-0.7%	-0.9%	+2.6%	+8.2%
Dividend per share ⁴	29.5p 0%	29.5p +5.4%		

¹ Source: Morningstar.

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

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

⁴ Comprises ordinary dividends of 29.5p (2019: 29.5p).

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

A glossary of terms and APMs is provided on pages 73 and 74.

SUMMARY OF RESULTS

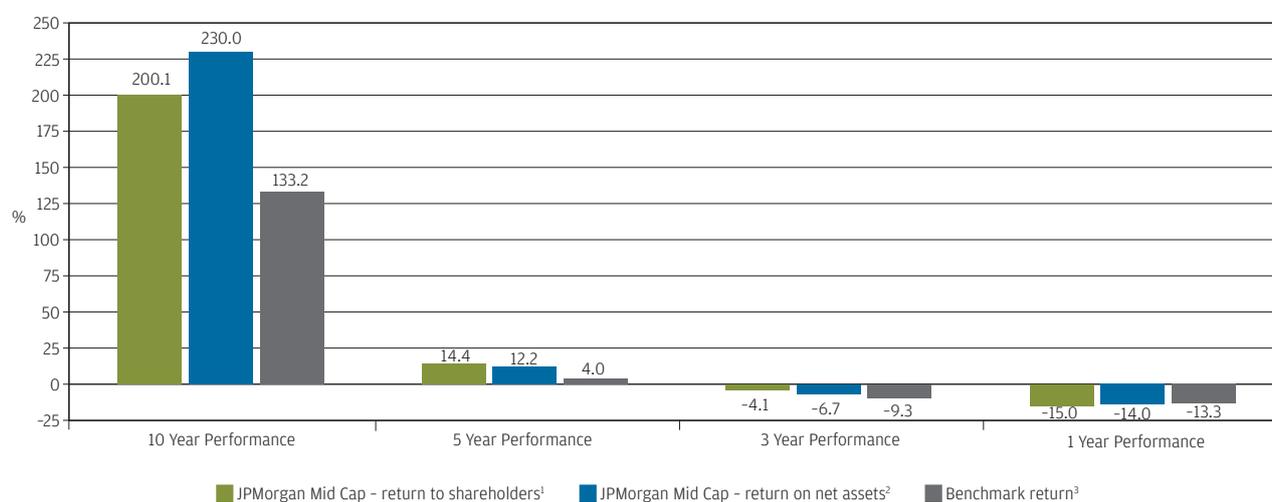
	2020	2019	% change
Net asset value, share price and discount at 30th June			
Shareholders' funds (£'000)	237,392	284,554	-16.6
Net asset value per share ^{APM}	1,001.3p	1,199.9p	-16.6
Share price	886.0p	1,077.5p	-17.8
Share price discount to net asset value ^{APM}	11.5%	10.2%	
Shares in issue (excluding shares held in Treasury)	23,709,359	23,715,680	
Revenue for the year ended 30th June			
Net revenue return attributable to shareholders (£'000)	4,670	8,320	-43.9
Revenue return per share	19.69p	35.01p	-43.8
Dividend per share ¹	29.5p	29.5p	0.0
Gearing at 30th June^{APM}			
	5.6%	4.4%	
Ongoing charges ratio at 30th June^{APM}			
	0.88%	0.87%	

¹ Comprises ordinary dividends of 29.5p (2019: 29.5p).

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

A glossary of terms and APMs is provided on pages 73 and 74.

LONG TERM PERFORMANCE (TOTAL RETURNS) FOR PERIODS ENDED 30TH JUNE 2020



¹ Source: Morningstar.

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

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

A glossary of terms and APMs is provided on pages 73 and 74.



Michael Hughes
Chairman

Investment Performance

Traditionally my year end statement would open with a review of the full 12 months to the end of the Company's financial year. However, it somehow feels futile to reminisce for too long about the first half of the year; which witnessed the Company's benchmark return +15.6% and the Company's net assets return +17.6% for the six months ended 31st December 2019 following a return to political stability in the UK and the expected and long overdue conclusion to the Brexit negotiations. Instead the Company's reporting period has been dominated by the events relating to the emergence of a global pandemic. As well as serious implications for people's health and healthcare services, coronavirus ('COVID-19') has had, and is continuing to have, a significant impact on businesses and economies throughout the globe. The result has been precipitous falls in stock markets around the world with the UK market suffering more than most. Despite the subsequent recovery of the UK's stock market, it will be some time before we know the full extent of the damage to the UK economy, which is now officially in recession.

The market volatility for the FTSE 250 Index that COVID-19 generated was remarkable, far exceeding the levels seen in the worst of the Global Financial Crisis and more than four times the levels prevailing in the year prior to the March 2020 sell-off. This proved a challenging backdrop for all equity investors and it was no different for your Company's Investment Managers. For the year to 30th June 2020, the Company's net asset ('NAV') total return was -14.0% and the share price total return was -15.0%. For the same period the return from the Company's benchmark, the FTSE 250 (excluding investment trusts) Index, was -13.3%. The Company's marginal underperformance against its benchmark does little to detract from the Company's long term performance record which remains strong over 5, 10 and 15 years. This longer term performance, which includes the effects of the recent sell-off, demonstrates that the construction of resilient portfolios of quality companies will provide attractive absolute and relative returns over the longer periods notwithstanding the sometimes high levels of volatility associated with equity investments.

The Board remains confident in the Investment Managers' ability to continue to provide outperformance over the longer term, notwithstanding the current challenging investment environment, with volatility likely to persist for some time until the resolution of the global pandemic is clearer.

I am pleased to report that since the year end the Company's NAV has increased by 6.7% as at 31st August 2020, compared to the benchmark index increase of 4.5% over the same period. The share price has risen by 4.7%, leading to a widening of the discount as sentiment remains negative towards the UK mid cap sector.

The Investment Managers' Report set out below reviews the market and provides more detail on performance.

The Case for Investing in UK Mid Cap Companies and JPMorgan Mid Cap

I would like to emphasise again the case to shareholders for investing in the UK mid cap investment universe. The table below details the returns generated by the FTSE 250 indices compared with the FTSE 100 Index and other major global equity indices over 5, 10, 15 and 20 years to 30th June 2020.

Index	To 30th June 2020			
	5 Years Total Return %	10 Years Total Return %	15 Years Total Return %	20 Years Total Return %
FTSE 250 (excluding investment trusts)	4.0	133.2	244.0	367.4
FTSE 100	15.6	83.3	112.5	94.2
MSCI World	82.7	231.3	310.1	219.7
S&P 500	111.4	347.3	414.8	286.2
MSCI Emerging Markets	49.1	72.7	282.3	364.8
MSCI Asia-Pacific (excl. Japan)	60.0	121.2	360.7	373.2
JPMorgan Mid Cap Share Price	14.4	230.0	275.7	341.4

Source: Bloomberg. Returns are in sterling.

Given the strong correlation to the UK consumer, the FTSE 250 constituents have lagged their larger counterparts in the shorter term because of the impact of Brexit and the pandemic on consumer behaviour and these short term headwinds will have an effect on the returns over all the periods included in the table. However, this data demonstrates a strong investment case for allocating a proportion of personal portfolios to funds investing in the FTSE 250, given their outperformance relative to the FTSE 100 over longer periods of time. Indeed, looking beyond the five year numbers, the FTSE 250 Index has outperformed the FTSE 100 Index over 10, 15 and 20 years.

Putting this in a global context, it may come as a surprise to some to see that the 20 year returns from UK mid cap companies have kept pace, in sterling terms, with the returns generated by a number of global equity indices usually associated with regions or economies that have demonstrated faster economic growth than has been seen from the UK.

The reasons for this outperformance remain relevant today and include the growth characteristics of mid cap companies, the diversity of companies within the benchmark, merger and acquisition opportunities, and limited analyst coverage which offer your Investment Managers the opportunity to benefit from identifying investment opportunities through their own detailed analysis and diligent and expert research of which other market participants may not be aware.

JPMorgan Mid Cap Investment Trust continues to be one of the few closed ended companies which invests in the UK mid cap universe, and benefits from its size, its flexibility, and its relatively inexpensive debt structure. Around 50% of UK investment trusts have market capitalisations of less than £200 million and those under £100 million are coming under increasing pressure to merge or wind-up. It is the Board's firm belief that JPMorgan Mid Cap, with assets under management of over £250 million and a competitive ongoing charges ratio, offers a well established investment vehicle into an attractive area of the market for investors. The Company's size permits the Investment Managers to be far more nimble when adapting the portfolio than their counterparts who run far larger mandates. Furthermore, the Company's flexible debt structure allows the managers to increase and decrease gearing at short notice. It is also worth highlighting that at 11.5% at the year end and 14.8% at the time of writing, the Company's current discount offers an attractive entry point for investors.

COVID-19 and the Company's Key Service Providers

The Board is pleased to report that, since the on-set of the pandemic, the Manager and the Company's other service providers have been able to adjust their business models to accommodate the working from home requirements with limited disruption. The Board has received assurances that the Company's operations, to include the management of the portfolio and the maintenance of a strong controls environment, have continued as normal with no issues being identified.

Revenue and Dividends

Dividend payments by UK companies have been severely affected by COVID-19 with a large number of companies reducing, cancelling or suspending payments. This has affected the Company's revenue for the year which, after expenses and tax, has fallen by 43.8% to 19.7 pence per share. The Company has in the past built up substantial reserves which can be used to supplement or smooth dividends in excess of current revenue in challenging years. It is safe to say that 2020 is a challenging year and the Board therefore proposes to use some of the reserves this year to maintain the level of dividend payment.

We have previously expressed a desire to increase dividends in inflation adjusted terms over the medium term. In the light of a modest 0.6% UK inflation rate for the year ended June 2020 and the uncertainty regarding the trend of dividend payments from our investee companies, we felt it was prudent for this year to keep total dividends paid unchanged. The Board is therefore proposing a final dividend of 21.5 pence which, when added to the interim dividend paid in April of 8.0 pence, amounts to a total dividend payable of 29.5 pence (2019: 29.5 pence) for the full year, equivalent to a dividend yield of 3.3% based on the share price at the financial year end. The final dividend will be paid on 13th November 2020 to shareholders on the register at the close of business on 9th October 2020.

After the payment of the final dividend and the use of some reserves, the Company will have reserves of approximately 30.4 pence per share. The Board will keep the Company's income generation under close review. Although the near-term outlook for earnings is uncertain, analysts are expecting a recovery in dividend payments in 2021, with FTSE 250 companies expected to fare better than their FTSE 100 counterparts. The Company's reserves will be prudently utilised to support dividends, if necessary, as the recovery ensues. Shareholders are reminded that the Company's objective is to achieve capital growth, and accordingly the Investment Managers will not be adjusting their investment process to seek out income generation at the expense of capital growth.

Discount Management

As the COVID-19 pandemic took hold, the average discount in the UK investment trust universe increased from circa 2.0% at the end of January 2020 to circa. 8.6% by the end of June 2020. Although the Company's share price discount to NAV has marginally widened over 12 months, it fluctuated widely over the year ranging from a discount of 13.6% at its widest to a premium of 3.5%, averaging 7.4%. At the Company's half year point, the positive sentiment for the UK arising from an emphatic victory for the Conservative party helped narrow the Company's discount to just 1.7%. The 2020 sell-off saw this tightening reversed as demand for equity invested investment trusts abated and levels of secondary market liquidity fell.

The Board monitors the Company's premium/discount level and will seek, where deemed prudent, to address imbalances in the supply and demand of the Company's shares through share buybacks. The Company has repurchased 6,321 shares over the financial year for this purpose and has repurchased a further 168,089 shares since the end of the financial year. Any shares repurchased are held in Treasury for possible re-issue. Treasury shares and any new Ordinary shares will only be sold or issued respectively at a premium to net asset value.

Gearing and Borrowing Facilities

The Board sets the overall gearing guidelines and reviews these at each meeting; changes in these guidelines between meetings may be undertaken by the Investment Managers after consultation with the Board. The Board has determined that, while in normal circumstances the Company will remain geared, the absolute range was recently amended from 5% net cash to 25% geared to 10% net cash to 20% geared, since the Investment Managers felt that the absolute maximum gearing they would put in place would be 20%. At the end of the Company's financial year the Company was 5.6% geared.

The Company's gearing strategy is implemented through the use of bank borrowing facilities, with the Company currently having access to two loan facilities totalling £45 million, expiring in December 2020 and March 2024, with the option of further increasing the March 2024 facility by £20 million. It is the Board's intention to enter into negotiations to refinance the facility that expires in December 2020 in the near future.

