Annual Report 2010

JPMorgan Emerging Markets Investment Trust plc

Annual Report & Accounts for the year ended 30th June 2010

J.P.Morgan
Asset Management

Features

Contents

Objective

Capital growth from emerging markets worldwide.

Investment Policies

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

Further details on investment policies and risk management are given in the Directors' Report on page 16.

Benchmark

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

Capital Structure

As at 30th June 2010 the Company had 111,196,525 Ordinary shares and 21,167,000 Subscription shares in issue.

Continuation Vote

At the Annual General Meeting held on 6th November 2008 an ordinary resolution of the shareholders approved the continuation of the Company until the Annual General Meeting in 2011 and at three yearly intervals thereafter.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM' or the 'Manager') to manage its assets.

Financial Results

Total Returns (includes dividends reinvested)

+41.4%
Portfolio return net of fees and expenses[1,2]
(2009: –13.6%)

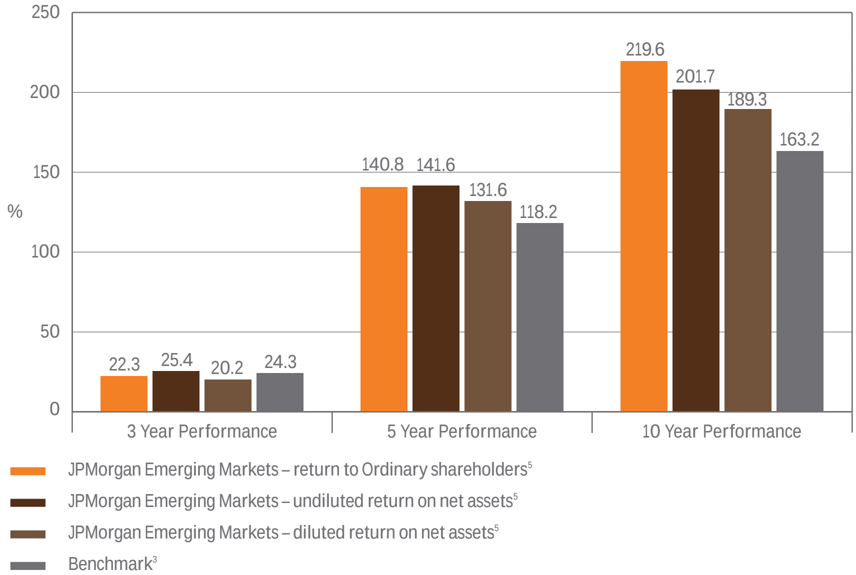
+35.6%
Benchmark[3]
(2009: –13.1%)

+35.3%
Diluted return on net assets[1,4]
(2009: –13.3%)

+34.6%
Return to Ordinary shareholders[5]
(2009: –13.1%)

Long Term Performance

For periods ended 30th June 2010



A glossary of terms and definitions is provided on page 62.

[1]Source: J.P. Morgan.

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

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

[4]Return on net assets calculated using the diluted net asset value, which assumes that all outstanding Subscription shares were converted into Ordinary shares at the year end.

[5]Source: Morningstar.

Chairman's Statement

In my first report to you as Chairman, it is a pleasure to report on a year of strong performance in the 12 months to 30th June 2010 after the exceptionally volatile and difficult market conditions of the previous year. Not only was there a strong recovery in the underlying net asset value of the Company but our Manager added considerable value through outperformance against our benchmark index, the MSCI Emerging Markets Free Index. Emerging markets have of course led the way in the overall equity recovery of the last year, leaving developed markets well behind.

Following the successful issue of subscription shares a year ago, we now have to report our net asset value on a diluted basis to reflect the potential dilution to net asset value assuming full conversion of the subscription shares to ordinary shares. Until the expiry period of the subscription shares, this gives a somewhat misleading impression of the Company's underlying portfolio performance as it has a negative effect on the net asset value calculation. I should emphasise that it is not the basis on which we judge the performance of the Manager, which we continue to do on an undiluted basis.

Accordingly, I am happy to report that the portfolio return net of fees and expenses of your Company rose by 41.4% before adjustments, against a rise of 35.6% in the benchmark. Allowing for the dilution effect of those subscription shares that were exercised in the year, this adjusts to a rise in net asset value of 41.1% while the rise on a fully diluted basis was only 35.3%. This outperformance was driven by active stock selection as the Manager details in his report, which has been very much the traditional source of added value in the Manager's performance over many years. This is a welcome return to form after a quiet couple of years and a reminder of the strong long term performance record of the Manager.

It also gives rise to a performance fee payment due to the Manager, the calculation of which is rebased to the year when it was last paid (2006/7) so that the Manager receives a lower fee than would seem merited by last year's performance because of weaker performance in the two preceding years.

As a Board, we are of course concerned just as much with the share price as with the underlying net asset value and that means we pay particular attention to the fluctuations in the discount of our share price to underlying asset value. The share price rose 33.7% through the year, from 374p, close to the lows for the year to exactly 500p at year end. The subscription shares are of course a geared play on the underlying and rose some 93% over the year, from 39.5p to 76.3p.

The discount on the ordinary shares traded as low as 4.3% at one stage and in the opposite direction, apart from one daily blip, widened out to 11% briefly, averaging 7.9% through the year. The Board has a clear policy on discount management, namely to buy shares only if the fully diluted discount touches or exceeds 10% for some time,

Investment Manager's Report continued

Looking into the future

On a short term view we are beginning to find stretched valuations in some parts of the emerging world; the scarcity of growth in the developed world has led investors to push up the prices of those companies whose growth seems most assured. The persistence of low interest rates in mature economies is likely to continue this trend and the possibility of an outright bubble, with bad consequences later, cannot be altogether ruled out. At the moment developed world companies often look significantly cheaper than comparable businesses in emerging markets, which is surprising given their deep corporate resources, but this may be explained in part by the fact that only a minority of their activity is exposed to the growth in the emerging world.

However, any significant rise in dollar interest rates (probably resulting from a strong economic recovery in the US) is going to sort the wheat from the chaff in emerging markets. This may not seem like a very likely outcome at the moment, but that is why it preoccupies us, since a very low probability of its occurring is embedded in today's share prices. There are many companies in emerging markets that have only listed in the last few years and which remain untested as far as their ability to thrive though an entire cycle is concerned. We know that some of theses stocks will do really badly if the following wind turns to a headwind, because their share prices do not allow for such an outcome. So it is especially important for us, at this stage in the evolution of the bull market, to be wary of excessive valuations, and also to pay a lot of attention to the strength of corporate balance sheets and the common sense of those making decisions about capital investment. We often try to explore in meetings a company's sense of its own limits, because those that lack this awareness usually over-expand and in consequence run much larger risks than they had anticipated.

On a long term view, by which I mean five years and beyond, the case for investing in the world's emerging economies seems if anything stronger than ever, especially when seen relative to other opportunities. The downturn in the developed world has served to highlight issues of economic sustainability which cannot be quickly resolved by the world's mature economies. The most difficult question to answer now is which companies will benefit the most: multinationals will remain formidable competitors for local firms in many industries and this is why we think it so important to consider not just the profits of our investee companies now, but how sustainable they may be into the future. For those investments that we keep for the longest periods, we are confident that they can go on earning profits and stand comparison with competitors not just now, but for years ahead.

Austin Forey
Investment Manager — 28th September 2010

Summary of Results

	2010	2009	
Total returns for the year ended 30th June			
Return to Ordinary shareholders[1]	+34.6%	–13.1%	
Portfolio return net of fees and expenses[2]	+41.4%	–13.6%	
Undiluted return on net assets[2]	+41.1%	–13.3%	
Diluted return on net assets[2]	+35.3%	–13.3%	
Benchmark[3]	+35.6%	–13.1%	
			% change
Net asset value, share price and discount at 30th June			
Shareholders' funds (£'000)	631,895	448,160	+41.0
Undiluted net asset value per Ordinary share	568.3p	406.3p	+39.9
Diluted net asset value per Ordinary share	544.9p	406.3p	+34.1
Ordinary share price	500.0p	374.0p	+33.7
Ordinary share price discount to diluted net asset value per Ordinary share	8.2%	7.9%	
Ordinary shares in issue	111,196,525	110,303,742	
Subscription share price	76.3p	39.5p	+93.2
Subscription shares in issue	21,167,000	22,059,783	
Revenue for the year ended 30th June			
Gross revenue (£'000)	12,335	11,344	+8.7
Net revenue attributable to Ordinary shareholders (£'000)	5,052	4,888	+3.4
Revenue return per Ordinary share – undiluted	4.56p	4.43p	+2.9
Revenue return per Ordinary share – diluted	4.47p	4.43p	+0.9
Dividend per Ordinary share	3.2p	3.2p	—
Actual gearing factor at 30th June[4]	98.3%	99.2%	
Total expense ratio[5]	1.26%	1.05%	

A glossary of terms and definitions is provided on page 62.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

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

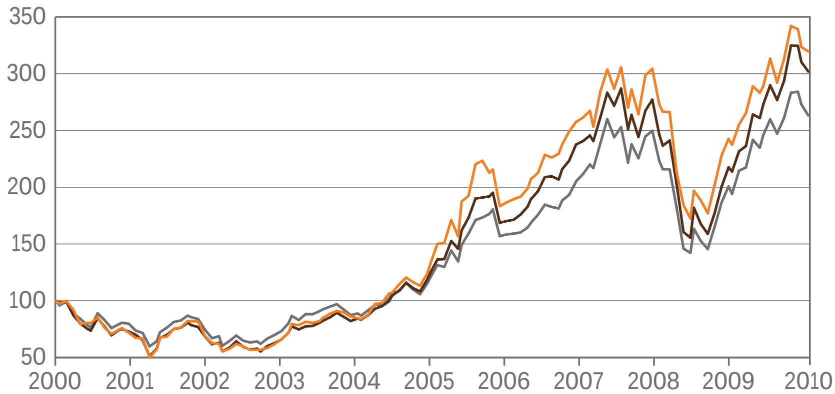
[4]Actual gearing represents investments, excluding holdings in liquidity funds, expressed as a percentage of total net assets.

