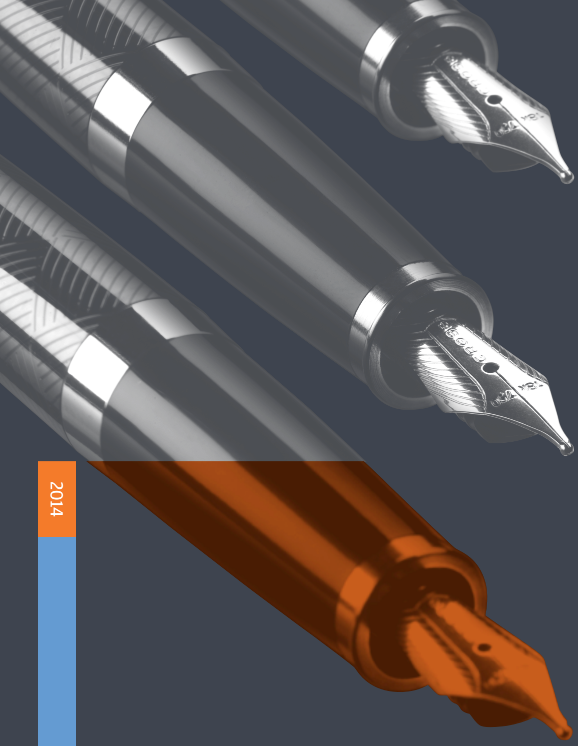

2014

JPMorgan Mid Cap Investment Trust plc

Annual Report 2014

JPMorgan Mid Cap Investment Trust plc

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

J.P.Morgan
Asset Management

Features

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Objective

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

Investment Policies

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

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

Benchmark

The FTSE 250 Index (excluding investment trusts).

Capital Structure

UK domiciled.

Full Listing on the London Stock Exchange.

As at 30th June 2014, the Company's issued share capital comprised 25,398,080 ordinary shares of 25p each including 1,400,900 shares held in Treasury.

Management Company

During the period the Company employed JPMorgan Asset Management (UK) Limited to manage its assets. From 1st July 2014, JPMorgan Funds Limited, was appointed Manager, following its approval as an Alternative Investment Fund Manager by the Financial Conduct Authority. For further information on this change please refer to the Chairman's Statement.

FCA regulation of 'non-mainstream pooled investments'

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

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

AIC

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

Website

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

Financial Results

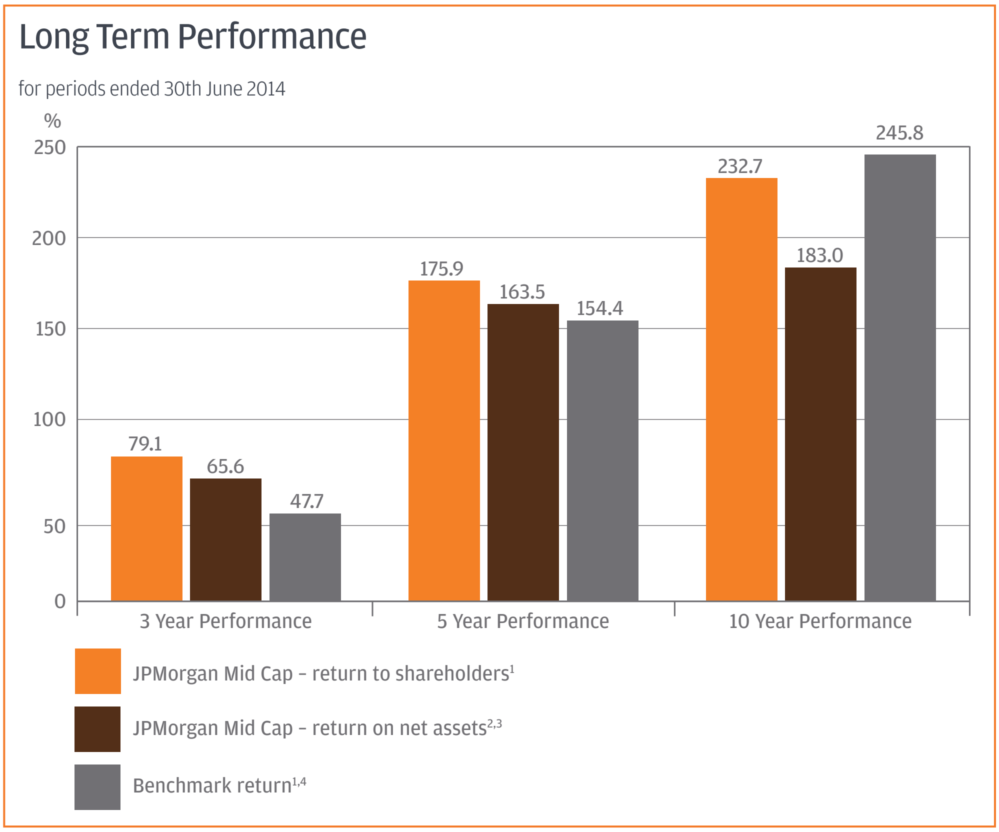
Total returns (includes dividends reinvested)