Liquidity Considerations

The Company's investment portfolio is constructed from a diverse group of 62 listed UK equities, with a broadly equal allocation between companies deriving their revenue and profits from domestic and international sources. Liquidity risk is not considered to be significant, as the Company's investments comprise mainly readily realisable securities. In the event it was required, the Manager's expectation is that the current portfolio could be liquidated to the extent of 56.8% within three trading days and over 90% within nine trading days, based on a conservative set of assumptions regarding the participation in average daily market turnover. This measure is reviewed regularly by the Manager.

Review of the Auditors

The Company's current audit firm, PricewaterhouseCoopers LLP ('PwC'), has audited the Company's financial statements since its year ended 30th June 2011. Mindful of the EU regulations in relation to the statutory audits of listed companies which require the Company to conduct a tender of the position of the Auditors by 2021, this process was undertaken by the Audit & Risk Committee in February 2020. The Committee reviewed tender submissions from three audit firms, to include the Company's incumbent auditors, and following detailed consideration, recommended to the Board that PwC be reappointed as auditors on the basis of the breadth of experience demonstrated of the investment funds sector, and the resources and strength of their audit team.

Board of Directors

I became a Director of the company in 2008 and Chairman in October 2016 and, as I indicated last year, I will retire at the conclusion of the forthcoming Annual General Meeting. I thoroughly enjoyed serving on the Board of JPMorgan Mid Cap and it has been a privilege to be Chairman for the past four years. I would like to thank shareholders, my fellow Directors and the team at JPMorgan for their many years of support.

As I reported in my Half Year statement released in February, John Evans, who was appointed to the Board in June 2016, will succeed me as Chairman. Refreshing the Board has continued with the appointment of Hannah Philp as a Director on 1st March this year. Hannah has direct and relevant experience within the sector, particularly in the fields of marketing and communication, having been director of marketing at Witan Investment Trust, a FTSE 250 investment company, where she was responsible for the oversight of Witan's marketing and communications strategy, PR, website development, advertising, corporate sponsorship and digital campaigns. She also draws relevant experience from her time as an account director within the investor relations team at Edison Investment Research.

Directors conduct an assessment of their performance each year and this is followed up by a conversation with me as Chairman. The Chairman's performance is assessed by the Senior Independent Director after he has consulted with all of the other Directors. A report is made to the Nomination Committee which meets annually to evaluate the performance of the Board, its Committees and the individual Directors. Following the results of this year's evaluation process, all Directors, save for myself, will stand for reappointment at the Annual General Meeting.

Annual General Meeting and Shareholder Contact

This year's Annual General Meeting will be held on Thursday, 29th October 2020 at 2.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP. Despite the easing of lockdown measures which were put in place due to COVID-19, some restrictions remain, and given ongoing uncertainty about the course of this pathogen and due to the ongoing public health concerns, the Board has reluctantly decided to proceed with this year's Annual General Meeting by limiting attendance in person to only Directors or their proxies and representatives from JPMorgan. With a quorum in place the formal business will be able to proceed.

The Board is aware that many shareholders look forward to hearing the views of the Investment Managers and perhaps particularly this year given the uncertainties that lie ahead for the UK economy and markets. Accordingly a presentation with the Investment Managers, which would have been delivered at the Annual General Meeting, will be available for shareholders to watch on the Company's website approximately two weeks in advance of the Annual General Meeting. Shareholders are invited to address any questions they have for the Investment Managers or the Board by writing to the Company Secretary at the address on page 77 or via email to invtrusts.cosec@jpmorgan.com

Due to technical restrictions, voting at the Annual General Meeting will be conducted on a poll with participation being limited to those present in person. The Board strongly encourages all shareholders to submit their votes in advance of the meeting, so that these are registered and recorded at the Annual General Meeting. Proxy votes can be lodged in advance of the Annual General Meeting either by post or electronically by 27th October 2020: detailed instructions are included in the Notes on pages 70 to 72 of the Notice of Annual General Meeting and on the proxy form that accompanies it.

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

The Board would like to thank shareholders for their understanding and co-operation at this difficult time. We very much hope that you and your families are safe and well and look forward to meeting with you next year when we hope normality has returned.

Prospects

One of the lessons of the last year is the need to adopt a flexible approach to stock selection to reflect the rapidly changing economic circumstances. The Investment Managers have proved adept at changing the portfolio to protect investors from the negative consequences of these major shocks to the domestic and indeed global economy. This flexibility, which is a distinguishing feature of the JPMorgan Mid Cap Investment Trust and differentiates it from larger UK funds, is likely to be required over the coming year when Brexit implementation is finally put in place, a vaccine for the COVID-19 virus is hopefully found and delivered and the long-term employment consequences of the past year's events become a priority for government policies.

Some of the other lessons from the experiences of the last year are the importance of strong corporate balance sheets and the resilience of companies to external shocks. The Manager's investment process has always emphasised these qualities in their stock selections so we should be well placed to identify the winning stocks of the future.

The valuation of the UK market relative to other markets appears to be low suggesting that the risks to the UK economy are perceived to be higher than for other countries. This perception may well change if the UK economic recovery exceeds current, very low, expectations. A competitive currency, supportive fiscal and monetary policies and attempts to reduce regulatory hurdles all should help to improve these perceptions.

I referenced earlier in my statement the strong performance of the mid-cap sector relative to global markets. This history, the low current valuations and changes to the perceptions of the UK economy should all help to reward shareholders over the medium term.

Michael Hughes

Chairman

17th September 2020



Georgina Brittain
Investment Manager



Katen Patel
Investment Manager

Performance & Market Background

In the Company's last Annual Report we described the year to June 2019 as a rollercoaster ride. This financial year puts that minor market turmoil into perspective. The first half of the year, to December 2019, was dominated in the UK by Brexit (again) and by the General Election. It was our belief that the decisive Conservative victory in December boded well for the UK economy and for finality on our departure from the European Union.

All of this rapidly became irrelevant as the coronavirus pandemic ('COVID-19') spread across the world, causing misery, death and global economic turmoil. February and March 2020 witnessed precipitous declines in global stockmarkets, but the rebound was swift, as is now customary for stockmarkets, very much pre-empting the cessation of the COVID-19 impact on the world. The peak to trough fall in the FTSE 100 during the first half of 2020 was 34.9%, while for the FTSE 250 ex Investment Trusts index it was 42.0%. For the financial year as a whole, our index fell -13.3%. The Company marginally underperformed this, producing a return on net assets of -14.0%. This was primarily due to gearing, which detracted 1.9% from performance in the year. The discount remained fairly static, year on year, leading to a share price return of -15.0 %.

PERFORMANCE ATTRIBUTION

YEAR ENDED 30TH JUNE 2020

	%	%
Contributions to total returns		
Benchmark return		-13.3
Stock & sector selection	2.1	
Gearing/net cash	-1.9	
Investment Manager contribution		0.2
Portfolio return		-13.1
Fees/other expenses	-0.9	
Other effects		-0.9
Return on net assets^{APM}		-14.0
Return to shareholders^{APM}		-15.0

Source: J.P. Morgan/Morningstar.

All figures are on a total return basis.

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

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

A glossary of terms and APMs is provided on pages 73 and 74.

Portfolio

The key contributors to performance in the year were a number of our largest high conviction holdings. These included Games Workshop, Spirent, Dunelm, JD Sports, Future and Computacenter. We also benefitted from the take-overs in the first half, of Greene King and El Group, two pub companies which we were grateful that we did not still own during lockdown. The main underperformers were those companies perceived by the market to be hard hit by COVID-19, namely Dart Group (the parent company of Jet2),

Cineworld, Vistry (formerly Bovis Homes) and OneSavings Bank. We maintain our holdings in all of these, and have added to both Dart and Vistry after their share price declines.

The impact of COVID-19 on the portfolio was significant in February and March, as certain sectors such as travel and leisure and retail were dramatic underperformers. In response to the pandemic we made a number of changes to the portfolio. However, key to our approach was to maintain a balance within the portfolio. We aimed to own those companies that would not be too hard hit by the lockdown, or indeed might benefit from it, together with those that despite suffering a significant impact in the period we believed to be very oversold and hence very undervalued. We also analysed and held within the portfolio those companies we considered would not only survive, but come out the other side stronger and with better competitive environments. Examples of companies where we increased our position as prices fell include Future, Dunelm, Computacenter, Dart and two housebuilders, Vistry and Bellway. New additions to the portfolio, which should benefit from recent events, included Kingfisher and Travis Perkins, (exposed to the growth in DIY), Team 17, (video gaming), Boohoo (online clothing retail) and Centamin (a gold producer). We exited a number of holdings including Capital & Counties (London real estate), Premier Oil, SSP (exposed to train and plane travel) Go-Ahead and Trainline (both with rail exposure). The result of these changes, plus changes to the benchmark composition over the year, have led to the portfolio having significant underweight positions in financials (mainly real estate) and industrials, and large overweight allocations in both of the consumer and technology sectors (as detailed on page 16).

Market Outlook

The initial official estimate for the GDP decline in Q2 2020 is -20.4% (quarter on quarter). The UK is now in recession. This is no surprise, given the effective shutdown of much of the economy in the quarter, and in fact is a less severe decline than was initially forecast. In August, the Bank of England revised upwards its estimates for GDP growth for the year to -9.5% for 2020, followed by +9% in 2021. On this basis, by the end of 2021 the Bank forecasts that the economy will have recovered to pre-COVID-19 levels. The Bank also forecasts that at its worst, by the end of this year, unemployment will be 7.5%. This is substantially less than original estimates of over 10%, and this is a crucial issue for the outlook. There is clearly huge uncertainty over the length and depth of this recession and of future unemployment levels after the end of the Government's furlough scheme.

While markets have recovered significantly from the spring lows of this year, and indeed in the USA markets are above pre-COVID-19 levels, the UK stockmarket has been a laggard. When we look at prospective 2021 valuations, based upon downgraded expectations for growth post COVID-19, the FTSE 250 index is on a 14x price/earnings ratio. We believe these forecasts are sensibly and cautiously based, and do not contain expectations of a rapid 'V-shaped' recovery. While clearly highly volatile, equity markets have carried out their function during this unprecedented period. Companies have been able to raise equity to fund holes in their balance sheets. To date this has been done mainly via placings, but we expect more rights issues to follow.

Our focus over the next 18 months is first on the trajectory of COVID-19, and how that will affect our companies and the broader economy. Second is the shape and length of the recession, and how that will impact the consumer. Third is Brexit, where our working assumption is that the UK will trade with Europe on WTO terms after the end of the transition period on 31st December 2020. There are so many unknowns at present, but one key point of clarity from the Government is that we are not going to pursue the austerity route imposed after the last recession. There has been a huge amount of Government support for the economy over the last several months, and we do not expect this approach to change. The opportunity set that we currently see, the Government support and current valuations have meant that gearing currently sits at 7.5%. Our role as managers of your company is to be adaptable to changing circumstances, but, as ever, to focus on the winners. These are the companies that will not only survive but thrive in the post COVID-19 world, adapting to fit the new climate, as their competition falters.