[5]Management fees and all other operating expenses, excluding interest, VAT recoverable and performance fees payable, expressed as a percentage of the average of the opening and closing net assets.

Performance

Ten Year Performance

Figures have been rebased to 100 at 30th June 2000

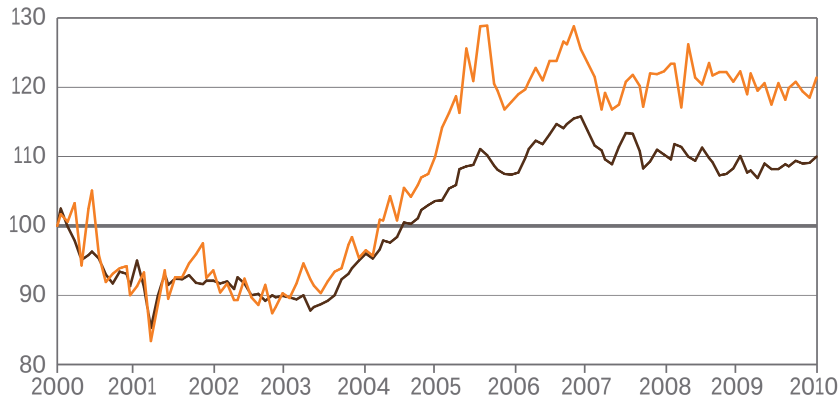


Source: Morningstar/Datastream.

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

Performance Relative to Benchmark

Figures have been rebased to 100 at 30th June 2000



Source: Morningstar/Datastream.

- JPMorgan Emerging Markets – share price total return.
- JPMorgan Emerging Markets – undiluted net asset value total return.
- Benchmark – represented by the horizontal line.

Ten Year Financial Record

At 30th June	2000	2001	2002	2003	2004	2005[1]	2006	2007	2008	2009	2010
Shareholders' funds (£m)	179.0	129.8	120.4	115.9	148.4	222.2	360.9	508.0	518.4	448.2	631.9
Undiluted net asset value per Ordinary share (p)	195.2	142.0	133.5	128.5	164.5	246.3	327.2	460.5	470.0	406.3	568.3
Diluted net asset value per Ordinary share (p)[2]	195.2	142.0	133.5	128.5	164.5	246.3	327.2	460.5	470.0	406.3	544.9
Ordinary share price (p)	162.8	116.8	111.8	107.5	137.8	216.0	299.0	416.5	433.5	374.0	500.0
Discount (%)	16.6	17.7	16.3	16.3	16.2	12.3	8.6	9.6	7.8	7.9	8.2
Subscription share price (p)[3]	—	—	—	—	—	—	—	—	—	39.5	76.3
Actual gearing factor (%)	109.8	110.4	107.4	99.7	95.8	95.0	99.8	100.8	95.3	99.2	98.3
Year ended 30th June											
Gross revenue attributable to shareholders (£'000)	3,157	2,232	3,010	3,013	4,474	5,435	8,488	8,055	9,456	11,344	12,335
Diluted revenue (loss)/return per Ordinary share (p)[4]	(1.14)	(2.17)	(0.22)	0.69	2.47	2.87	4.30	1.96	2.59	4.43	4.47
Dividend per Ordinary share (p)	—	—	—	—	—	2.45	3.65	2.00	2.00	3.20	3.20
Total expense ratio[5]	1.68	1.73	1.68	1.57	1.40	1.31	1.28	1.24	1.25	1.05	1.26
Rebased to 100 at 30th June 2000											
Ordinary share price total return[6]	100.0	71.7	68.7	66.1	84.6	132.7	186.7	261.3	273.1	237.4	319.6
Undiluted net asset value total return[6]	100.0	72.8	68.4	65.8	84.3	124.9	170.2	240.6	246.4	213.8	301.7
Diluted net asset value total return[6]	100.0	72.8	68.4	65.8	84.3	124.9	170.2	240.6	246.4	213.8	289.3
Benchmark[7]	100.0	79.7	74.3	73.2	88.7	120.6	158.4	211.6	223.3	194.1	263.2

A glossary of terms and definitions is provided on page 62.

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

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

[3]For details on Subscription shares see page 61.

[4]The return per Ordinary share for the year ended 30th June 2010 has been adjusted for the effect of the dilutive Subscription shares. There were no dilutive potential Ordinary shares in issue at 30th June 2009 and prior years.

[5]Management fees and all other operating expenses, excluding interest, VAT recoverable and performance fees payable, expressed as a percentage of the average of the opening and closing net assets.

[6]Source: Morningstar/J.P. Morgan.

[7]Source: Morningstar/Datastream.

Ten Largest Equity Investments

at 30th June

Company	Country	2010 Valuation £'000	2010 %[1]	2009 Valuation £'000	2009 %[1]
Housing Development Finance Housing Development Finance provides housing finance in India. The company provides long-term housing loans to low and middle income individuals, as well as to corporations. The company also provides construction finance to real estate developers, besides providing lease financing facilities to companies and development authorities for infrastructure and other assets.	India	26,449	4.2	15,817	3.5
Petroleo Brasileiro Petroleo Brasileiro explores for and produces oil and natural gas. The company refines, markets, and supplies oil products. The company operates oil tankers, distribution pipelines, marine, river and lake terminals, thermal power plants, fertilizer plants, and petrochemical units. The company operates in South America and elsewhere around the world.	Brazil	23,482	3.7	33,264	7.4
Vale Vale produces and sells iron ore, pellets, manganese, alloys, gold, nickel, copper, kaolin, bauxite, alumina, aluminum, and potash. The company is based in Brazil, where it owns and operates railroads and maritime terminals.	Brazil	22,463	3.6	21,349	4.8
Magnit[2] Magnit retails food. The company operates a chain of discount supermarkets.	Russia	22,289	3.5	9,306	2,1
China Merchants Bank China Merchants Bank provides a wide range of commercial banking services including deposit, loan, bill discount, government bonds underwriting and trading, interbank lending, letter of credit, bank guarantee, and other related services.	China	20,628	3.3	18,731	4.2
Infosys Technologies Infosys Technologies provides IT consulting and software services, including e-business, program management and supply chain solutions. The company's services include application development, product co-development, and system implementation and system engineering. Infosys targets businesses specialising in the insurance, banking, telecommunication and manufacturing sectors.	India	19,512	3.1	12,952	2.9
Turkiye Garanti Bankasi[3] Turkiye Garanti Bankasi attracts deposits and offers retail and commercial banking services. The company offers lease financing, insurance, asset management, securities brokerage, automobile and mortgage loans, credit cards, and other financial services. The company operates in Turkey, the Netherlands, Germany, Romania, Russia, Luxembourg, Malta, and Bahrain.	Turkey	17,323	2.7	—	—
Grupo Financiero Banorte[2] Grupo Financiero Banorte attracts deposits and offers financial services. The company offers commercial and corporate banking services, retirement plans, securities brokerage services, investment advice, lease financing, factoring, and warehousing services, and manages mutual funds. The company operates throughout Mexico.	Mexico	15,243	2.4	8.798	2.0
Itau Unibanco[2] Itau Unibanco attracts deposits and offer retail, commercial, corporate, and private banking services. The company offers consumer loans, financial management, insurance, pension plans, treasury services, mortgage loans, lease financing, securities brokerage, and foreign exchange services.	Brazil	14,525	2.3	10,534	2.4
African Bank Investments African Bank Investments is a bank holding company. The company provides financial services to the under serviced areas of the South African population. The company specialises in making consumer loans and microlending products to individuals and small businesses. The company also offers life and funeral insurance.	South Africa	14,307	2.3	11,725	2.6
Total		196,221	31.1		

[1]Based on total assets less current liabilities of £631.9m (2009: £448.2m).
[2]Not included in the ten largest equity investments at 30th June 2009.
[3]Not held in the portfolio at 30th June 2009.

At 30th June 2009, the value of the ten largest equity investments amounted to £169.4m representing 37.8% of total assets less current liabilities.

Portfolio Analyses

Geographic	30th June 2010 Portfolio %	30th June 2010 Benchmark %	30th June 2009 Portfolio %	30th June 2009 Benchmark %
East Asia	32.0	43.6	32.6	43.5
Latin America	25.5	22.7	28.3	21.7
Europe/Middle East/Africa	22.4	18.0	22.5	20.9
South Asia	18.4	15.7	15.8	13.9
Total equities	98.3	100.0	99.2	100.0
Liquidity fund	0.6	—	0.1	—
Net current assets	1.1	—	0.7	—
Total	100.0	100.0	100.0	100.0

Based on total assets less current liabilities of £631.9m (2009: £448.2m).

Sector	30th June 2010 Portfolio %	30th June 2010 Benchmark %	30th June 2009 Portfolio %	30th June 2009 Benchmark %
Financials	31.6	25.3	23.6	24.1
Consumer Staples	18.2	6.8	14.1	5.1
Consumer Discretionary	12.9	6.4	10.5	5.0
Materials	9.1	14.2	12.5	13.5
Energy	7.2	14.1	9.9	15.9
Information Technology	7.1	13.3	7.0	12.3
Telecommunication Services	5.8	8.4	14.7	10.5
Industrials	5.2	6.9	4.9	7.2
Health Care	1.2	0.8	2.0	2.5
Utilities	—	3.8	—	3.9
Total equities	98.3	100.0	99.2	100.0
Liquidity fund	0.6	—	0.1	—
Net current assets	1.1	—	0.7	—
Total	100.0	100.0	100.0	100.0

Based on total assets less current liabilities of £631.9m (2009: £448.2m).

Investment Activity

during the year ended 30th June 2010

	Value at 30th June 2009 £'000	Value at 30th June 2009 % of portfolio	Purchases £'000	Sales £'000	Changes in value £'000	Value at 30th June 2010 £'000	Value at 30th June 2010 % of portfolio
China and Hong Kong	94,945	21.3	26,243	17,540	29,256	132,904	21.3
Brazil	81,076	18.2	20,982	22,905	23,182	102,335	16.4
India	56,507	12.7	14,917	8,385	20,122	83,161	13.3
Mexico	38,924	8.8	8,437	19,422	20,631	48,570	7.8
Russia	24,027	5.4	8,486	13,725	28,568	47,356	7.6
South Africa	53,155	12.0	—	18,180	10,852	45,827	7.3
South Korea	30,943	7.0	—	2,874	15,985	44,054	7.0
Taiwan	20,169	4.5	3,027	1,708	3,911	25,399	4.1
Indonesia	9,820	2.2	6,233	4,240	10,039	21,852	3.5
Turkey	748	0.2	13,910	285	3,092	17,465	2.8
Malaysia	4,270	1.0	6,638	969	1,230	11,169	1.8
United Kingdom	2,305	0.5	2,503	—	5,673	10,481	1.7
Egypt	9,861	2.2	791	2,730	1,437	9,359	1.5
Hungary	—	—	8,132	—	(2,210)	5,922	0.9
Chile	3,715	0.8	—	—	2,173	5,888	0.9
Netherlands	—	—	3,009	—	2,165	5,174	0.8
Argentina	3,130	0.7	—	—	1,288	4,418	0.7
Pakistan	40	—	—	—	(23)	17	—
Czech Republic	11	—	—	—	(8)	3	—
Israel	7,282	1.6	—	8,196	914	—	—
United Arab Emirates	3,008	0.7	—	3,417	409	—	—
Romania	416	0.1	—	538	122	—	—
Total equity investment	444,352	99.9	123,308	125,114	178,808	621,354	99.4
Liquidity Fund	496	0.1	72,408	69,913	505	3,496	0.6
Total Portfolio	444,848	100.0	195,716	195,027	179,313	624,850	100.0

List of Investments

at 30th June 2010

Company	Valuation £'000
China and Hong Kong	
China Merchants Bank	20,628
Li & Fung	14,130
Wumart Stores	13,798
China Mobile	12,234
Ping An Insurance	12,152
Integrated Distribution Services	8,107
China Resources Enterprise	7,992
Anhui Conch Cement	7,627
Tsingtao Brewery	7,350
Cafe De Coral	7,182
Hang Lung Properties	7,155
Esprit	6,079
Xinyi Glass	3,633
H.K. Aircraft Engineering	2,889
Convenience Retail Asia	1,948
FU JI Food & Catering Services	—
	132,904
Brazil	
Petroleo Brasileiro[1]	23,482
Vale[1]	22,463
Itau Unibanco	14,525
OGX Petroleo e Gas Participacoes	10,974
WEG	8,191
Brasileira de Meios de Pagamento	7,411
Ultrapar Participacoes	6,716
Companhia de Bebidas das Americas[1]	6,252
Lupatech	2,321
	102,335

Company	Valuation £'000
India	
Housing Development Finance	26,449
Infosys Technologies[1]	19,512
Bharti Airtel	9,213
Yes Bank	8,884
ACC	5,851
United Breweries	5,779
Pantaloon Retail	4,932
Ambuja Cements	2,541
	83,161
Mexico	
Grupo Financiero Banorte	15,243
Banco Compartamos	11,652
Wal-Mart De Mexico	11,354
America Movil[1]	7,261
CEMEX S.A.B. de C.V.[1]	3,060
	48,570
Russia	
Magnit	22,289
Sberbank Rossii	13,707
Wimm Bill Dann Foods[1]	5,997
DIXY	5,363
	47,356
South Africa	
African Bank Investments	14,307
Impala Platinum	9,650
Massmart	8,001
RMB	7,984
MTN	5,885
	45,827

List of Investments continued

Company	Valuation £'000
South Korea	
Hyundai Mobis	11,630
Hyundai Motor	9,334
KT&G	6,946
Shinsegae	6,599
Posco	6,534
Shinsegae Food	3,011
	44,054
Taiwan	
Taiwan Semiconductor Manufacturing[1]	13,542
Hon Hai Precision	11,857
	25,399
Indonesia	
Astra International	9,390
Bank Rakyat Indonesia	7,288
Unilever Indonesia	5,174
	21,852
Turkey	
Turkiye Garanti Bankasi	17,323
Eastpharma[1]	142
	17,465
Malaysia	
Top Glove	7,287
British American Tobacco Malaysia	3,882
	11,169
United Kingdom	
International Personal Finance	10,481
	10,481

Company	Valuation £'000
Egypt	
Orascom Construction Industries	3,890
Eastern Tobacco	3,293
Orascom Telecom	2,176
	9,359
Hungary	
OTP Bank	5,922
	5,922
Chile	
Banco Santander-Chile[1]	5,888
	5,888
Netherlands	
X5 Retail[1]	5,174
	5,174
Argentina	
Tenaris[1]	4,418
	4,418
Pakistan	
BRR Guardian Modaraba	17
	17
Czech Republic	
Czech & Slovak Investment Corporation[2]	3
	3
Total equity investments	621,354
Liquidity Fund	
JPMorgan US Dollar Liquidity Fund[2]	3,496
Total Portfolio	624,850

[1]Includes ADRs/GDRs/ADSs/BDRs.

[2]Managed by JPMorgan Asset Management.

Board of Directors

Alan Saunders §†‡

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

A Director since May 2002.

An Independent Investment Consultant with Allenbridge Group plc. Mr Saunders was formerly Chief Economist at Royal Dutch Shell and also held senior investment roles in both Lazards and the Private Banking Division of UBS A.G. He is currently independent investment adviser to Dorset County Council Pension Scheme and and independent trustee of two private sector pension schemes as well as acting as a Non-Executive Director of ING Real Estate (UK).

David Gamble *§†‡

(Senior Independent Director)

A Director since April 2006.

Formerly Chief Executive of British Airways Pension Investment Management, a Director of F&C Emerging Markets Investment Trust plc and New Star Asset Management Group plc. Mr Gamble is currently a Director and trustee of IBM (UK) Pension Trust, External Investment Adviser to the BBC Pension Trust Limited and a Director of four other investment trusts and a number of other companies.

Anatole Kaletsky *§†‡

A Director since September 2003.

Editor at Large at The Times of London and also Chief Economist of Gavekal Research, a Hong Kong based investment boutique which provides economic analysis and asset management services to financial institutions around the world.

Percy Mistry *§†‡

A Director since January 2009.

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

Nigel Kenny *§†‡

(Chairman of the Audit Committee)

A Director since September 2008.

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

* Member of the Audit Committee
§ Member of the Nomination Committee
† Member of the Remuneration Committee
‡ Considered by the Board to be independent

Directors' Report

The Directors present their report for the year ended 30th June 2010.

Business Review

Business of the Company

The Company carries on business as an investment trust and was approved by HM Revenue and Customs as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988 (replaced on 1st April 2010 by Section 1158 of the Corporation Tax Act 2010) for the year ended 30th June 2009. In the opinion of the Directors, the Company has subsequently conducted its affairs so that it should continue to qualify. The Company will continue to seek approval under Section 1158 of the Corporation Tax Act 2010 each year.

Approval for the year ended 30th June 2009 is subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. 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 2 and 3, and in the Investment Manager's Report on pages 4 to 6.

Objective

The Company's objective is to achieve capital growth from emerging markets worldwide.

Investment Policies and Risk Management

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

The Company is managed to produce capital growth and not to produce any particular level of dividend and it will only pay dividends to the extent necessary to maintain investment trust status.