Georgina Brittain

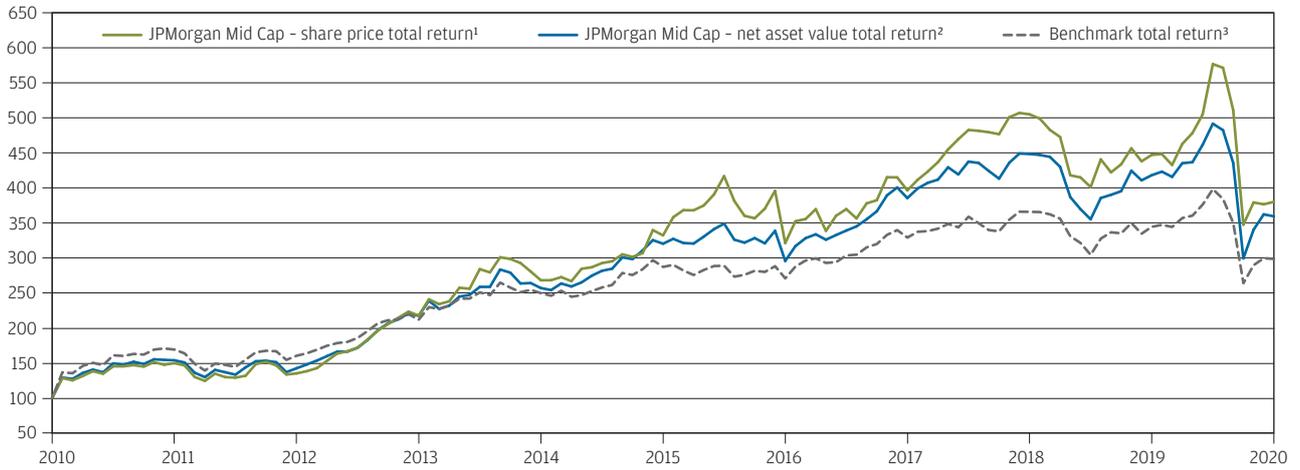
Katen Patel

Investment Managers

17th September 2020

TEN YEAR PERFORMANCE

FIGURES HAVE BEEN REBASED TO 100 AT 30TH JUNE 2010



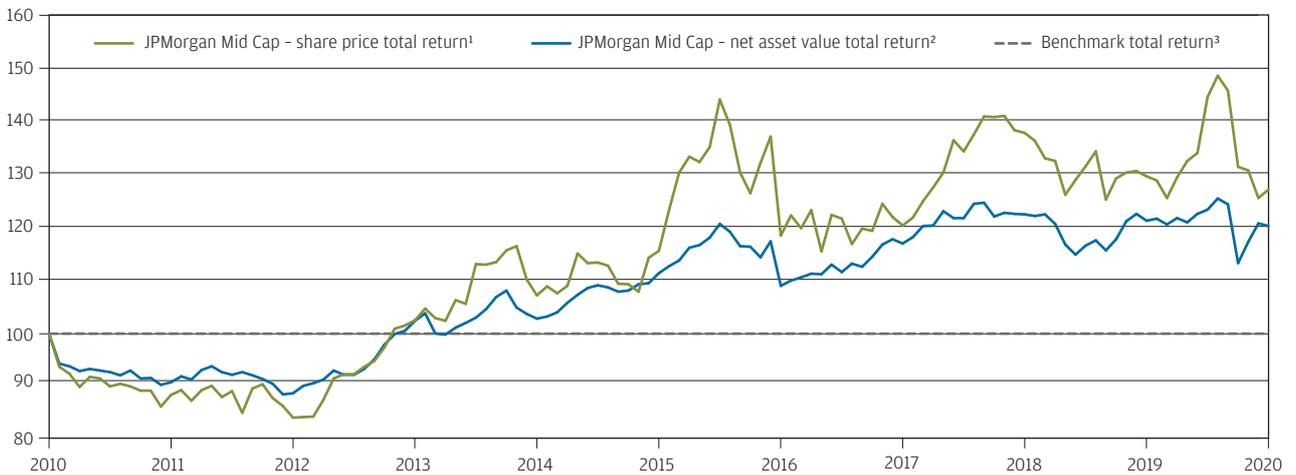
¹ Source: Morningstar/J.P. Morgan.

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

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

TEN YEAR PERFORMANCE RELATIVE TO BENCHMARK

FIGURES HAVE BEEN REBASED TO 100 AT 30TH JUNE 2010



¹ Source: Morningstar/J.P. Morgan.

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

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

TEN YEAR RECORD

TEN YEAR FINANCIAL RECORD

At 30th June	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Shareholders' funds (£'m)	110.6	135.6	116.6	172.1	199.1	242.4	218.3	275.9	314.1	284.6	237.4
Net asset value per share (p) ^{APM}	441.0	543.2	483.9	717.3	829.6	1,010.1	909.6	1,157.6	1,319.2	1,199.9	1,001.3
Share price (p)	364.5	455.0	393.0	611.5	734.5	886.0	835.0	1,004.0	1,250.0	1,077.5	886.0
Discount (%) ^{APM}	17.3	16.2	18.8	14.7	11.5	12.3	8.2	13.3	5.2	10.2	11.5
Gearing/(net cash) (%) ^{APM}	4.5	6.0	4.2	12.2	8.1	9.1	(0.5)	2.3	4.6	4.4	5.6

Year ended 30th June

Revenue attributable to											
shareholders (£'000)	3,018	2,961	3,938	5,030	5,200	6,847	7,067	7,391	7,888	8,320	4,670
Revenue return per share (p)	11.94	11.81	16.04	20.95	21.67	28.53	29.45	30.88	33.12	35.01	19.69
Ordinary dividend per share (p)	17.0	17.0	17.0	17.0	18.0	20.0	21.0	23.0	26.5	29.5	29.5
Special dividend per share (p)	–	–	–	1.0	–	4.5	4.5	3.0	1.5	–	–
Ongoing charges ratio (%) ^{APM}	0.74	0.72	0.80	0.66	0.97	0.95	0.91	0.86	0.83	0.87	0.88

Rebased to 100 at 30th June 2010

Total return to shareholders ^{1,APM}	100.0	130.0	117.2	188.9	232.7	288.4	278.8	344.2	438.4	388.3	330.0
Total return on net assets ^{2,APM}	100.0	128.3	118.9	181.4	214.6	267.5	246.8	321.8	374.4	349.1	300.1
Benchmark total return ³	100.0	132.1	125.3	165.6	195.1	224.3	211.6	257.0	285.8	269.0	233.2

¹ Source: Morningstar/J.P. Morgan.

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

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

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

A glossary of terms and APMs is provided on pages 73 and 74.

TEN LARGEST INVESTMENTS

AT 30TH JUNE

Company	Sector	2020 Valuation		2019 Valuation	
		£'000	% ¹	£'000	% ¹
Games Workshop	Consumer Goods	15,629	6.2	11,904	4.0
Dunelm ²	Consumer Services	11,058	4.4	3,952	1.3
JD Sports Fashion	Consumer Services	9,977	4.0	11,493	3.9
Bellway	Consumer Goods	9,547	3.8	8,454	2.8
Intermediate Capital Group	Financials	9,209	3.7	15,743	5.3
Future ²	Consumer Services	8,968	3.6	4,738	1.6
Spirent Communications ²	Technology	7,471	3.0	3,739	1.3
John Laing ²	Financials	7,212	2.9	6,025	2.0
Computacenter ²	Technology	7,138	2.8	3,261	1.1
Softcat ²	Technology	7,079	2.8	5,338	1.8
Total		93,288	37.2		

¹ Based on total portfolio of £250.7m (2019: £297.1m).

² Not included in the ten largest investments at 30th June 2019.

At 30th June 2019, the value of the ten largest investments amounted to £96,847,000 representing 32.6% of the total portfolio.

PORTFOLIO INFORMATION

PORTFOLIO ANALYSIS

	30th June 2020		30th June 2019	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Consumer Services	28.8	17.6	22.4	18.9
Financials	25.9	30.9	29.5	25.2
Industrials	16.2	27.0	24.7	29.8
Consumer Goods	14.6	9.2	9.9	7.9
Technology	11.4	2.9	7.0	2.4
Health Care	1.5	5.2	2.6	5.4
Basic Materials	0.8	3.1	1.5	3.9
Telecommunications	0.8	1.2	1.2	1.4
Utilities	–	1.6	–	1.6
Oil & Gas	–	1.3	1.2	3.5
	100.0	100.0	100.0	100.0

¹ Based on total portfolio of £250.7m (2019: £297.1m).

INVESTMENT ACTIVITY

DURING THE YEAR ENDED 30TH JUNE 2020

	Value at 30th June 2019		Benchmark Classification ¹	Purchases	Sales	Change in valuation	Value at 30th June 2020	
	£'000	%					£'000	£'000
FTSE 250 Index companies	266,732	89.8	(16,147)	124,651	(116,934)	(48,267)	210,035	83.8
FTSE 100 Index companies	25,145	8.5	18,136	–	(19,390)	8,343	32,234	12.8
AIM Listed companies	3,699	1.2	–	11,332	(3,048)	(3,525)	8,458	3.4
Other investments ²	1,484	0.5	(1,989)	2,047	(2,040)	498	–	–
Total portfolio	297,060	100.0	–	138,030	(141,412)	(42,951)	250,727	100.0

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

² At 30th June 2019 Trainline was listed on the main market but not included in any of the above indices.

LIST OF INVESTMENTS AT 30TH JUNE 2020

Company	Valuation £'000	Company	Valuation £'000	Company	Valuation £'000
CONSUMER SERVICES		FINANCIALS – CONTINUED		TECHNOLOGY	
Dunelm	11,058	Savills	2,351	Spirent Communications	7,471
JD Sports Fashion ¹	9,977	CLS	2,340	Computacenter	7,138
Future	8,968	Shaftesbury	1,983	Softcat	7,079
Howden Joinery	6,578	Beazley	1,865	Avast ¹	4,752
Pets at Home	6,226	IntegraFin	1,855	FDM	2,158
Wizz Air	5,664	Brewin Dolphin	1,824		28,598
Dart ²	3,582	Phoenix ¹	1,159		
Kingfisher ¹	3,200		64,926	HEALTH CARE	
National Express	2,718	INDUSTRIALS		Dechra Pharmaceuticals	3,839
Greggs	2,670	Serco	4,819		3,839
Boohoo ²	2,529	Grafton	4,818	BASIC MATERIALS	
4imprint	2,218	Hill & Smith	4,230	Centamin	2,080
EasyJet	1,938	Marshalls	4,216		2,080
TUI	1,733	Ashtead ¹	3,937	TELECOMMUNICATIONS	
Cineworld	1,415	Travis Perkins	3,883	Telecom Plus	1,920
Rank	878	Diploma	3,411		1,920
Go-Ahead	832	Rotork	3,220	TOTAL INVESTMENTS	
	72,184	QinetiQ	2,609		250,727
FINANCIALS		Oxford Instruments	2,359		
Intermediate Capital Group ¹	9,209	Morgan Sindall	1,538		
John Laing	7,212	Rhi Magnesita	1,474		
OneSavings Bank	7,060		40,514		
Sabre Insurance	4,039	CONSUMER GOODS			
Bank of Georgia	3,841	Games Workshop	15,629		
Man	3,492	Bellway	9,547		
Derwent London	3,470	Vistry	6,217		
Close Brothers	2,895	Britvic	2,926		
Workspace	2,843	Team17 ²	1,350		
Ashmore	2,628	Keywords Studios ²	997		
Safestore	2,496		36,666		
TBC Bank	2,364				

¹ FTSE 100 Index companies.

² AIM listed companies.

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

The Company's Purpose, Values, Strategy and Culture

The purpose of the Company is to provide a cost effective, sustainable investment vehicle for investors who seek long term capital growth from a portfolio of medium-sized UK quoted companies, which outperforms its benchmark index over the longer term, taking account of wider issues including environmental, social and governance matters. To achieve this, the Board of Directors is responsible for employing and overseeing an investment management company that has appropriate investment expertise, resources and controls in place to meet the Company's investment objective. To ensure that it is aligned with the Company's purpose, values and strategy, the Board comprises Directors from a diverse background who have a breadth of relevant experience and contribute in an open boardroom culture that both supports and challenges the investment management company and its other third party suppliers. For more information, please refer to page 24.

Objective of the Company

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

Structure of the Company

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

The Company is subject to UK and European legislation and regulations including UK company law, Financial Reporting Standards, the UK Listing, Prospectus, Disclosure and Transparency rules, the Market Abuse Regulation, taxation law

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

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 6 to 10, and in the Investment Managers' Report on pages 11 and 12.

Investment Policies and Risk Management

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

Investment Limits and Restrictions

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

- The Company will not invest more than 15% of its assets in other UK listed investment companies.
- No more than 15% of the portfolio at prevailing values may be invested outside the FTSE 250 Index. Investments outside the FTSE 250 Index can include AIM stocks.
- The Company will not invest more than 10% of assets in companies that themselves may invest more than 15% of gross assets in UK listed investment companies.
- The Company will not invest more than 10% of its assets in any one individual stock at the time of acquisition.
- The Company's Gearing policy is to operate within a range of 10% net cash to 20% geared in normal market conditions. The range was recently amended from 5% net cash to 25% geared since the Investment Managers felt that the absolute maximum gearing they would put in place would be 20%.

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

Performance

In the year to 30th June 2020, the Company produced a total return on net assets of -14.0% and a total return to shareholders of

-15.0%. This compares with the total return on the Company's benchmark index of -13.3%. As at 30th June 2020, the value of the Company's investment portfolio was £250.7 million (2019: £297.1 million). The Investment Managers' Report on pages 11 and 12 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross total loss for the year amounted to £36.9 million (2019: £18.7 million return) and net total loss after deducting finance costs, management fees, administrative expenses and taxation amounted to £40.1 million (2019: £21.9 million return). Distributable income for the year amounted to £4.7 million (2019: £8.3 million).

The Directors recommend a final dividend of 21.5p (2019: 21.5p) per share, payable on 13th November 2020 to shareholders on the register at the close of business on 9th October 2020. This distribution, will amount to £5,098,000 (2019: £5,099,000). An interim dividend of 8.0p pence per share (2019: 8.0p per share) was paid on 23rd April 2020. Following the payment of these dividends, the revenue reserve will amount to £7,201,000 (2019: £9,525,000), equivalent to 28.4 pence per share or 1.32 times the current dividend.

Key Performance Indicators ('KPIs')

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

- Performance against the benchmark index**
 This is the most important KPI by which performance is judged. Information on the Company's performance is given in the Chairman's Statement and the Investment Managers' Report. (Also please refer to the graphs on page 13).
- Performance attribution**
 The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as stock and sector allocation and gearing. Details of the attribution analysis for the year ended 30th June 2020 are given in the Investment Managers' Report on page 11.
- Share price discount to net asset value ('NAV') per share**
 The Board has a share repurchase programme which seeks, where possible, to address imbalances in supply of and demand for the Company's shares within the market and thereby reduce the volatility and absolute level of the discount to NAV at which the Company's shares trade and in relation to its peers in the sector. In the year to 30th June

2020, the shares traded between a discount of -13.6% and a premium of 3.5% to the cum income net asset value using daily data. More information on the Board's share buy back policy is given in the Chairman's Statement.

Discount Performance (month end data)



Source: Morningstar.

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

Ongoing charges

The Ongoing Charges Ratio represents the Company's management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average of the daily net assets during the year. The Ongoing Charges Ratio for the year ended 30th June 2020 was 0.88% (2019: 0.87%). The Board reviews each year an analysis which shows a comparison of the Company's Ongoing Charges Ratio and its main expenses with those of its peers.

Share Capital

The Directors have authority on behalf of the Company to repurchase shares in the market either for cancellation or into Treasury and to sell Treasury shares or issue new Ordinary shares for cash. During the year 6,321 Ordinary shares were repurchased into Treasury (2019: 97,000). Since the year end, the Company has repurchased a further 168,089 shares into Treasury.

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

The Company did not sell any Treasury or issue new shares during the year.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board and an assessment is made of the qualities and skills of the existing Board before appointing new directors. When completing a review of the skills and experience of Directors, the Board feels that they

are equipped with the necessary attributes required for the sound stewardship of the Company and that their knowledge sets allow for lively and engaging debates.

Full details of the skills and experience of the Directors can be found on page 24. At 30th June 2020, there were four male Directors and two female Directors on the Board. Please refer to pages 29 and 30 for more information on the workings of the Nomination Committee.

Employees, Social, Community and Human Rights Issues

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

Environmental, Social and Governance ('ESG')

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

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

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. The Manager has implemented a policy which seeks to restrict investments in securities issued by companies that have been identified by an independent third party provider as being involved in the manufacture, production or supply of cluster munitions, depleted uranium ammunition and armour and/or anti-personnel mines. Shareholders can obtain further details on the policy by contacting the Manager.

The Modern Slavery Act 2016 (the 'MSA')

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

Greenhouse Gas Emissions

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

Criminal Corporate Offence

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

Principal and Emerging Risks

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

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

- **Investment and strategy**

An inappropriate investment strategy, for example stock selection or the level of gearing, may lead to under-performance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks through its investment restrictions and guidelines which are monitored and reported monthly. JPMF provides the Directors with timely and accurate management information, including performance data, both absolute and relative against peers,

and attribution analyses, revenue estimates and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Managers, who attend all Board meetings, and reviews data which shows statistical measures of the Company's risk profile. The Investment Managers employ the Company's gearing tactically, within a strategic range set by the Board.

Investment performance could be adversely affected by the loss of one or more of the investment management team. To reduce the likelihood of such an event, the Manager ensures appropriate succession planning and adopts a team based approach as well as special efforts to retain key personnel. A change of corporate control could also negatively impact the Company. The Board holds regular meetings with senior representatives of JPMAM in order to obtain assurance that the Manager continues to demonstrate a high degree of commitment to its investment trusts business through the provision of significant resources.

Poor performance may lead to a widening of the discount. The Board monitors the Company's premium/discount level and will seek, where deemed prudent, to address imbalances in the supply and demand of the Company's shares through a programme of share buybacks.

The Board holds a separate meeting devoted to strategy each year.

- **Financial**

The Company is exposed to market risk, liquidity risk and credit risk. The principal financial risk facing the Company is market risk arising from uncertainty about the future prices of the Company's investments. It represents the potential loss the Company might suffer through holding investments that could fall in value either due to general market movements or stock specific events. The latter is mitigated through diversification of investments in the portfolio. The Board reviews the portfolio and its gearing on a regular basis and has set investment restrictions and guidelines for the Manager. JPMF reports its adherence to these limits once a month to the Board.

The terms on which the UK may withdraw from the European Union are not clear, and it is difficult to assess the implications for UK mid cap stocks until there is more clarity. This continuing uncertainty provides a difficult backdrop for companies to operate in, and NAV volatility is expected to remain a feature for the Company over the coming 12 months.

Financial risks faced by the Company are further disclosed in note 22 on pages 60 to 63.

- **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 'Structure and Objective of the Company' above. Should the Company breach Section 1158, it may lose investment trust status and as a consequence capital gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by JPMF and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, as its shares are listed on the London Stock Exchange, the UKLA Listing Rules. A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. A breach of the UKLA Listing Rules may 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, JPMF, and its professional advisers to ensure compliance with the Companies Act 2006 and the UKLA Listing Rules.

Changes to the regulatory, legislative or taxation framework within which the Company operates may adversely affect the Company, either directly or indirectly. The Board receives regular updates about such changes affecting the investment industry from the Company's Manager and advisors and also trade associations and seeks external advice where appropriate.

- **Operational and cyber crime**

Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the custodian's, depository's or registrar's records could prevent accurate reporting and monitoring of the Company's financial position. The Company has appointed The Bank of New York Mellon (International) Limited to act as its depository, responsible for overseeing the operations of the custodian, JPMorgan Chase Bank N.A., and the Company's cash flows. Details of how the Board monitors the services provided by the Manager, its associates and any other third party suppliers and the key elements designed to provide effective internal control are included in the Risk Management and Internal Control section of the Corporate Governance report on pages 30 and 31. The threat of cyber attack, in all its guises on any of the Company's outsourced suppliers, is regarded as at least as important as more traditional physical threats to business continuity and security. The Company benefits directly or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security

of its trading applications are tested by independent auditors and reported to the Audit & Risk Committee every six months.

- **Climate change:**

Climate change, which barely registered with investors a decade ago, has today become one of the most critical issues confronting asset managers and their investors. Investors can no longer ignore the impact that the world's changing climate will have on their portfolios, with the impact of climate change on returns now inevitable. Financial returns for long-term diversified investors should not be jeopardised given the investment opportunities created by the world's transition to a low-carbon economy. The Board is also considering the threat posed by the direct impact on climate change on the operations of the Manager and other major service providers. As extreme weather events become more common, the resiliency, business continuity planning and the location strategies of our services providers will come under greater scrutiny.

- **Global pandemics:**

The recent emergence and spread of coronavirus (COVID-19) has raised the emerging risk of global pandemics, in whatever form a pandemic takes. COVID-19 poses a significant risk to the Company's portfolio. At the date of this report, the virus has contributed to significant volatility in trading recently. The global reach and disruption to markets of this pandemic is unprecedented, so we have no direct comparatives from history to learn from. However, seismic events and situations in the past have also been the catalyst for violent market contractions. Time after time, markets have recovered, albeit over varying and sometimes extended time periods, and so we do have an expectation that the portfolio's holdings will not suffer a material long-term impact and should recover once containment measures ease. Should the virus become more virulent than is currently the case, it may present risks to the operations of the Company, its Manager and other major service providers.

Should efforts to control a pandemic prove ineffectual or meet with substantial levels of public opposition, there is the risk of social disorder arising at a local, national or international level. Even limited or localised societal breakdown may threaten both the ability of the Company to operate, the ability of investors to transact in the Company's securities and ultimately the ability of the Company to pursue its investment objective and purpose.

Long Term Viability

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

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

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

The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years until 30th June 2025. This reasonable expectation is subject to there being no significant adverse change to the regulatory or taxation environment for investment trusts; and subject to there being no sustained adverse investment performance by the current or any successive investment manager, that may result in the Company not being able to maintain a supportive shareholder base.

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

17th September 2020

Directors' Report

BOARD OF DIRECTORS



Michael Hughes CBE (Chairman of the Board, Nomination Committee and Management Engagement Committee)

A Director since May 2008.

Last re-elected to the Board: 2019.

Other directorships/relevant experience: Director of Aberdeen New India Investment Trust PLC, T. Bailey Asset Management Limited and acting investment consultant to various family offices and charities. Formerly a Director of Baring Asset Management Limited from 1998 and Chief Investment Officer from 2000 until his retirement in 2007. Prior to this, he was a Managing Director of Barclays Capital (previously BZW) and Chairman of the Board of pension trustees. Before 'Big Bang' he was a Partner at stockbrokers de Zoete and Bevan.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 17,000.



John Evans

A Director since June 2016.

Last re-elected to the Board: 2019.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 5,000.



Richard Gubbins

A Director since January 2017.

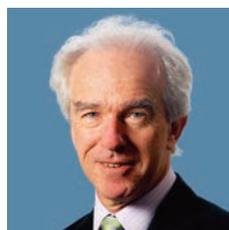
Last re-elected to the Board: 2019.

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

Connections with the Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 5,000.



Richard Huntingford (Senior Independent Director)

A Director since December 2013.

Last re-elected to the Board: 2019.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 7,500.



Margaret Payn

A Director since March 2019.

Last re-elected to the Board: 2019.

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

Connections with the Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: Nil.



Hannah Philp

A Director since March 2020.

Last re-elected to the Board: n/a.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: Nil.

The Directors present their report and the audited financial statements for the year ended 30th June 2020.

Management of the Company

The Manager and Company Secretary is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the FCA. JPMF is an affiliate of JPMAM and was appointed as the Company's Alternative Investment Fund Manager ('AIFM') from 1st July 2014 to ensure the Company's compliance with the Alternative Investment Fund Managers Directive. JPMF is a wholly-owned subsidiary of JPMorgan Chase Bank, N.A. which, through other subsidiaries, also provides marketing, banking, dealing and custodian services to the Company.

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

The Board has evaluated the performance of the Manager and confirms that it is satisfied that the continuing appointment of the Manager is in the best interests of the Company and shareholders as a whole. In arriving at this view, the Board also considered the investment strategy and process of the Investment Management Team and the support that the Company receives from JPMF.

The Alternative Investment Fund Managers Directive ('AIFMD')

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

JPMF delegates responsibility for the day to day management of the Company's portfolio to JPMAM. The Company has appointed The Bank of New York Mellon (International) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A. as the Company's custodian. BNY remains responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows.

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

AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

The Company's leverage and JPMF's remuneration disclosures are set out on pages 66 and 67.

Management Fee

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

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are detailed on page 24. Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 36.

Other than the Chairman, Michael Hughes, who will be retiring from the Board, all Directors will be standing for reappointment at the Company's forthcoming Annual General Meeting. The Board recommends to shareholders the reappointment of those Directors. Please refer to page 28 for more information.

Director Indemnification and Insurance

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

An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities arising in the conduct of their duties.

Disclosure of information to Auditors

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

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

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

Independent Auditors

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

Capital Structure and Voting Rights

Capital Structure

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

Voting Rights in the Company's shares

As at 16th September 2020 (being the latest business day prior to the publication of this report), the Company's called-up share capital consists of 23,541,270 Ordinary shares (excluding Treasury shares) carrying one vote each. Therefore the total voting rights in the Company are 23,541,270.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	Number of voting rights	%
Charles Stanley	1,475,867	6.3
Smith & Williamson Holdings Limited	1,204,398	5.1
Rathbone Investment Management Ltd	1,188,185	5.0
Brewin Dolphin Limited	906,401	3.9

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

There are no restrictions on voting rights nor concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that affect its control following a takeover bid; and no agreements between the Company and its Directors concerning compensation for loss of office.

Listing Rule 9.8.4R

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

Annual General Meeting

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

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

(i) Authority to issue relevant securities and disapply pre-emption rights (resolutions 10 & 11)

The Directors will seek renewal of the authority to issue up to 2,354,127 new shares or sell shares held in Treasury other than by a pro rata issue to existing shareholders up to an aggregate nominal amount of £588,531 such amount being equivalent to approximately 10% of the current called-up share capital (excluding Treasury shares). The full text of the resolutions is set out in the Notice of Annual General Meeting on pages 69 to 72.