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

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

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

Investment Restrictions and Guidelines

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

- As an investment trust, the Company cannot invest more than 15% of its assets in any one investment, at the time of acquisition. The Company will not invest more than 10% of its total assets in any one individual stock (excluding investment trusts) at the time of acquisition.
- No more than 50% of the Company's assets may be invested in any one region.
- No more than an aggregate of 25% of the Company's assets (before deducting borrowings) may be invested in: (i) securities not listed on any recognised investment exchange; and (ii) holdings in which the Company's interest amounts to 20% or more of the aggregate of the equity capital (including any capital having an element of equity) of any one listed company (other than an investment trust which has been approved by HM Revenue & Customs or

which would qualify for such approval but for the fact that it is not listed).

- In accordance with the Listing Rules of the UK Listing Authority, the Company will not invest more than 15% of its gross assets in other UK listed investment companies and will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of gross assets in UK listed investment companies.

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

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

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

Performance

In the year to 30th June 2010, the Company produced a total return to Ordinary shareholders of +34.6% and an undiluted total return on net assets of +41.1%. This compares with the return on the Company's benchmark index of +35.6%. At 30th June 2010, the value of the Company's investment portfolio (including liquidity fund holdings) was £625 million. The Investment Manager's Report on pages 4 to 6 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross total return for the year amounted to £191.5 million (2009: £62.2 million loss) and net total return after deducting management fees, performance fees, other administrative expenses, finance costs and taxation amounted to £183.5 million (2009: £67.8 million loss). Distributable income for the year amounted to £5.1 million (2009: £4.9 million).

The Directors recommend a final dividend of 3.2p per share payable on 4th November 2010 to holders on the register at the close of business on 8th October 2010. This distribution will amount to £3.6 million. The revenue reserve after transfer of the final dividend will amount to £4.0 million (2009: £2.5 million).

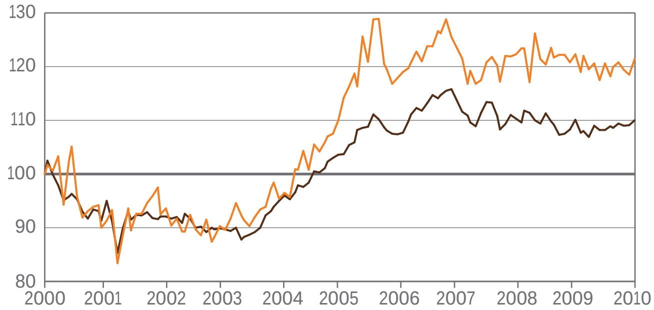
Key Performance Indicators ('KPIs')

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

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

Performance Relative to Benchmark Index

Figures have been rebased to 100 at 30th June 2000



Source: Morningstar/Datastream.

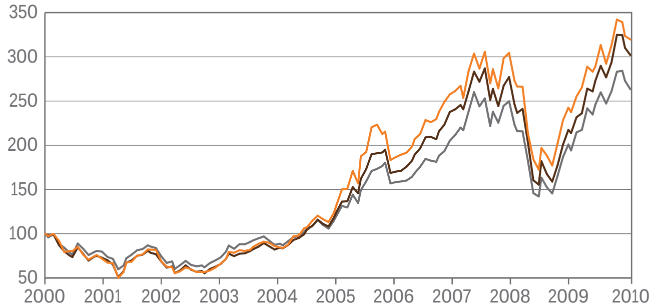
JPMorgan Emerging Markets – share price.

JPMorgan Emerging Markets – undiluted net asset value total return.

Benchmark – represented by the horizontal line.

Ten Year Performance

Figures have been rebased to 100 at 30th June 2000



Source: Morningstar/Datastream.

JPMorgan Emerging Markets – share price.

JPMorgan Emerging Markets – undiluted net asset value total return.

Benchmark.

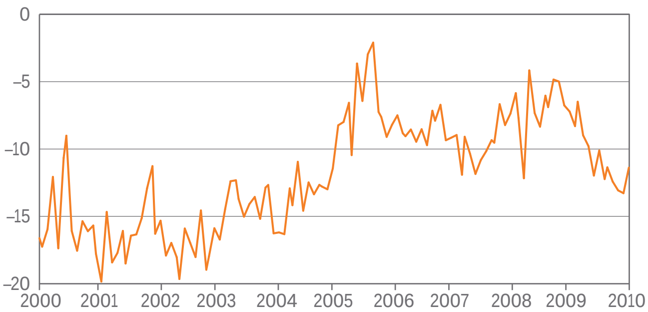
Directors' Report continued

- Performance against the Company's peers
  The principal objective is to achieve capital growth relative to the benchmark. However, the Board also monitors the performance relative to a broad range of competitor funds.

- Performance attribution
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. Details of the attribution analysis for the year ended 30th June 2010 are given in the Investment Manager's Report on page 5.

- Discount to net asset value ('NAV')
  The Board has a share repurchase policy which seeks to address imbalances in supply of and demand for the Company's shares within the market. This helps to reduce the volatility and absolute level of the discount to NAV at which the Company's shares trade in relation to its peers in the sector. In the year to 30th June 2010, the shares traded between a discount of 6.5% and 13.3%.

Discount Performance



Source: Datastream (month end data).

JPMorgan Emerging Markets – share price discount to undiluted net asset value per Ordinary share.

- Total expense ratio ('TER')
  The TER represents management fees and all other operating expenses, excluding interest, VAT recoverable and performance fees payable. expressed as a percentage of the average of the opening and closing net assets. The TER for the year ended 30th June 2010 was 1.26% (2009: 1.05%). The Board reviews each year an analysis which shows a comparison of the Company's TER and its main expenses with those of its peers.

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

No shares were repurchased during the year under review. The Company did not allot any new shares for cash other than on the conversion of Subscription shares.

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

The full text of these Resolutions is set out in the Notice of Meeting on pages 58 and 59.

During the year the Company issued 892,783 Ordinary shares for a total consideration of £3,768,000 on the conversion of Subscription shares. Since the year end, following the receipt of further conversion requests, a further 3,096,863 Ordinary shares have been issued for a total consideration of £13,071,000.

The Company does not currently hold any shares in Treasury and does not have authority to reissue shares from Treasury at a discount to NAV.

Subscription Shares
On 11th June 2009 the Company issued 22,059,783 Subscription shares as a bonus issue to Ordinary shareholders on the basis of one Subscription share for every five Ordinary shares held. Each Subscription share confers the right (but not the obligation) to subscribe for one Ordinary share on any business day during the period from 1st August 2009 to 31st July 2014 (both dates inclusive) when the rights under the Subscription shares will lapse.

Future exercise prices have been determined as follows:

- if exercised between 1st August 2010 and 31st July 2012, 460 pence; and
- if exercised between 1st August 2012 and 31st July 2014, 543 pence;

Further details on the Subscription shares, including the apportionments for capital gains tax purposes and how they may be exercised, can be found on page 61 of this report and on the Company's website at www.jpmemergingmarkets.co.uk.

Principal Risks

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

- Investment Underperformance: An inappropriate investment strategy, for example asset allocation, the level of gearing or the degree of portfolio risk, could lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments and through a set of investment restrictions and guidelines which are monitored and reported on by the Manager. JPMorgan Asset Management (UK) Limited ('JPMAM') provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Manager, who attends all Board meetings, and reviews data which show statistical measures of the Company's risk profile.
- Political and Economic: Administrative risks, such as the imposition of restrictions on the free movement of capital. These risks are discussed by the Board on a regular basis.
- Loss of Investment Team or Investment Manager: A sudden departure of the investment manager or several members of the investment management team could result in a short-term deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team based approach, as well as special efforts to retain key personnel.
- Discount: A disproportionate widening of the discount relative to the Company's peers could result in loss of value for shareholders. The Board regularly discusses discount policy and has set parameters for the Manager and the Company's broker to follow.
- Change of Corporate Control of the Manager: The Board holds regular meetings with senior representatives of 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.
- Accounting, Legal and Regulatory: In order to qualify as an investment trust, the Company must comply with Section 1158 of the Income and Corporation Taxes Act 2010 ('Section 1158'). Details of the Company's approval are given under "Business of the Company" on page 16. Should the Company breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by JPMAM and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules. A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, JPMAM, and its professional advisers to ensure compliance with the Companies Act and the UKLA Listing Rules.
- Corporate Governance and Shareholder Relations: Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance report on pages 23 to 27.
- Operational: Disruption to, or failure of, JPMAM's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by JPMAM and its associates and the key elements designed to provide effective internal control are included within the Internal Control section of the Corporate Governance report on page 26.
- Financial: The financial risks faced by the Company include market price risk, interest rate risk and credit risk. Further details are disclosed in note 21 on pages 49 to 55.

Future Developments

The future development of the Company is much dependent upon the success of the Company's investment strategy in the light of economic and equity market developments in the countries in which it invests. The Investment Manager discusses the outlook in his report on page 6.

Directors' Report continued

Management of the Company

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

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

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 interests of shareholders as a whole. In arriving at this view, the Board considered the investment strategy and process of the Investment Manager, noting consistent outperformance of the benchmark over the long term, and the quality of support that the Company receives from JPMAM.