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

(ii) Authority to repurchase the Company's shares (resolution 12)

The authority to repurchase up to 14.99% of the Company's called-up share capital, granted by shareholders at the 2019 AGM, will expire on 30th April 2021 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewal of the authority is in the interests of shareholders as a whole as the repurchase of shares at a discount to NAV enhances the NAV of the remaining shares. The Board will therefore seek shareholder approval at the Annual General Meeting to renew this authority, which will last until 29th April 2022 or until the whole of the 14.99% has been acquired, whichever is the earlier. The full text of the resolution is set out in the Notice of Annual General Meeting on pages 69 to 72. Repurchases will be made at the discretion of the Board, and will only be made in the market at prices below the prevailing NAV per share as and when market conditions are appropriate, thereby enhancing the NAV of the remaining shares.

Recommendation

The Board considers that resolutions 10 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 amount in aggregate to 34,500 shares representing approximately 0.1% of the voting rights of the Company.

Corporate Governance Statement

Compliance

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

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

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

Directors' Duty to Promote the Success of the Company

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

The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers with appropriate performance records, resources and controls in place to deliver the services that the Company requires. Their performance is monitored by the Board and its committees, who have oversight of the Company's operations. The principal supplier is the Manager, in particular the investment management team who are responsible for managing the Company's assets in order to achieve its stated investment objective. The Board maintains a good working relationship with the Manager, who also provides administrative support and promotes the Company through its

investment trust sales and marketing teams. The Manager's investment management function is fundamental to the long term success of the Company through the pursuit of the investment objective. The Board monitors the Company's investment performance at each Board Meeting in relation to its objective and also to its investment policy and strategy. Whilst strong long term investment performance is essential, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Manager must have regard to ethical and environmental issues that impact society. Hence environmental, social and governance considerations are in the process of being integrated into the Manager's investment process and will continue to evolve. The Board has sought to engage with and understand the views of the Company's shareholders and other key stakeholders as it regards an understanding of their views as essential in being able to fulfil its duty.

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

- the review and approval, just post the year end, of a revised Investment Management Agreement with the Manager; and
- as part of ongoing Board succession and refreshment, the appointment and induction of Hannah Philp to the Board, with effect from 1st March 2020.

To ensure continuing engagement with shareholders, the Manager conducts a significant number of shareholder meetings each year and provides the Board with ongoing feedback. Under normal operating circumstances shareholders are encouraged to attend the Company's Annual General Meeting. Shareholders can contact Directors via the Company Secretary.

Role of the Board

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

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

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

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

Board Composition

The Board, chaired by Michael Hughes, currently consists of six non-executive Directors, following the appointment of Hannah Philp in anticipation of the retirement of Michael Hughes. All Directors are considered to be independent of the Company's Manager. The Board believes that it is appropriate to have a Senior Independent Director and Richard Huntingford fulfils this role. He is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman. The Directors have a breadth of investment, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 24.

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

Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on page 24. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long term success of the Company, are summarised below. Bar the Chairman who will be retiring at the forthcoming Annual General Meeting, all Directors will stand for reappointment at the Annual General Meeting.

Resolution 4 concerns the reappointment of John Evans. He joined the Board in June 2016 and has served for four years as a Director.

John has in-depth knowledge and experience in UK equity investment management and of the investment trust sector in general. He is an experienced chairman and will bring strong leadership credentials to the position of Chairman when he takes on the role from the end of October 2020.

For details of his current directorships, please refer to page 24 of the Report.

Resolution 5 concern the reappointment of Richard Gubbins. He joined the Board in January 2017 and has served for three years as a Director.

Richard has vast experience in the corporate finance sector having acted as a lead corporate partner for Ashurst LLP on M&A and corporate finance transactions for over 27 years. As a retained senior consultant for Ashurst and through his directorship of another investment trust, he continues to contribute to Board deliberations with sound and relevant advice.

For details of his current directorships, please refer to page 24 of the Report.

Resolution 6 concerns the reappointment of Richard Huntingford. He joined the Board in December 2013 and has served for seven years as a Director.

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

For details of his current directorships, please refer to page 24 of the Report.

Resolution 7 concerns the reappointment of Margaret Payn. She joined the Board in March 2019 and has served for one year as a Director.

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

For details of her current directorships, please refer to page 24 of the Report.

Resolution 8 concerns the reappointment of Hannah Philp. She joined the Board in March 2020 and has served for less than a year as a Director.

Hannah brings to the Board recent and relevant experience in the somewhat niche area of investment trust marketing. She will be key to the Board's plans to increase the promotion of the Company and attract more shareholders to the benefits of long term investing in UK mid cap stocks.

For details of her current directorships, please refer to page 24 of the Report.

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

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter, subject to the performance evaluation carried out each year, the

Board will agree whether it is appropriate for each Director to seek reappointment. In accordance with corporate governance best practice, Directors continuing in office seek annual reappointment and, following the retirement of Michael Hughes, no Director, including the Chair, will normally seek reappointment after having served for nine years on the Board. The Board keeps plans for its orderly succession and refreshment under continual review.

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

Director	Appointment Date	2020 AGM	2021 AGM	2022 AGM	2023 AGM	2024 AGM	2025 AGM	2026 AGM	2027 AGM
Michael Hughes	8th May 2008		n/a						
Richard Huntingford	1st December 2013								
John Evans	1st June 2016								
Richard Gubbins	1st January 2017								
Margaret Payn	1st March 2019								
Hannah Philp	1st March 2020								

Key - Tenure

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

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

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

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

Training and Appraisal

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

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

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Details of membership of committees are shown with the Directors' profiles on page 24.

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

Meetings Attended

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

Director	Nomination Committee ² Meeting Attended	Management Engagement Committee Meeting Attended
Michael Hughes	5	1
John Evans	5	1
Richard Gubbins	5	1
Richard Huntingford	5	1
Margaret Payn	5	1
Hannah Philp ¹	n/a	n/a

¹Appointment on 1st March 2020.

²During the year the Nomination & Remuneration Committee was reconstituted and renamed the Nomination Committee. Directors' Remuneration is now considered under the remit of the Board.

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

Board Committees

Nomination Committee

The Nomination Committee consists of all Directors and is chaired by Michael Hughes. The Board believes that this is appropriate as it is a combined committee. The Committee meets at least annually to ensure that the Board has an appropriate balance of skills to carry out its fiduciary duties and to select and propose suitable candidates when necessary for appointment. A variety of sources, including the employment of external search consultants, is used to ensure that a wide range of candidates is considered. The appointment process takes into account the benefits of diversity, including gender. In relation to the appointment of Hannah Philp, the Board engaged a recruitment consultant, Cornforth Consulting, a firm with no other connections to the Company or the individual Directors. Open advertising was not used as part of the process as

the use of a recruitment consultant was deemed sufficient. During the course of the year, the Nomination Committee resolved to appoint John Evans, as Chairman elect, ahead of the forthcoming retirement of Michael Hughes. Mr Hughes was not part of this process which was overseen by the Senior Independent Director, Richard Huntingford.

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

The Committee undertakes an annual performance evaluation, as described above, to ensure that all members of the Board have devoted sufficient time and contributed adequately to the work of the Board. The Committee also reviews Directors' fees and makes recommendations to the Board as and when required.

During the year a decision was taken by the Board to move the remuneration duties of the previously named Nomination & Remuneration Committee, under the remit of the Board. This is deemed to be an acceptable stance for an investment trust that does not have any executive directors and where Directors receive a simple flat fee structure, plus reasonable expenses. Given that the Board as a whole also constitutes the Nomination Committee, the change does not alter anything in practice.

Management Engagement Committee

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

Audit & Risk Committee

The report of the Audit & Risk Committee is set out on pages 32 and 33.

Terms of Reference

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

Relations with Shareholders

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

In normal circumstances all shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet with and answer shareholders' questions. In addition, a presentation is given by the Investment Managers who review the Company's performance. During the year the Company's brokers and the Investment Managers hold regular discussions with shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 77.

The Company's Annual Report and Financial Statements are published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 77.

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

Risk Management and Internal Control

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by JPMF and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure that they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal and Emerging Risks on pages 20 to 22). This process has been in place for the year under review and up to the date of the approval of the annual report and financial statements and it accords with the Financial Reporting Council's guidance. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Manager's internal audit department conducts regular and rigorous reviews of the various functions within its asset management business. Any significant findings that are

relevant to the Company and/or the Manager's investment trust business are reported to the Board. The key elements designed to provide effective internal control are as follows:

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

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

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

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

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

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

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 30th June 2020, and to the date of approval of the Annual Report & Financial Statements.

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

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM. The following information in italics is a summary of JPMAM's policy statements on corporate governance, voting policy and stewardship/engagement issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included in the Strategic Report on page 20.

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

JPMAM recognises its wider FRC stewardship responsibilities to its clients as a major asset owner. To this end, it supports 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 FRC 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: <https://am.jpmorgan.com/uk/institutional/corporate-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
Alison Vincent, for and on behalf of
JPMorgan Funds Limited,
Secretary

17th September 2020

Audit & Risk Committee Report

Role and Composition

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

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

The Audit & Risk Committee also examines the effectiveness of the Company's internal control systems, receives information from the Manager's Compliance department and also reviews the scope and results of the external audit, its effectiveness and the independence and objectivity of the external auditors. In the Directors' opinion the Auditors are independent.

Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, including its COVID-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern and specifically in the context of the coronavirus pandemic.

The Board has, in particular, considered the impact of heightened market volatility since the COVID-19 outbreak but does not believe the Company's going concern status is affected. The Company's assets, the vast majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. Furthermore, the Directors are satisfied that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the COVID-19 pandemic.

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

The Company's longer-term viability is considered in the Viability Statement on page 22.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 30th June 2020, the Audit & Risk Committee considered the following significant issues, including those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1(b) to the Financial Statements. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations. The Company has appointed The Bank of New York Mellon (International) Limited ("BNY") as its depository. BNY has appointed JPMorgan Chase Bank, N.A., as the Company's custodian. BNY remains responsible for the oversight of the custody of the Company's assets.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the Financial Statements. Income reporting is conducted by the Manager and reviewed by the Board at every meeting.
Compliance with Sections 1158 and 1159 of the Corporation Tax Act 2010	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager, who reports on a monthly basis to the Board on the Company's continuing compliance.
The risk that the global economic disruption caused by COVID-19 will affect the Company's ability to continue in operation due to the impact on the share price of portfolio companies or the ability of key service providers (including the Manager, the Depositary, the Custodian, the Fund Accountant, the Brokers and the Registrar) to maintain business continuity and continue to provide appropriate service levels	The Audit & Risk Committee has reviewed the impact of recent market volatility related to the COVID-19 pandemic on the Company's portfolio and have received regular updates on portfolio performance from the portfolio manager. The Audit & Risk Committee has also reviewed recent portfolio liquidity and updated revenue and expense forecasts in light of the COVID-19 pandemic and its anticipated impact on portfolio liquidity, revenue and market valuations and considers that the Company's business model remains viable and that the Company has sufficient resources to continue in operation and to meet all liabilities as they fall due. The Audit & Risk Committee has further reviewed the Company's borrowing and debt facilities and considers that despite recent market falls the Company continues to meet its financial covenants in respect of these facilities and has a wide margin before any relevant thresholds are reached.

Significant issue	How the issue was addressed
	<p>The Audit & Risk Committee is confident that the Company has appropriate controls and processes in place to manage the principal risks and uncertainties identified above and to maintain its operating model, notwithstanding the global economic challenges posed by COVID-19.</p> <p>The Audit & Risk Committee has received representations and updates from the Company's key service providers in respect of their business continuity plans to address the issues posed by COVID-19 and are confident that all such providers will be able to continue to provide the required level of service for the foreseeable future.</p>

business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 38.

Margaret Payn
Audit & Risk Committee Chairman

17th September 2020

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

Auditors Appointment and Tenure

The Audit & Risk Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of the external auditors and their fee. Representatives of the Company's Auditors attended the Audit & Risk Committee meeting at which the draft Annual Report & Financial Statements were considered and also engage with Directors as and when required. The Company's current Auditors, PricewaterhouseCoopers LLP, have audited the Company's financial statements since its year ended 30th June 2011. In compliance with EU's mandatory audit firm retendering and rotation rules for Public Interest Entities ('PIEs'), the Audit & Risk Committee conducted a tender of the Auditors' position in February 2020. The Committee reviewed tender submissions from three audit firms, to include the Company's incumbent Auditors and, following detailed consideration, recommended to the Board that PricewaterhouseCoopers LLP be reappointed as Auditors on the basis of the breadth of experience demonstrated of the investment funds sector, and the resources and strength of their audit team. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The Company's current audit partner has been in the position since 2016, and the Company's 2020 audit will be Richard McGuire's fifth year of a maximum five years in the role. Shujaat Khan will be the Company's senior statutory auditor from 2021.

Fair, Balanced and Understandable

As a result of the work performed, the Committee has concluded that the Annual Report & Financial Statements for the year ended 30th June 2020, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance,

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

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 40 to 45.

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote. The shareholders approved the resolution in favour of the Company's Directors' Remuneration Policy at the 2018 AGM. Therefore an ordinary resolution to approve this policy will be put to shareholders at the Annual General Meeting to be held in 2021. The policy, is set out in full below and is currently in force.

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

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

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

Directors' fees were paid at the fixed rate of £38,000 for the Chairman, £31,750 for the Chairman of the Audit & Risk

Committee and £25,500 for the other Directors. Fees were last increased in July 2019.

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

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

The Directors do not have service contracts with the Company. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on pages 28 and 29.

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

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the Remuneration policy compared with the year ended 30th June 2019 and no changes are proposed for the year ending 30th June 2021.

At the Annual General Meeting held on 30th October 2019, of votes cast, 99.8% of votes cast were in favour of (or granted discretion to the Chair who voted in favour of) the remuneration report and 0.2% voted against. Votes withheld were 9,151, the equivalent of less than 0.01% of votes cast.

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

DIRECTORS' REMUNERATION REPORT

Single total figure of remuneration

The total figure of remuneration for the Board for the year ended 30th June 2020 was £169,310. The total remuneration for each Director is detailed below together with the prior year comparative.

Single total figure table¹

Directors' Name	2020 Taxable			2019 Taxable		
	Fees expenses ²		Total	Fees expenses ²		Total
	£	£	£	£	£	£
Michael Hughes (Chairman)	38,000	1,558	39,558	37,000	1,523	38,523
John Evans	25,500	4,057	29,557	25,000	5,259	30,259
Richard Gubbins	25,500	446	25,946	25,000	400	25,400
Richard Huntingford	25,500	–	25,500	25,000	–	25,000
Margaret Littlejohns ³	10,526	–	10,526	31,000	–	31,000
Margaret Payn ⁴	29,723	–	29,723	8,333	–	8,333
Hannah Philip ⁵	8,500	–	8,500	–	–	–
Total	163,249	6,061	169,310	151,333	7,182	158,515

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

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

³ Retired on 30th October 2019.

⁴ Appointed on 1st March 2019.

⁵ Appointed on 1st March 2020.

A table showing the total remuneration for the Chairman over the five years ended 30th June 2020 is below:

Remuneration for the Chairman over the five years ended 30th June 2020

Year ended 30th June	Fees	Performance related benefits received as a percentage of maximum payable ¹
2020	£38,000	n/a
2019	£37,000	n/a
2018	£36,000	n/a
2017	£33,000	n/a
2016	£33,000	n/a

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

Directors' Shareholdings¹

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

Ordinary	30th June 2020	1st July 2019
Michael Hughes (Chairman)	17,000	17,000
John Evans	5,000	5,000
Richard Gubbins	5,000	2,880
Richard Huntingford	7,500	7,500
Margaret Payn	Nil	Nil
Hannah Philip ²	Nil	Nil

¹ Audited information.

² Appointed on 1st March 2020.

In accordance with the Companies Act 2006, a graph showing the Company's share price total return compared with its benchmark, the FTSE 250 Index (excluding investment trusts), is shown below. The Board believes this Index is the most representative comparator for the Company, given the Company's investment objective.

Ten Year Share Price and Index Total Return to 30th June 2020



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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th June	
	2020 £	2019 £
Remuneration paid to all Directors	169,310	158,515
Distribution to shareholders		
– by way of dividend	6,995,000	6,653,000
– by way of share repurchases	66,000	1,068,000

For and on behalf of the Board
Michael Hughes
Chairman

17th September 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

The Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

For and on behalf of the Board
Michael Hughes
Chairman

17th September 2020

To the members of JPMorgan Mid Cap Investment Trust plc

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 30th June 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Financial Statements (the 'Annual Report'), which comprise: the Statement of Financial Position as at 30th June 2020; the Statement of Comprehensive Income; the Statement of Cash Flows; the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

We have provided no non-audit services to the Company in the period from 1st July 2019 to 30th June 2020.

Our audit approach

Overview



- Overall materiality: £2.4 million (2019: £2.8 million), based on 1% of Net Assets.
- The Company is a standalone Investment Trust Company and engages JPMorgan Funds Limited (the 'Manager') to manage its assets.
- We conducted our audit of the financial statements using information from JP Morgan Chase Bank N.A., (the 'Administrator') to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- Valuation and existence of investments.
- Income from investments.
- Consideration of the impact of COVID-19.

The scope of our audit

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

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 (see page 21 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and Chapter 15 of the UK Listing Rules applicable to Closed-Ended Investment Funds. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value. Audit procedures performed by the engagement team included:

- Discussions with the Manager and the Administrator, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of the controls implemented by the Company and the Administrator designed to prevent and detect irregularities;
- Assessment of the Company's compliance with the requirements of s1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- Review of financial statement disclosures to underlying supporting documentation; and
- Identifying and testing manual journal entries posted by the Administrator during the preparation of the financial statements.

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

Key audit matters

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

Key audit matter**How our audit addressed the key audit matter****Valuation and existence of investments**

Refer to page 32 (Audit & Risk Committee Report), page 50 (Accounting Policies) and page 56 (Notes to the Financial Statements).

The investment portfolio at the year end principally comprised quoted equity investments valued at £251 million.

We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the Financial Statements.

We tested the valuation of the equity investments by agreeing the prices used in the valuation to independent third-party sources. No material misstatements were identified from this testing.

We tested the existence of the investment portfolio by agreeing investment holdings to an independent custodian confirmation. No material misstatements were identified from this testing.

Key audit matter

Income from investments

Refer to page 32 (Audit & Risk Committee Report), pages 50 and 51 (Accounting Policies) and pages 52 and 53 (Notes to the Financial Statements).

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

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

How our audit addressed the key audit matter

We assessed the accounting policy for investment income recognition for compliance with accounting standards and the AIC SORP and performed testing to verify that income from investments had been accounted for in accordance with this stated accounting policy.

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

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

To test for completeness, we tested, for all investment holdings in the portfolio, that all dividends declared in the market for investment holdings had been recorded.

We tested occurrence by tracing a sample of dividends received to bank statements.

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

Our procedures did not identify any material misstatements.

Consideration of the impact of COVID-19

Refer to the Chairman's Statement (page 7), Principal and Emerging Risks (page 22), Long Term Viability (page 22) the Going Concern Statement (page 32) and the Audit & Risk Committee Report (page 32 and 33), which disclose the impact of the COVID-19 coronavirus pandemic.

From a small number of cases of an unknown virus in 2019, the COVID-19 viral infection has become a global pandemic. It has caused disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates during the first quarter of 2020 and to date.

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

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

- Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19.
- Evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements.

We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report.

- We obtained evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and loan covenant compliance as well as their review of the operational resilience of the Company and oversight of key third-party service providers.

We assessed the disclosures presented in the Annual Report in relation to COVID-19 by:

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

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

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

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Overall materiality	£2.4 million (2019: £2.8 million).
How we determined it	1% of Net Assets.
Rationale for benchmark applied	We believe that Net Assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above £119,000 (2019: £142,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

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

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

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

INDEPENDENT AUDITORS' REPORT

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30th June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 20 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 22 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 38, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
 - The section of the Annual Report on pages 32 and 33 describing the work of the Audit & Risk Committee does not appropriately address matters communicated by us to the Audit & Risk Committee.
 - The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.
-

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 38, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the members on 29th October 2010 to audit the financial statements for the year ended 30th June 2011 and subsequent financial periods. The period of total uninterrupted engagement is ten years, covering the years ended 30th June 2011 to 30th June 2020.

Richard McGuire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
London

17th September 2020

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2020

	Notes	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Losses on investments held at fair value through profit or loss	3	–	(42,958)	(42,958)	–	(28,603)	(28,603)
Net foreign currency gains		–	12	12	–	18	18
Income from investments	4	5,945	–	5,945	9,785	–	9,785
Interest receivable and similar income	4	79	–	79	88	–	88
Gross return/(loss)		6,024	(42,946)	(36,922)	9,873	(28,585)	(18,712)
Management fee	5	(578)	(1,348)	(1,926)	(564)	(1,315)	(1,879)
Other administrative expenses	6	(507)	–	(507)	(568)	–	(568)
Net return/(loss) before finance costs and taxation		4,939	(44,294)	(39,355)	8,741	(29,900)	(21,159)
Finance costs	7	(205)	(477)	(682)	(118)	(275)	(393)
Net return/(loss) before taxation		4,734	(44,771)	(40,037)	8,623	(30,175)	(21,552)
Taxation	8	(64)	–	(64)	(303)	–	(303)
Net return/(loss) after taxation		4,670	(44,771)	(40,101)	8,320	(30,175)	(21,855)
Return/(loss) per share	9	19.69p	(188.82)p	(169.13)p	35.01p	(126.96)p	(91.95)p

Details of dividends are given in note 10 on page 55.

All revenue and capital items in the above statement derive from continuing operations.

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

The notes on pages 50 to 64 form an integral part of these financial statements.

FOR THE YEAR ENDED 30TH JUNE 2020

	Called up share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve ¹ £'000	Total £'000
At 30th June 2018	6,350	3,650	291,173	12,957	314,130
Repurchase of shares into Treasury	–	–	(1,068)	–	(1,068)
Net (loss)/return	–	–	(30,175)	8,320	(21,855)
Dividends paid in the year (note 10)	–	–	–	(6,653)	(6,653)
At 30th June 2019	6,350	3,650	259,930	14,624	284,554
Repurchase of shares into Treasury	–	–	(66)	–	(66)
Net (loss)/return	–	–	(44,771)	4,670	(40,101)
Dividends paid in the year (note 10)	–	–	–	(6,995)	(6,995)
At 30th June 2020	6,350	3,650	215,093	12,299	237,392

¹ The revenue reserve is distributable. The amount of the revenue reserve that is distributable is not necessarily the full amount of the reserve as disclosed in these financial statements of £12,299,000 as at 30th June 2020. This reserve may be used to fund distributions to investors.

The notes on pages 50 to 64 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	250,727	297,060
Current assets	12		
Debtors		953	6,142
Cash and cash equivalents		5,973	1,753
		6,926	7,895
Current liabilities			
Creditors: amounts falling due within one year	13	(10,261)	(10,401)
Net current liabilities		(3,335)	(2,506)
Total assets less current liabilities		247,392	294,554
Creditors: amounts falling due after more than one year	14	(10,000)	(10,000)
Net assets		237,392	284,554
Capital and reserves			
Called up share capital	15	6,350	6,350
Capital redemption reserve	16	3,650	3,650
Capital reserves	16	215,093	259,930
Revenue reserve	16	12,299	14,624
Total shareholders' funds		237,392	284,554
Net asset value per share	17	1,001.3p	1,199.9p

The financial statements on pages 47 to 64 were approved and authorised for issue by the Directors on 17th September 2020 and signed on their behalf by:

Michael Hughes
Director

The notes on pages 50 to 64 form an integral part of these financial statements.

Company registration number: 1047690.

The Company is registered in England and Wales.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2020

Notes	2020 £'000	2019 £'000	
Net cash outflow from operations before dividends and interest	18	(2,419)	(2,377)
Dividends received		7,125	8,931
Interest received		52	60
Overseas tax recovered		2	52
Interest paid		(697)	(403)
Net cash inflow from operating activities		4,063	6,263
Purchases of investments		(136,132)	(109,813)
Sales of investments		145,345	107,119
Settlement of forward currency contracts		–	(2)
Net cash inflow/(outflow) from investing activities		9,213	(2,696)
Dividends paid		(6,995)	(6,653)
Repurchase of shares into Treasury		(66)	(1,068)
Drawdown of bank loan		19,000	10,000
Repayment of bank loan		(21,000)	(15,000)
Net cash outflow from financing activities		(9,061)	(12,721)
Increase/(decrease) in cash and cash equivalents		4,215	(9,154)
Cash and cash equivalents at start of year		1,753	10,906
Exchange movements		5	1
Cash and cash equivalents at end of year		5,973	1,753
Increase/(decrease) in cash and cash equivalents		4,215	(9,154)
Cash and cash equivalents consist of:			
Cash and short term deposits		410	287
Cash held in JPMorgan Sterling Liquidity Fund		5,563	1,466
Total		5,973	1,753

The notes on pages 50 to 64 form an integral part of these financial statements.