Management and Performance Fees

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

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

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

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

At 30th June 2010, a cumulative performance fee of £713,000 has been earned and this amount is immediately payable.

Going Concern

The Directors believe that having considered the Company's investment objective (see page 16), risk management policies (see pages 49 to 55), capital management policies and procedures (see page 55), the nature of the portfolio and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Independent Auditors' Report

To the members of JPMorgan Emerging Markets Investment Trust plc

We have audited the financial statements of JPMorgan Emerging Markets Investment Trust plc for the year ended 30th June 2010 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement and the related notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 29, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, 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 this opinion, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30th June 2010 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 20, in relation to going concern; and
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

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

28th September 2010

Notes:

(a) The maintenance and integrity of the JPMorgan Emerging Markets Investment Trust plc website (www.jpmemergingmarkets.co.uk) is the responsibility of JPMAM; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income Statement

for the year ended 30th June 2010

	Notes	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
Gains/(losses) on investments held at fair value through profit or loss	2	—	179,076	179,076	—	(73,264)	(73,264)
Net foreign currency gains/(losses)		—	78	78	—	(316)	(316)
Income from investments	3	12,333	—	12,333	11,033	—	11,033
Other interest receivable and similar income	3	2	—	2	311	—	311
Gross return/(loss)		12,335	179,154	191,489	11,344	(73,580)	(62,236)
Management fee	4	(5,770)	—	(5,770)	(4,106)	—	(4,106)
Performance fee	4	—	(712)	(712)	—	—	—
VAT recoverable		—	—	—	38	(42)	(4)
Other administrative expenses	5	(1,038)	—	(1,038)	(962)	—	(962)
Net return/(loss) on ordinary activities before finance costs and taxation		5,527	178,442	183,969	6,314	(73,622)	(67,308)
Finance costs	6	(2)	—	(2)	—	—	—
Net return/(loss) on ordinary activities before taxation		5,525	178,442	183,967	6,314	(73,622)	(67,308)
Taxation	7	(473)	—	(473)	(1,426)	922	(504)
Net return/(loss) on ordinary activities after taxation		5,052	178,442	183,494	4,888	(72,700)	(67,812)
Return/(loss) per Ordinary share – undiluted	9	4.56p	161.21p	165.77p	4.43p	(65.91)p	(61.48)p
Return/(loss) per Ordinary share – diluted	9	4.47p	157.94p	162.41p	4.43p	(65.91)p	(61.48)p

Dividends proposed in respect of the financial year ended 30th June 2010 total 3.2p (2009: 3.2p) per Ordinary share, costing £3,558,000 (2009: £3,530,000). Further details are given in note 8(a) on page 40.

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

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

The notes on pages 35 to 55 form an integral part of these accounts.

Reconciliation of Movements in Shareholders' Funds

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30th June 2008	27,575	71,052	1,665	69,939	344,862	3,337	518,430
Bonus issue of Subscription shares	221	(221)	—	—	—	—	—
Subscription shares' issue costs	—	(252)	—	—	—	—	(252)
Net (loss)/return on ordinary activities	—	—	—	—	(72,700)	4,888	(67,812)
Dividends appropriated in the year	—	—	—	—	—	(2,206)	(2,206)
At 30th June 2009	27,796	70,579	1,665	69,939	272,162	6,019	448,160
Subscription shares' issue costs written back	—	5	—	—	—	—	5
Exercise of Subscription shares into Ordinary shares	(9)	9	—	—	—	—	—
Issue of Ordinary shares on exercise of Subscription shares	223	3,545	—	—	—	—	3,768
Net return on ordinary activities	—	—	—	—	178,442	5,052	183,494
Dividends appropriated in the year	—	—	—	—	—	(3,532)	(3,532)
At 30th June 2010	28,010	74,138	1,665	69,939	450,604	7,539	631,895

The notes on pages 35 to 55 form an integral part of these accounts.

Balance Sheet

At 30th June 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	621,354	444,352
Investment in liquidity fund held at fair value through profit or loss	10	3,496	496
Total investments		624,850	444,848
Current assets	11		
Debtors		7,515	10,064
Cash and short term deposits		469	364
		7,984	10,428
Creditors: amounts falling due within one year	12	(939)	(7,116)
Net current assets		7,045	3,312
Total assets less current liabilities		631,895	448,160
Total net assets		631,895	448,160
Capital and reserves			
Called up share capital	13	28,010	27,796
Share premium	14	74,138	70,579
Capital redemption reserve	14	1,665	1,665
Other reserve	14	69,939	69,939
Capital reserves	14	450,604	272,162
Revenue reserve	14	7,539	6,019
Shareholders' funds		631,895	448,160
Net asset value per Ordinary share	15		
Undiluted		568.3p	406.3p
Diluted		544.9p	406.3p

The accounts on pages 31 to 55 were approved and authorised for issue by the Directors on 28th September 2010 and were signed on their behalf by:

Alan Saunders
Director

The accompanying notes on pages 35 to 55 form an integral part of these accounts.

Company registration number: 2618994.

Cash Flow Statement

for the year ended 30th June 2010

	Notes	2010 £'000	2009 £'000
Net cash inflow from operating activities	16	5,286	6,017
Returns on investments and servicing of finance			
Interest paid		(2)	—
Net cash outflow from returns on investments and servicing of finance		(2)	—
Taxation			
Taxation recovered		8	6
Capital expenditure and financial investment			
Purchases of investments		(202,308)	(96,628)
Sales of investments		197,248	93,582
Other capital charges		(235)	(65)
Net cash outflow from capital expenditure and financial investment		(5,295)	(3,111)
Dividends paid		(3,532)	(2,206)
Net cash (outflow)/inflow before financing		(3,535)	706
Financing			
Issue of Ordinary shares on exercise of Subscription shares		3,768	—
Subscription shares' issue costs		(198)	(42)
Net cash inflow/(outflow) from financing		3,570	(42)
Increase in cash in the year	17	35	664

The accompanying notes on pages 35 to 55 form an integral part of these accounts.

1. Accounting policies continued

(d) Expenses

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

- Performance related fees are allocated 100% to capital.
- Expenses incidental to the purchase of an investment are included within the cost of the investment and those incidental to the sale are deducted from the sales proceeds. These expenses are commonly referred to as transaction costs and include items such as stamp duty and brokerage commissions. Details of transaction costs are given in note 10 on page 42.
- Subscription shares' issue costs are charged to share premium.

(e) Finance costs

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

Finance costs are allocated wholly to revenue.

(f) Financial instruments

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

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

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in profit or loss using the effective interest rate method.

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

(g) Foreign currency

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

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

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

(h) Taxation

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

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

(i) Dividends

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

(j) VAT

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

	2010 £'000	2009 £'000
2. Gains/(losses) on investments held at fair value through profit or loss		
Gains/(losses) on sales of investments held at fair value through profit or loss based on historical cost	38,429	(28,076)
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	(15,505)	9,217
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	22,924	(18,859)
Net change in investment holding gains and losses	156,389	(54,365)
Other capital charges	(237)	(40)
Total gains/(losses) on investments held at fair value through profit or loss	179,076	(73,264)

	2010 £'000	2009 £'000
3. Income		
Income from investments		
Dividends from investments listed in the UK	314	37
Dividends from investments listed overseas	11,880	10,436
Dividends from liquidity fund	12	339
Scrip dividends	127	221
	12,333	11,033
Other interest receivable and similar income		
Deposit interest	2	13
Stock lending fees[1]	—	3
Interest on VAT recovered[2]	—	295
	2	311
Total income	12,335	11,344

[1]Stock lending was suspended during the prior year.

[2]Comprises interest on VAT recovered in prior years relating to management fees, following HM Revenue & Customs acceptance in 2007 that VAT was not chargeable on investment trust management fees.

Notes to the Accounts continued

	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
4. Management fee and performance fee						
Management fee	5,770	—	5,770	4,106	—	4,106
Performance fee	—	712	712	—	—	—
	5,770	712	6,482	4,106	—	4,106

Details of the management and performance fees are given in the Directors' Report on page 20.

	2010 £'000	2009 £'000
5. Other administrative expenses		
Other administration expenses	754	661
Directors' fees[1]	130	142
Savings scheme expenses[2]	126	130
Auditors' remuneration – for audit services[3]	28	29
	1,038	962

[1]Full disclosure is given in the Directors' Remuneration Report on page 28.

[2]Paid to JPMAM for the marketing of 'wrapper' products.

[3]Includes £2,000 (2009: £4,000) irrecoverable VAT.