RECONCILIATION OF NET DEBT

	As at 30th June 2019 £'000	Cash flows £'000	Other non-cash charges £'000	As at 30th June 2020 £'000
Cash and cash equivalents				
Cash	287	118	5	410
Cash equivalents	1,466	4,097	–	5,563
	1,753	4,215	5	5,973
Borrowings				
Debt due within one year	(10,000)	2,000	–	(8,000)
Debt due after one year	(10,000)	–	–	(10,000)
	(20,000)	2,000	–	(18,000)
Total	(18,247)	6,215	5	(12,027)

FOR THE YEAR ENDED 30TH JUNE 2020

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in October 2019.

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

The financial statements have been prepared on a going concern basis. The disclosures on going concern on page 32 of the Audit & Risk Committee Report form part of these financial statements.

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

(b) Valuation of investments

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

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

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

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

(c) Accounting for reserves

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

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

(d) Income

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

Overseas dividends are included gross of any withholding tax.

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

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

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

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

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

(e) Expenses

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

- The management fee is allocated 30% to revenue and 70% to capital, in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- Expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 11 on page 56.

(f) Finance costs

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

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

(g) Financial instruments

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

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

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

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

(h) Taxation

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

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

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

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

(i) Value Added Tax ('VAT')

Expenses are disclosed inclusive of the related irrecoverable VAT.

(j) Functional currency

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

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

1. Accounting policies *continued*

(k) Dividends payable

Dividends are included in the financial statements in the year in which they are paid.

(l) Repurchase of shares for cancellation

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

(m) Repurchase of shares to hold in Treasury

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

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

2. Significant accounting judgements and estimates

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

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

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

	2020 £'000	2019 £'000
Realised losses on sales of investments	(4,084)	(506)
Net movement in investment holding losses and gains	(38,867)	(28,091)
Other capital charges	(7)	(6)
Total capital losses on investments held at fair value through profit or loss	(42,958)	(28,603)

4. Income

	2020 £'000	2019 £'000
Income from investments		
UK dividends	5,261	7,841
Overseas dividends	304	1,602
Property income distributions	380	342
	5,945	9,785
Interest receivable and similar income		
Underwriting commission	29	30
Interest from liquidity funds	48	58
Deposit interest	2	–
	79	88
Total income	6,024	9,873

5. Management fee

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Management fee	578	1,348	1,926	564	1,315	1,879

Details of the management fee are given in the Directors' Report on page 25.

6. Other administrative expenses

	2020 £'000	2019 £'000
Administration expenses	246	277
Directors' fees ¹	169	159
Depositary fees ²	46	40
Auditors' remuneration for audit services ³	38	30
Savings scheme costs ⁴	8	62
	507	568

¹ Full disclosure is given in the Directors' Remuneration Report on pages 35 and 36.

² Includes £8,000 (2019: £7,000) irrecoverable VAT.

³ Includes £6,000 (2019: £5,000) irrecoverable VAT.

⁴ Paid to the Manager for administration of saving scheme products. Includes £1,000 (2019: £10,000) irrecoverable VAT.

7. Finance costs

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Interest on bank loans and overdrafts	205	477	682	118	275	393

8. Taxation

(a) Analysis of tax charge in the year

	2020 £'000	2019 £'000
Overseas withholding tax	64	303
Total tax charge for the year	64	303

(b) Factors affecting total tax charge for the year

The tax charge for the year is higher (2019: higher) than the Company's applicable rate of corporation tax of 19.00% (2019: 19.00%). The factors affecting the total tax charge for the year are as follows:

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Net return/(loss) before taxation	4,734	(44,771)	(40,037)	8,623	(30,175)	(21,552)
Net return/(loss) before taxation multiplied by the Company's applicable rate of corporation tax of 19.0% (2019: 19.0%)	899	(8,506)	(7,607)	1,638	(5,733)	(4,095)
Effects of:						
Non taxable capital losses	–	8,159	8,159	–	5,431	5,431
Non taxable UK dividends	(1,000)	–	(1,000)	(1,490)	–	(1,490)
Non taxable overseas dividends	(56)	–	(56)	(126)	–	(126)
Income taxed in different years	65	–	65	72	–	72
Tax attributable to expenses and finance costs allocated to capital	(347)	347	–	(302)	302	–
Double taxation relief	(10)	–	(10)	(33)	–	(33)
Unrelieved expenses	449	–	449	241	–	241
Overseas withholding tax	64	–	64	303	–	303
Total tax charge for the year	64	–	64	303	–	303

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £11,490,000 (2019: £9,837,000) based on a prospective corporation tax rate of 19% (2019: 17%). The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

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

9. Return/(loss) per share

	2020 £'000	2019 £'000
Revenue return	4,670	8,320
Capital loss	(44,771)	(30,175)
Total loss	(40,101)	(21,855)
Weighted average number of shares in issue during the year	23,710,378	23,766,861
Revenue return per share	19.69p	35.01p
Capital loss per share	(188.82)p	(126.96)p
Total loss per share	(169.13)p	(91.95)p

10. Dividends

(a) Dividends paid and proposed

	2020 £'000	2019 £'000
Dividends paid		
2019 Final dividend of 21.5p (2018: 18.5p) per share	5,098	4,396
2019 Special dividend of nil (2018: 1.5p) per share	–	356
2020 Interim dividend of 8.0p (2019: 8.0p) per share	1,897	1,901
Total dividends paid in the year	6,995	6,653
Dividend proposed		
2020 Final dividend proposed of 21.5p (2019: 21.5p) per share	5,098	5,099
Total dividends proposed for year	5,098	5,099

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

The Final dividend proposed in respect of the year ended 30th June 2019 amounted to £5,099,000. However the actual payment amounted to £5,098,000 due to share repurchases after the balance sheet date but prior to the share register record date.

The dividend proposed in respect of the year ended 30th June 2020 is subject to shareholder approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 30th June 2021.

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

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year, shown below. The revenue available for distribution by way of dividend for the year is £4,670,000 (2019: £8,320,000). The revenue reserve after payment of the final and special dividend will amount to £7,201,000 (2019: £9,525,000).

	2020 £'000	2019 £'000
Interim dividend of 8.0p (2019: 8.0p) per share	1,897	1,901
Final dividend of 21.5p (2019: 21.5p) per share	5,098	5,099
	6,995	7,000

11. Investments

	2020 £'000	2019 £'000
Investments listed on a recognised stock exchange	250,727	297,060
Opening book cost	239,247	242,665
Opening investment holding gains	57,813	85,904
Opening valuation	297,060	328,569
Movements in the year:		
Purchases at cost	138,030	105,472
Sales proceeds	(141,412)	(108,384)
Losses on investments	(42,951)	(28,597)
	250,727	297,060
Closing book cost	231,781	239,247
Closing investment holding gains	18,946	57,813
Total investments held at fair value through profit or loss	250,727	297,060

Transaction costs on purchases during the year amounted to £647,000 (2019: £525,000) and on sales during the year amounted to £80,000 (2019: £72,000). These costs comprise mainly stamp duty on purchases and brokerage commission.

The Company received £141,412,000 (2019: £108,384,000) from investments sold in the year. The bookcost of these investments when they were purchased was £145,496,000 (2019: £108,890,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

12. Current assets

	2020 £'000	2019 £'000
Debtors		
Securities sold awaiting settlement	251	4,191
Dividends and interest receivable	661	1,926
Overseas tax recoverable	24	7
Other debtors	17	18
	953	6,142

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

Cash and cash equivalents

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

13. Current liabilities

	2020 £'000	2019 £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	2,135	237
Bank loan	8,000	10,000
Interest payable	35	50
Other creditors	91	114
	10,261	10,401

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

As at 30th June 2020 the Company had two floating rate loan facilities in place. A £30 million five year unsecured multi currency loan facility with Scotiabank (Ireland) Limited expiring on 4th March 2024, and a £15 million three year unsecured loan facility with ING Bank expiring on 16th December 2020.

Under the terms of the five year £30 million Scotiabank (Europe) Plc multi currency loan facility, the Company may draw down up to £30 million at an interest rate of LIBOR as quoted in the market for the loan period, plus a margin of 1.5%, plus mandatory costs. At the year end, the Company had £10 million (2019: £10 million) drawn down on this facility with Scotiabank (Europe) Plc.

Under the terms of the three year £15 million ING Bank loan facility, the Company may draw down up to £15 million at an interest rate of LIBOR as quoted in the market for the loan period, plus a margin of 1.0%, plus mandatory costs. At the year end, the Company had £8 million (2019: £10 million) drawn down on this facility with ING Bank.

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

	2020 £'000	2019 £'000
Bank loan (see note 13)	10,000	10,000

15. Called up share capital

	2020 £'000	2019 £'000
Ordinary shares allotted and fully paid:		
Opening balance of 23,715,680 (2019: 23,812,680) shares excluding shares held in Treasury	5,930	5,954
Repurchase of 6,321 (2019: 97,000) shares into Treasury	(2)	(24)
Subtotal of 23,709,359 (2019: 23,715,680) shares of 25p each excluding shares held in Treasury	5,928	5,930
1,688,721 (2019: 1,682,400) shares held in Treasury	422	420
Closing balance of 25,398,080 (2019: 25,398,080) shares of 25p each including shares held in Treasury	6,350	6,350

Further details of transactions in the Company's shares are given in the Business Review on page 19.

16. Capital and reserves

	Called up share capital £'000	Capital redemption reserve £'000	Capital reserves		Revenue reserve ¹ £'000	Total £'000
			Gains and losses on sales of investments £'000	Investment holding gains and losses £'000		
Opening balance	6,350	3,650	202,117	57,813	14,624	284,554
Net foreign currency gains	–	–	12	–	–	12
Realised losses on sale of investments	–	–	(4,084)	–	–	(4,084)
Net change in unrealised gains and losses on investments	–	–	–	(38,867)	–	(38,867)
Repurchase of shares into Treasury	–	–	(66)	–	–	(66)
Management fee and finance costs allocated to capital	–	–	(1,825)	–	–	(1,825)
Other capital charges	–	–	(7)	–	–	(7)
Dividends paid in the year	–	–	–	–	(6,995)	(6,995)
Retained revenue for the year	–	–	–	–	4,670	4,670
Closing balance	6,350	3,650	196,147	18,946	12,299	237,392

¹ The revenue reserve is distributable. The amount of the revenue reserve that is distributable is not necessarily the full amount of the reserve as disclosed in these financial statements of £12,299,000 as at 30th June 2020. This reserve may be used to fund distributions to investors.

17. Net asset value per share

	2020	2019
Net assets (£'000)	237,392	284,554
Number of shares in issue	23,709,359	23,715,680
Net asset value per share	1,001.3p	1,199.9p

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

	2020 £'000	2019 £'000
Net loss before finance costs and taxation	(39,355)	(21,159)
Add capital loss before finance costs and taxation	44,294	29,900
Decrease/(increase) in accrued income and other debtors	1,266	(504)
(Decrease)/increase in accrued expenses	(23)	9
Management fee charged to capital	(1,348)	(1,315)
Overseas withholding tax	(83)	(336)
Dividends received	(7,125)	(8,931)
Interest received	(52)	(60)
Realised gains on foreign currency transactions	7	19
Net cash outflow from operations before dividends and interest	(2,419)	(2,377)

19. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2019: same).

20. Transactions with the Manager and related party transactions

Details of the management contract are set out in the Directors' Report on page 25. The management fee payable to the Manager for the year was £1,926,000 (2019: £1,879,000) of which £nil (2019: £nil) was outstanding at the year end.

During the year £8,000 (2019: £62,000), including VAT, was payable to the Manager for administration of savings scheme products, of which £nil (2019: £25,000) was outstanding at the year end.

Included in administration expenses in note 6 on page 53 are safe custody fees amounting to £5,000 (2019: £5,000) payable to JPMorgan Chase, N.A. of which £1,000 (2019: £1,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities Limited for the year was £1,000 (2019: £nil) of which £nil (2019: £nil) was outstanding at the year end.

The Company also holds cash in the JPMorgan Sterling Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £5,563,000 (2019: £1,466,000). Interest amounting to £48,000 (2019: £58,000) was receivable during the year of which £nil (2019: £2,000) was outstanding at the year end.

Handling charges on dealing transactions amounting to £7,000 (2019: £6,000) were payable to JPMorgan Chase, N.A. during the year of which £1,000 (2019: £1,000) was outstanding at the year end.

At the year end, total cash of £410,000 (2019: £287,000) was held with JPMorgan Chase, N.A. A net amount of interest of £2,000 (2019: £nil) was receivable by the Company during the year from JPMorgan Chase, N.A. of which £nil (2019: £nil) was outstanding at the year end.

The Directors are related parties and full details of their remuneration and shareholdings can be found on pages 35 and 36 and in note 6 on page 53.