	2010 £'000	2009 £'000
6. Finance costs		
Interest on bank loans and overdrafts	2	—

7. Taxation

(a) Analysis of tax charge in the year

	2010			2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax at 28% (2009: 28%)	—	—	—	1,336	—	1,336
Double taxation relief	—	—	—	(1,336)	—	(1,336)
Overseas withholding tax	473	—	473	504	—	504
Tax attributable to expenses and finance costs charged to capital	—	—	—	922	(922)	—
Current tax charge for the year	473	—	473	1,426	(922)	504

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2009: higher) than the standard rate of corporation tax in the UK of 28%. The factors affecting the current tax charge for the year are as follows:

	2010			2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) on ordinary activities before taxation	5,525	178,442	183,967	6,314	(73,622)	(67,308)
Net return/(loss) on ordinary activities before taxation multiplied by the applicable rate of corporation tax of 28% (2009: 28%)	1,547	49,964	51,511	1,768	(20,614)	(18,846)
Effects of:						
Non taxable capital (returns)/losses	—	(50,163)	(50,163)	—	20,602	20,602
Non taxable UK dividends	(88)	—	(88)	(10)	—	(10)
Non taxable scrip dividends	(36)	—	(36)	(62)	—	(62)
Non taxable overseas dividends	(3,252)	—	(3,252)	(403)	—	(403)
Income taxed in different periods	35	—	35	279	—	279
Tax relief on capitalised expenses	(199)	199	—	(12)	12	—
Overseas withholding tax	473	—	473	504	—	504
Double taxation relief	—	—	—	(1,336)	—	(1,336)
Unrelieved expenses and charges	1,996	—	1,996	—	—	—
Brought forward excess expenses utilised	(3)	—	(3)	(224)	—	(224)
Tax attributable to expenses charged to capital	—	—	—	922	(922)	—
Current tax charge for the year	473	—	473	1,426	(922)	504

The Company has an unrecognised deferred tax asset of £2,336,000 (2009: £712,000) based on a long term prospective corporation tax rate of 24% (2009: 28%). This asset has accumulated because deductible expenses have exceeded taxable income in past years. No asset has been recognised in the accounts because, given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future.

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

8. Dividends

	2010 £'000	2009 £'000
(a) Dividends paid and proposed		
Dividends paid		
2009 Final dividend of 3.2p (2008: 2.0p)[1]	3,532	2,206
Total dividends paid in the year	3,532	2,206
Dividends proposed		
Final dividend proposed of 3.2p (2009: 3.2p)	3,558	3,530
Total dividends proposed	3,558	3,530

[1]The final dividend proposed in respect of the year end 30th June 2009 amounted to £3,530,000. However the actual payment amounted to £3,532,000 due to shares issued after the balance sheet date but prior to the record date.

The final dividend proposed in respect of the year ended 30th June 2010 is subject to approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the accounts for the year ending 30th June 2011.

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

The requirements of Section 1158 of the Corporation Tax Act 2010 are considered on the basis of dividends proposed in respect of the financial year, as follows:

	2010 £'000	2009 £'000
Final dividend proposed of 3.2p (2009: 3.2p)	3,558	3,530
Total dividend for Section 1158 purposes	3,558	3,530

The revenue available for distribution by way of dividend for the year is £5,052,000 (2009: £4,888,000).

	2010 £'000	2009 £'000
9. Return/(loss) per Ordinary share		
Return/(loss) per Ordinary share is based on the following:		
Revenue return	5,052	4,888
Capital return/(loss)	178,442	(72,700)
Total return/(loss)	183,494	(67,812)
Weighted average number of Ordinary shares in issue during the year used for the purpose of the undiluted calculation	110,690,361	110,303,742
Weighted average number of Ordinary shares in issue during the year used for the purpose of the diluted calculation	112,979,623	110,303,742
Undiluted		
Revenue return per share	4.56p	4.43p
Capital return/(loss) per share	161.21p	(65.91)p
Total return/(loss) per share	165.77p	(61.48)p
Diluted		
Revenue return per share	4.47p	4.43p
Capital return/(loss) per share	157.94p	(65.91)p
Total return/(loss) per share	162.41p	(61.48)p

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

There was no dilution to the returns for the year ended 30th June 2009 as there were no dilutive potential Ordinary shares in issue at the year end.

Notes to the Accounts continued

	2010 £'000	2009 £'000
10. Investments		
Investments listed on a recognised investment exchange	621,351	444,352
Investments in liquidity funds	3,496	496
Unlisted investments	3	–
	624,850	444,848

	2010		
	Listed overseas £'000	Unlisted £'000	Total £'000
Opening book cost	306,277	–	306,277
Opening investment holding gains	138,571	–	138,571
Opening valuation	444,848	–	444,848
Movements in the year:			
Delisted investments	(3)	3	–
Purchases at cost	195,716	–	195,716
Sales – proceeds	(195,027)	–	(195,027)
Gains on sales of investments based on the carrying value at the previous balance sheet date	22,924	–	22,924
Net change in investment holding gains and losses	156,389	–	156,389
	624,847	3	624,850
Closing book cost	345,392	3	345,395
Closing investment holding gains	279,455	–	279,455
Total investments held at fair value	624,847	3	624,850

Transaction costs on purchases during the year amounted to £367,000 (2009: £220,000) and on sales during the year amounted to £219,000 (2009: £149,000). These costs comprise brokerage commission.

During the year, prior year investment holding losses of £15,505,000 (2009: £9,217,000) have been transferred to gains and losses on sales of investment as disclosed in notes 2 and 14.

	2010 £'000	2009 £'000
11. Debtors		
Securities sold awaiting settlement	6,243	8,439
Dividends and interest receivable	1,221	1,565
Derivative financial instrument: Forward foreign currency contract held at fair value through profit or loss	1	—
Other debtors	50	60
	7,515	10,064

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

Cash and short term deposits

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

	2010 £'000	2009 £'000
12. Creditors: amounts falling due within one year		
Performance fee payable	712	—
Other creditors and accruals	227	180
Securities purchased awaiting settlement	—	6,719
Subscription shares' issue costs	—	210
Derivative financial instrument: Forward foreign currency contract held at fair value through profit or loss	—	7
	939	7,116

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

Notes to the Accounts continued

	2010 £'000	2009 £'000
13. Called up share capital		
Issued and fully paid share capital:		
Ordinary shares of 25p each		
Opening balance of 110,303,742 (2009: 110,303,742) shares	27,575	27,575
Issue of 892,783 Ordinary shares on conversion of Subscription shares	223	—
Closing balance[1]	27,798	27,575
Subscription shares of 1p each:		
Opening balance of 22,059,783 shares[2]	221	221
Conversion of 892,783 shares into Ordinary shares	(9)	—
Closing balance[2]	212	221
Total called up share capital	28,010	27,796

[1]Represented by 111,196,525 (2009: 110,303,742) Ordinary shares of 25p each.

[2]Represented by 21,167,000 (2009: 22,059,783) Subscription shares of 1p each. The Subscription shares were issued as a bonus issue to the Ordinary shareholders on 11th June 2009 on the basis of one Subscription share for every five Ordinary shares held. Each Subscription share confers the right (but not the obligation) to subscribe for one Ordinary share upon exercise of the Subscription share rights and on the payment of the Subscription price, as set out below.

(a) If exercised on any day between and including 1st August 2009 and 31st July 2010 – 422 pence.
(b) If exercised on any day between and including 1st August 2010 and 31st July 2012 – 460 pence.
(c) If exercised on any day between and including 1st August 2012 and 31st July 2014 – 543 pence.

During the year, holders of 892,783 Subscription shares exercised their right to convert those shares into Ordinary shares at a price of 422 pence, giving a total consideration of £3,768,000.

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves: Gains and losses on sales of investments £'000	Capital reserves: Holding gains and losses on investments £'000	Revenue reserve £'000
14. Reserves							
Opening balance	27,796	70,579	1,665	69,939	133,598	138,564	6,019
Realised foreign currency gains on cash and short term deposits	–	–	–	–	77	–	–
Unrealised gains on foreign currency contracts	–	–	–	–	–	1	–
Unrealised loss on foreign currency contracts now realised	–	–	–	–	(7)	7	–
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	22,924	–	–
Net change in investment holding gains and losses	–	–	–	–	–	156,389	–
Transfer on disposal of investments	–	–	–	–	15,505	(15,505)	–
Performance fee for the year	–	–	–	–	(712)	–	–
Subscription shares issue costs	–	5	–	–	–	–	–
Conversion of Subscription shares into Ordinary Shares	(9)	9	–	–	–	–	–
Issue of Ordinary shares on exercise of Subscription shares	223	3,545	–	–	–	–	–
Other capital charges	–	–	–	–	(237)	–	–
Dividends appropriated in the year	–	–	–	–	–	–	(3,532)
Retained revenue for the year	–	–	–	–	–	–	5,052
Closing balance	28,010	74,138	1,665	69,939	171,148	279,456	7,539

Notes to the Accounts continued

	2010	2009
15. Net asset value per Ordinary share		
Undiluted		
Ordinary shareholders funds (£'000)	631,895	448,160
Number of Ordinary shares in issue	111,196,525	110,303,742
Net asset value per Ordinary share (pence)	568.3	406.3
Diluted		
Ordinary shareholders funds assuming exercise of Subscription shares (£'000)	721,220	448,160
Number of potential Ordinary shares in issue	132,363,525	110,303,742
Net asset value per Ordinary share (pence)	544.9	406.3

The diluted net asset value per Ordinary share assumes that all outstanding Subscription shares were converted into Ordinary shares at the prevailing price of 422p at the year end. There were no dilutive potential Ordinary shares in issue at 30th June 2009.