21. Disclosures regarding financial instruments measured at fair value

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

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

- (1) **The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date**
- (2) **Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly**
- (3) **Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability**

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 50.

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

	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	250,727	–	297,060	–
Total	250,727	–	297,060	–

There were no transfers between Level 1, 2 or 3 during the year (2019: none).

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

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

These financial risks include market risk (comprising other price risk and interest rate risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company Secretary, in close cooperation with the Board and the Manager, coordinates the Company's risk management policy. The Company has no significant direct exposure to foreign currency risk.

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

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

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

(a) Market risk

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

(i) Other price risk

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

Management of other price risk

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

Other price risk exposure

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

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	250,727	297,060

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

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 15 to 17. All of the investments are listed in the UK. Accordingly there is a concentration of exposure to the UK. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% (2019: 10%) in the market value of equity investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities, adjusting for changes in the management fee but with all other variables held constant.

	2020		2019	
	20% increase in fair value £'000	20% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	(90)	98	(53)	53
Capital return	49,934	(49,918)	29,581	(29,581)
Total return after taxation for the year	49,844	(49,820)	29,528	(29,528)
Net assets	49,844	(49,820)	29,528	(29,528)

(ii) Interest rate risk

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

Management of interest rate risk

The Company does not normally hold significant cash balances. Short term borrowings are used when required. The Company may finance part of its activities through borrowings at levels approved and monitored by the Board. The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Company borrows on the loan facility.

Interest rate exposure

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

	2020 £'000	2019 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	5,973	1,753
Bank loans	(18,000)	(20,000)
Total exposure	(12,027)	(18,247)

Interest receivable on cash balances is at a margin below LIBOR (2019: same).

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

Details of the bank loan are given in notes 13 and 14 on page 57.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1% (2019: 1%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

22. Financial instruments' exposure to risk and risk management policies *continued*
(a) Market risk *continued*
(ii) Interest rate risk *continued*
Interest rate sensitivity *continued*

	2020		2019	
	1% increase in rate £'000	1% decrease in rate £'000	1% increase in rate £'000	1% decrease in rate £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	6	(6)	(42)	42
Capital return	(126)	126	(140)	140
Total return after taxation for the year	(120)	120	(182)	182
Net assets	(120)	120	(182)	182

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

(b) Liquidity risk

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

Management of the risk

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

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

Liquidity risk exposure

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

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

	Within one year £'000	2019 More than one year £'000	Total £'000
Creditors:			
Securities purchased awaiting settlement	237	–	237
Other creditors and accruals	114	–	114
Bank loans, including interest	10,584	11,260	21,844
	10,935	11,260	22,195

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

(c) Credit risk

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

Management of credit risk

Portfolio dealing

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

Cash and cash equivalents

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

Exposure to JPMorgan Chase

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. The Company's assets are segregated from JPMorgan Chase Bank, N.A.'s own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase, N.A. were to cease trading. The Depository, Bank of New York Mellon (International) Limited, is responsible for the safekeeping of all custodial assets of the Company and for verifying and maintaining a record of all other assets of the Company. However, no absolute guarantee can be given on the protection of all the assets of the Company. The Depository Agreement grants a lien over available assets credited to the securities account. The extent of this lien is limited to the amount of unpaid fees payable to Bank of New York Mellon (International) Limited.

Credit risk exposure

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

(d) Fair values of financial assets and financial liabilities

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

23. Capital management policies and procedures

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

	2020 £'000	2019 £'000
Debt:		
Bank loans	18,000	20,000
Equity:	18,000	20,000
Called up share capital	6,350	6,350
Reserves	231,042	278,204
	237,392	284,554
Total debt and equity	255,392	304,554

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

The Board's policy is to limit gearing within the range of 10% net cash to 20% geared, in normal market conditions.

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	250,727	297,060
Net assets	237,392	284,554
Gearing	5.6%	4.4%

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 hold in Treasury, which takes into account the share price discount or premium; and
- the opportunity for issues of new shares, and sales of shares held in Treasury.

24. Subsequent events

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

Regulatory Disclosures

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

Leverage

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

The Company's maximum and actual leverage levels at 30th June 2020 are shown below:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	108%	108%

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

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

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

Remuneration Policy

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

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

The Board of the Management Company reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. The Board last reviewed and adopted the Remuneration Policy that applied for the 2019 Performance Year in June 2019 with no material changes and was satisfied with its implementation.

Quantitative Disclosures

The table below provides an overview of the aggregate total remuneration paid to staff of the Management Company in respect of the 2019 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JP Morgan Asset Management (UK) Ltd (the relevant employing entity) and the number of beneficiaries, both apportioned to the Management Company on an Assets Under Management ('AUM') weighted basis.

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 30 Alternative Investment Funds (with four sub-funds) and two UCITS (with 38 sub-funds) as at 31st December 2019, with a combined AUM as at that date of £13.8 billion and £17.1 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (\$'000s)	15,972	9,139	25,111	119

The aggregate 2019 total remuneration paid to AIFMD Identified Staff was USD \$57,448,000, of which USD \$4,425,000 relates to Senior Management and USD \$53,024,000 relates to other Identified Staff¹.

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

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

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) or Total Return Swaps. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 30th June 2020.

Shareholder Information

Notice is hereby given that the forty eighth Annual General Meeting of JPMorgan Mid Cap Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 29th October 2020 at 2.30 p.m. for the following purposes:

1. To receive the Directors' Report, the Financial Statements and the Auditors' Report for the year ended 30th June 2020.
2. To approve the Directors' Remuneration Report for the year ended 30th June 2020.
3. To approve a final dividend.
4. To reappoint John Evans as a Director of the Company.
5. To reappoint Richard Gubbins as a Director of the Company.
6. To reappoint Richard Huntingford as a Director of the Company.
7. To reappoint Margaret Payn as a Director of the Company.
8. To reappoint Hannah Philp as a Director of the Company.
9. To reappoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

10. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £588,531, representing approximately 10% of the Company's called-up ordinary share capital (excluding Treasury shares) as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2021 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

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

11. THAT subject to the passing of Resolution 10 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 11 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £588,531, representing approximately 10% of the called-up ordinary share capital (excluding Treasury shares) as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 10 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

12. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693 of the Act) of its issued shares of 25p each in the capital of the Company
 PROVIDED ALWAYS THAT
 - (i) the maximum number of shares hereby authorised to be purchased shall be 3,528,836 or, if less, that number of shares which is equal to 14.99% of the Company's called-up share capital as at the date of the passing of this Resolution;
 - (ii) the maximum price which may be paid for a share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for a share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;
 - (iii) any purchase of shares will be made in the market for cash at prices below the prevailing net asset value per share (as determined by the Directors) at the date following not more than seven days before the date of purchase;

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- (iv) the authority hereby conferred shall expire on 29th April 2022 unless the authority is renewed at the Company's Annual General Meeting in 2021 or at any other general meeting prior to such time; and
- (v) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

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

22nd September 2020

Notes

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

1. Given the risks posed by the spread of COVID-19 and in accordance with the provisions of the Articles of Association and Government guidance, attendance at the Annual General Meeting ('AGM') is unlikely to be possible.

At the date of posting of this AGM Notice, given the ongoing uncertainty about the course of COVID-19 and due to ongoing public health concerns, the Board intends to limit physical attendance at the AGM only to Directors or their proxies and representatives from J.P. Morgan. The Board will ensure that the minimum quorum is present to allow the formal business to proceed. If law or Government guidance so requires at the time of the Meeting, the Chairman of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the Meeting. Should the Government guidance change and the current restrictions on group gatherings be relaxed by the time of the meeting, the Company may still impose entry restrictions on certain persons wishing to attend the AGM in order to secure the orderly and proper conduct of the Meeting.

2. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. However, please note that, in the light of the COVID-19 pandemic and associated Government guidance, including the rules on physical distancing and limitations on public gatherings, it is unlikely that your vote will be counted where a proxy other than the Chairman of the Meeting is appointed as additional third parties are unlikely to be permitted entry to the meeting.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person. However, please note that in the current circumstances, it is unlikely that your vote will be counted where a proxy other than the Chairman of the Meeting is appointed as additional third parties are unlikely to be permitted entry to the meeting.
4. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.
5. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate

or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

6. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.
7. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement. However, please note the terms of Note 1 above for restrictions applicable on attendance at this year's AGM.
8. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. However, please note that, in the light of the COVID-19 pandemic and associated Government guidance, including the rules on physical distancing and limitations on public gatherings, it is unlikely that your vote will be counted where a representative other than the Chairman of the Meeting is appointed as additional third parties are unlikely to be permitted entry to the meeting.

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

9. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's Financial Statements (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members

requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.

10. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
11. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
12. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
13. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmmidcap.co.uk.

NOTICE OF ANNUAL GENERAL MEETING

14. The register of interests of the Directors and connected persons in the called-up share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the AGM. No Director has any contract of service with the Company.
15. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
16. As an alternative to completing a hard copy Form of Proxy/Voting Direction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
17. As at 16th September 2020 (being the latest business day prior to the publication of this Notice), the Company's called-up share capital consists of 23,541,270 Ordinary shares (excluding treasury shares) carrying one vote each. Therefore the total voting rights in the Company are 23,541,270.

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 ALTERNATIVE PERFORMANCE MEASURES ('APMs') (UNAUDITED)

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

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

Return to Shareholders (APM)

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

Total return calculation	Page	2020	2019	
Opening share price as at 30th June (p)	5	1,077.5	1,250.0	(a)
Closing share price as at 30th June (p)	5	886.0	1,077.5	(b)
Total dividend adjustment factor ¹		1.033516	1.027373	(c)
Adjusted closing share price (p) (d = b x c)		915.7	1,107.0	(d)
Total return to shareholders (e = d / a - 1)		-15.0%	-11.4%	(e)

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

Return on Net Assets (APM)

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

Total return calculation	Page	2020	2019	
Opening cum-income NAV per share as at 30th June (p)	5	1,199.9	1,319.2	(a)
Closing cum-income NAV per share as at 30th June (p)	5	1,001.3	1,199.9	(b)
Total dividend adjustment factor ¹		1.030193	1.02512	(c)
Adjusted closing cum-income NAV per share price (p) (d = b x c)		1,031.5	1,230.0	(d)
Total return on net assets (e = d / a - 1)		-14.0%	-6.8%	(e)

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

Net asset value per share (APM)

The value of the Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please refer to note 17 on page 58 for the calculation.

Benchmark return

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

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

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

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. (See page 5).

Gearing/(Net Cash) (APM)

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

Gearing calculation	Page	2020 £'000	2019 £'000	
Investments held at fair value through profit or loss	48	250,727	297,060	(a)
Net assets	48	237,392	284,554	(b)
Gearing (c = a / b - 1)		5.6%	4.4%	(c)

Ongoing Charges Ratio (APM)

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

Ongoing charges ratio calculation	Page	2020 £'000	2019 £'000	
Management Fee	53	1,926	1,879	
Other administrative expenses	53	507	568	
Total management fee and other administrative expenses		2,433	2,447	(a)
Average daily cum-income net assets		276,483	279,736	(b)
Ongoing charges ratio (c = a / b)		0.88%	0.87%	(c)

Earnings/(Loss) per Ordinary Share

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

Performance attribution

Analysis of how the Company achieved its recorded performance relative to its benchmark (see page 11).

Performance Attribution Definitions:

Stock/Sector selection

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

Gearing/Net Cash

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

Management fee/Other expenses

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

Share repurchases

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

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

1. Via a third party provider

Third party providers include:

AJ Bell	Hargreaves Lansdown
Barclays Smart Investor	Interactive Investor
Charles Stanley Direct	Selftrade
Fidelity FundsNetwork	The Share Centre
Halifax	

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

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

2. Through a professional adviser

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

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

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

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

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

2 Check the FCA Warning List

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

3 Get impartial advice

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

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

Report a Scam

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

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

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



FINANCIAL CALENDAR

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

History

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

Directors

Michael Hughes (Chairman)
 John Evans
 Richard Gubbins
 Richard Huntingford (Senior Independent Director)
 Margaret Payn (Chairman of the Audit & Risk Committee)
 Hannah Philp

Company Numbers

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

Market Information

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

Website

www.jpmmidcap.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

Please contact Alison Vincent for company secretarial and administrative matters.

Depository

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

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

Registrars

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

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

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1082.

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

Independent Auditors

PricewaterhouseCoopers LLP
 Chartered Accountants and Statutory Auditors
 7 More London Riverside
 London SE1 2RT

Brokers

Investec Bank plc
 30 Gresham Street
 London EC2V 7QP



The Association of
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