	2010 £'000	2009 £'000
16. Reconciliation of total return/(loss) on ordinary activities before finance costs and taxation to net cash inflow from operating activities		
Total return/(loss) on ordinary activities before finance costs and taxation	183,969	(67,308)
Less capital (return)/loss before finance costs and taxation	(178,442)	73,622
Scrip dividends received as income	(127)	(221)
Decrease/(increase) in accrued income	344	(337)
Decrease in VAT recoverable	—	1,103
VAT charged to capital	—	(42)
Decrease in other debtors	12	1
Increase/(decrease) in accrued expenses	45	(297)
Overseas withholding tax	(515)	(504)
Net cash inflow from operating activities	5,286	6,017

	At 30th June 2009 £'000	Cash flow £'000	Exchange movements £'000	At 30th June 2010 £'000
17. Analysis of changes in net funds				
Cash and short term deposits	364	35	70	469

18. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments at the balance sheet date (2009: £nil).

19. Transactions with JPMorgan

Details of the management contract are set out in the Directors' Report on page 20. The terms make allowance for the exclusion of management charges on investments held in funds on which JPMorgan Asset Management ('JPMAM') earns a management fee. The fee payable to JPMAM for the year was £5,770,000 (2009: £4,106,000) of which £nil (2009: £nil) was outstanding at the year end.

Under the terms of the performance fee agreement, a performance fee amounting to £712,000 (2009: £nil) is payable in relation to the three year period since the last performance fee was earned and the whole of this amount (2009: £nil) was outstanding at the year end.

Expenses amounting to £119,000 (2009: £119,000) excluding VAT were payable to JPMAM for the marketing of its savings products of which £nil (2009: £nil) was outstanding at the year end.

Included in other administration expenses in note 5 on page 38 are safe custody fees payable to JPMorgan Chase amounting to £381,000 (2009: £291,000) of which £100,000 (2009: £61,000) was outstanding at the year end.

JPMAM carries out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities for the year was £73,000 (2009: £9,000) of which £3,000 (2009: £nil) was outstanding at the year end.

Handling charges incurred on dealing transactions amounting to £63,000 (2009: £40,000) were payable to JPMorgan Chase of which £12,000 (2009: £9,000) was outstanding at the year end.

The Company holds an investment in a fund managed by JPMAM. At 30th June 2010 this investment was valued at £3,000 (2009: £11,000). No (2009: £nil) purchases or sales of this investment were made during the year and no income (2009: £nil) was receivable for the year.

The Company holds units in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMAM. At the year end, the Company's investment in this fund amounted to £3,496,000 (2009: £496,000) and represented 0.6% (2009: 0.1%) of the Company's investment portfolio. During the year, the Company made purchases of units amounting to £72.4 million (2009: £22.9 million) and sales amounting to £69.9 million (2009: £52.1 million). Income amounting to £12,000 (2009: £339,000) was receivable from this investment for the year.

The Company has received £nil (2009: £3,000) from stock lending transactions during the year. JPMAM commissions in respect of such transactions amounted to £nil (2009: £1,000). The Company ceased stock lending during the prior year.

At the year end, a bank balance of £469,000 (2009: £364,000) was held with JPMorgan Chase. Interest amounting to £2,000 (2009: £13,000) was receivable by the Company from JPMorgan Chase for the year of which £nil (2009: £nil) was outstanding at the year end.

20. Disclosures regarding financial instruments measured at fair value

The disclosures required by the amendment to FRS 29: 'Improving Disclosures about Financial Instruments' are given below. The Company's financial instruments within the scope of FRS 29 that are held at fair value comprise its investment portfolio and derivative financial instruments comprising forward foreign currency contracts.

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

Level 1 – valued using quoted prices in active markets for identical assets.

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

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

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

Details of the valuation techniques used by the Company are given in note 1 on page 35.

The following table sets out the fair value measurements using the FRS 29 hierarchy:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets held at fair value through profit or loss at 30th June 2010				
Equity investments	621,351	–	3	621,354
Liquidity funds	3,496	–	–	3,496
Derivative financial instruments – forward foreign currency contracts	–	1	–	1
Total	624,847	1	3	624,851

	Equity investments £'000
Level 3 financial assets held at fair value through profit or loss at 30th June 2010	
Opening balance	–
Transfer from Level 1 into Level 3	3
Closing balance	3

The transfer from Level 1 into Level 3 relates to two investments for which listing has been suspended during the year.

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

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

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

The Company's financial instruments may comprise the following:

– investments in equity shares of overseas companies and a US Dollar liquidity fund which are held in accordance with the Company's investment objective;

– short term debtors, creditors and cash arising directly from its operations; and

– short term forward currency contracts for the purpose of settling short term liabilities.

(a) Market risk

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

(i) Currency risk

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

Management of currency risk

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

Foreign currency exposure

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

Notes to the Accounts continued

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

(a) Market risk continued

(i) Currency risk continued

Foreign currency exposure continued

	2010 US Dollars £'000	Hong Kong Dollars £'000	Indian Rupees £'000	Brazilian Real £'000	South African Rands £'000	South Korean Won £'000	Other £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	3,496	–	–	–	–	–	–	3,496
Net current assets	6,533	93	373	21	–	–	819	7,839
Foreign currency exposure on net monetary items	10,029	93	373	21	–	–	819	11,335
Investments held at fair value through profit or loss that are equities	151,952	132,904	70,250	50,138	45,827	44,054	115,748	610,873
Total net foreign currency exposure	161,981	132,997	70,623	50,159	45,827	44,054	116,567	622,208

The above year end amounts are not representative of the exposure to foreign currency risk during the year. Investments held at fair value through profit or loss that are monetary items comprises the holding in the JPMorgan US Dollar Liquidity Fund which has fluctuated between £nil and £8,725,000 during the year.

	2009 US Dollars £'000	Hong Kong Dollars £'000	Indian Rupees £'000	Brazilian Real £'000	South African Rands £'000	South Korean Won £'000	Other £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	496	–	–	–	–	–	–	496
Net current (liabilities)/assets	(547)	27	26	–	4,563	–	(555)	3,514
Foreign currency exposure on net monetary items	(51)	27	26	–	4,563	–	(555)	4,010
Investments held at fair value through profit or loss that are equities	143,483	94,946	49,304	–	53,155	30,943	70,217	442,048
Total net foreign currency exposure	143,432	94,973	49,330	–	57,718	30,943	69,662	446,058

The above year end amounts are not representative of the exposure to foreign currency risk during the comparative year. Investments held at fair value through profit or loss that are monetary items comprises the holding in the JPMorgan US Dollar Liquidity Fund which has fluctuated between £496,000 and £26,974,000 during the year.

Foreign currency sensitivity

The following tables illustrate the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2009: 10%) appreciation or depreciation in sterling against the US Dollar, Hong Kong Dollar, Indian Rupee, Brazilian Real, South Korean Won, South African Rand and other currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

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

	2010 £'000	2009 £'000
Income statement return after taxation		
Revenue return	1,202	1,100
Capital return	1,134	401
Total return after taxation for the year	2,336	1,501
Net assets	2,336	1,501

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

	2010 £'000	2009 £'000
Income statement return after taxation		
Revenue return	(1,202)	(1,100)
Capital return	(1,134)	(401)
Total return after taxation for the year	(2,336)	(1,501)
Net assets	(2,336)	(1,501)

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

(ii) Interest rate risk

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

Management of interest rate risk

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

Interest rate exposure

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

	2010 £'000	2009 £'000
Exposure to floating interest rates:		
Cash and short term deposits	469	364
JPMorgan US Dollar Liquidity Fund	3,496	496
Total exposure	3,965	860

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

Notes to the Accounts continued

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

(a) Market risk continued

(ii) Interest rate risk continued

Interest rate exposure continued

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

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

	2010 £'000	2009 £'000
Maximum credit exposure to floating rates – net cash and liquidity fund balances	8,225	27,252
Maximum debit/minimum credit exposure to floating rates – net loan balances (2009: net cash and liquidity fund balances)	(20)	850

Interest rate sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets to a 1% (2009: 1%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary currency financial instruments held at the balance sheet date and the income receivable in foreign currency, with all other variables held constant.

	2010		2009	
	1% Increase in rate £'000	1% Decrease in rate £'000	1% Increase in rate £'000	1% Decrease in rate £'000
Income statement return after taxation				
Revenue return	40	(40)	9	(9)
Capital return	—	—	—	—
Total return after taxation for the year	40	(40)	9	(9)
Net assets	40	(40)	9	(9)

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

(iii) Other price risk

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

Management of other price risk

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

Other price risk exposure

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

	2010 £'000	2009 £'000
Equity investments held at fair value through profit or loss	621,354	444,352

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 10 to 14. This shows that the investments' value is in a broad spread of countries with no concentration of exposure to any one country. It should also be noted that an investment may not be wholly exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets to an increase or decrease of 10% (2009: 10%) in the fair value of the Company's equities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities and adjusting for change in the management fee, but with all other variables held constant.

	2010		2009	
	10% Increase in fair value £'000	10% Decrease in fair value £'000	10% Increase in fair value £'000	10% Decrease in fair value £'000
Income statement – return after taxation				
Revenue return	(621)	621	(444)	444
Capital return	62,135	(62,135)	44,435	(44,435)
Total return after taxation for the year and net assets	61,514	(61,514)	43,991	(43,991)

(b) Liquidity risk

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

Management of the risk

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

Notes to the Accounts continued

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

(b) Liquidity risk continued

Liquidity risk exposure

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

	2010 Three months or less £'000	2010 Total £'000	2009 Three months or less £'000	2009 Total £'000
Creditors: amounts falling due within one year				
Other creditors and accruals	227	227	180	180
Performance fee payable	712	712	—	—
Securities purchased awaiting settlement	—	—	6,719	6,719
Subscription shares' issue costs	—	—	210	210
Derivative financial instrument: Forward foreign currency contract	—	—	7	7
	939	939	7,116	7,116

(c) Credit risk

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

Management of credit risk

Portfolio dealing

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

Cash

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

Exposure to JPMorgan Chase

The Company's assets are ring-fenced in client designated accounts. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading. However, no absolute guarantee can be given to investors on the protection of all assets of the Company.

Credit risk exposure

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

The liquidity fund has a AAA (2009: AAA) credit rating.

Cash and short term deposits comprises balances held at banks that have a minimum rating of A1/P1 (2009: A1/P1) from Standard & Poor's and Moody's respectively.

There have been no securities on loan at any time during the year ended 30th June 2010. Stock lending was suspended during the prior year.

(d) Fair values of financial assets and financial liabilities

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

22. Capital management policies and procedures

The Company's capital comprises the following:

	2010 £'000	2009 £'000
Equity		
Share capital	28,010	27,796
Reserves	603,885	420,364
Total capital	631,895	448,160

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

The Board's policy is to employ gearing when the Manager believes it to be appropriate to do so. Gearing will be in the range 90% – 120% in normal market conditions, at the discretion of the Manager. Gearing for this purpose is defined as investments excluding holdings in liquidity funds, expressed as a percentage of total net assets.

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

– the need to buy back equity shares for cancellation, which takes into account the share price discount or premium;

– the need for issues of new shares; and

– the ability to employ gearing when the Manager believes it to be appropriate.

Shareholder Analyses

at 30th June 2010

Ordinary Shares	Number of shares	% Holding
Unit Trusts	29,470,750	26.5
Pension Funds	13,940,892	12.5
Insurance Companies	11,318,703	10.2
Investment Trusts[1]	7,821,890	7.1
Other Institutions	5,815,667	5.2
Charities	1,695,323	1.5
Government	1,262,700	1.1
Total Institutions	**71,325,925**	**64.1**
Private Client Brokers	16,853,093	15.2
Retail Investors holding shares directly or through nominee accounts[2]	12,423,450	11.2
Individuals in the Investment Trust Share Plan[3]	8,755,700	7.9
Individuals in the Investment Trust Individual Savings Account[3]	1,702,128	1.5
Individuals in the Investment Trust Pension Accounts[3]	136,229	0.1
Total Retail Holdings	**39,870,600**	**35.9**
Total Shares in Issue	**111,196,525**	**100**

[1]Includes 1,153,116 shares held by JPMorgan Elect plc.

[2]Includes shares below threshold of 10,000 shares.

[3]Savings products managed by J.P. Morgan.

Source: Thomson Financial.

Subscription Shares	Number of shares	% Holding
Investment Trusts[1]	2,496,543	11.8
Unit Trusts	2,326,695	11.0
Pension Funds	2,232,238	10.5
Insurance Companies	1,939,409	9.2
Other Institutions	873,692	4.1
Charities	126,597	0.6
Total Institutions	**9,995,174**	**47.2**
Private Client Brokers	5,857,573	27.7
Retail investors holding shares directly through nominee accounts[2]	3,349,131	15.8
Individuals in the Investment Trust Share Plan[3]	1,659,668	7.8
Individuals in the Investment Trust Individual Savings Account[3]	289,789	1.4
Individuals in the Investment Trust Pension Account[3]	15,665	0.1
Total Retail Holdings	**11,171,826**	**52.8**
Total Shares in Issue	**21,167,000**	**100**

[1]Includes 208,790 shares held by JPMorgan Elect plc.

[2]Includes shares below threshold of 10,000 shares.

[3]Savings products managed by J.P. Morgan.

Source: Thomson Financial.

Notice of Meeting

Notice is hereby given that the Nineteenth Annual General Meeting of JPMorgan Emerging Markets Investment Trust plc will be held at The Armourers' Hall, 81 Coleman Street, London EC2R 5BJ on 28th October 2010 at 3.00 p.m. for the following purposes:

1 To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th June 2010.

2 To approve the Directors' Remuneration Report for the year ended 30th June 2010.

3 To approve a final dividend of 3.20p per share.

4 To re-elect David Gamble as a Director of the Company.

5 To re-elect Alan Saunders as a Director of the Company.

6 To re-appoint 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

7 THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £1,428,667, representing approximately 5% of the Company's issued Ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2011 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

8 THAT subject to the passing of Resolution 7 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 to 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 7 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £1,428,667 representing approximately 5% of the issued Ordinary share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 7 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 pursuant of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

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

PROVIDED ALWAYS THAT

(i) the maximum number of Ordinary shares and Subscription shares hereby authorised to be purchased shall be 17,132,578 and 2,708,713 respectively, or if less, that number of Ordinary shares or Subscription shares which is equal to 14.99% of the issued share capital of the relevant share class as at the date of the passing of this Resolution;

(ii) the minimum price which may be paid for an Ordinary share or Subscription share shall be 25 pence and 1 pence respectively;

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

(iv) 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);

(v) the authority hereby conferred shall expire on 27th April 2012 unless the authority is renewed at the Company's Annual General Meeting in 2011 or at any other general meeting prior to such time; and

(vi) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which contract will or may be executed wholly or partly after the expiry of such authority and may make a purchase of shares pursuant to any such contract.

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary
28th September 2010

Notes

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

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

Notice of Meeting continued

6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

   Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
10. Under sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmemergingmarkets.co.uk.
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
15. As at 27th September 2010 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 114,293,388 Ordinary shares, carrying one vote each and 18,070,137 Subscription shares with no voting rights. Therefore the total voting rights in the Company are 114,293,388.

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.

Details of Subscription Shares

On 11th June 2009 the Company issued Subscription shares as a bonus issue to the Ordinary shareholders on the basis of one Subscription share for every five Ordinary shares held. Each Subscription share conferrs the right (but not the obligation) to subscribe for one Ordinary shares on any business day during the period from 1st August 2009 to 31st July 2014, after which the rights under the Subscription shares will lapse.

For the purposes of UK taxation, the issue of Subscription shares is treated as a reorganisation of the Company's share capital. Whereas such reorganisations do not trigger a chargeable disposal for the purposes of the taxation of capital gains, they do require shareholders to reallocate the base costs of their Ordinary shares between Ordinary shares and Subscription shares received.

At the close of business on 11th June 2009 the middle market prices of the Company's Ordinary shares and Subscription shares were as follows:

Ordinary shares	392p
Subscription shares	57p

Accordingly, an individual investor who, on 11th June 2009, held five Ordinary shares (or a multiple thereof) would have received a bonus issue of one Subscription share (or the relevant multiple thereof) and would apportion the base cost of such holding 97.17% to the five Ordinary shares and 2.83% to the Subscription shares.

Future exercise prices of the Subscription shares have been determined as follows:

- If exercised between 1st August 2010 and 31st July 2012, 460 pence; and
- If exercised between 1st August 2012 and 31st July 2014, 543 pence.

Notice of the exercise of the Subscription rights may be given at any time until 31st July 2014 and the Ordinary shares arising on conversion will be issued within ten business days of the first business day of the calendar month following the month in which the relevant notices are received by the registrars. For further details on how to exercise the Subscription share rights please refer to the Company's website at www.jpmemergingmarkets.co.uk or contact the Secretary on 020 7742 6000.

Glossary of Terms and Definitions

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

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

Diluted net asset value ('NAV') per Ordinary share
The diluted NAV per Ordinary share assuming that all outstanding Subscription shares were converted into Ordinary shares at the year end.

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

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

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

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

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

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

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

Total expense ratio
Management fees and all other operating expenses excluding interest, VAT recoverable and performance fees payable, expressed as a percentage of the average of the opening and closing net assets.

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

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

Performance attribution definitions:

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

Stock selection
Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark, or of investing in securities outside of the benchmark.

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

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

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

Information about the Company

Financial Calendar

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

History

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

Company Numbers

Company registration number: 2618994

Ordinary Shares

London Stock Exchange number: 0341895
ISIN: GB0003418950
Bloomberg code: JMG LN

Subscription Shares

London Stock Exchange number: B3V4X02
ISIN: GB00B3V4X029
Bloomberg code: JMBS

Market Information

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

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

Website

www.jpmemergingmarkets.co.uk

Share Transactions

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

aic
The Association of Investment Companies

A member of the AIC

Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone: 020 7742 6000

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

Registrars

Equiniti
Reference 1081
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2320

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

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

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

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hay's Galleria
1 Hay's Lane
London
SE1 2RD

Brokers

Winterflood Securities
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA
Telephone number: 020 310 0000

Savings Product Administrators

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

JPMorgan Helpline
Freephone 0800 20 40 20 or +44 (0)20 7742 9995

Your telephone call may be recorded for your security

www.jpmemergingmarkets.co.uk