+23.2%
Return to shareholders[1]
(2013: +61.2%)

+18.3%
Return on net assets[2,3]
(2013: +52.6%)

+17.8%
Benchmark return[1,4]
(2013: +32.2%)

18.0p
Ordinary dividend
(2013: 17.0p plus a special dividend of 1.0p)



For further details and analysis please refer to the performance attribution on page 8.

A glossary of terms and definitions is provided on page 60.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

[3]Total return on net assets, net of management fees and administration expenses, but prior to the use of revenue reserves to finance the dividend.

[4]The Company's benchmark is the FTSE 250 Index (excluding investment trusts).

Strategic Report

Chairman's Statement

The Chairman's Statement is now included within the Strategic Report which new reporting regulations require UK companies to prepare. There are further changes throughout the Annual Report and Accounts as a result of this new reporting regime.

Investment Performance and Manager Evaluation

Following the strong returns generated by the Company last year, it is pleasing that shareholders have been rewarded with a positive return again this year. The Company's total return on net assets for the year to 30th June 2014 was 18.3%, marginally ahead of the Company's benchmark index, the FTSE 250 Index (excluding investment trusts), which returned 17.8% on a total return basis. The discount at which the ordinary shares trade to their net asset value per share narrowed further, giving a total return to shareholders of 23.2%.

JPMorgan Mid Cap Investment Trust plc continues to be one of the few closed ended companies which invest primarily in UK mid cap stocks. Indeed there remains a paucity of any investment vehicle focusing on the mid cap sector. To some extent this is understandable given that mid cap stocks rarely generate the headlines reserved for the behemoths in the FTSE 100. It is however surprising that more investors have not allocated a greater proportion of their portfolios to the FTSE 250 Index given its strong performance relative to the FTSE 100 Index (both on an including and excluding investment trusts basis). This can be seen in the table below which details the returns generated by the FTSE 250 indices compared to the FTSE 100 Index over one, three, five and 10 years to 30th June 2014. It is also worth highlighting that both the Company's total return to shareholders and total return on net assets have outperformed all of these indices over one, three and five years.

Index	One Year Return %	Three Year Return %	Five Year Return %	Ten Year Return %
FTSE 250[1]	16.8	43.2	143.1	229.8
FTSE 250[2]	17.8	47.7	154.4	245.8
FTSE 100	12.4	26.7	89.6	117.1

[1]Including investment trusts.

[2]Excluding investment trusts.

Whilst the FTSE 100 has yet to exceed the level it reached in late 1999, the FTSE 250 has continued to hit new highs, and is now more than double its peak in 1999. The excellent performance of the FTSE 250 indices has been fuelled by fast-growing, innovative companies which have also had the ability to increase their dividend payments. Although mid cap stocks gave some performance back over the last few months, the continued recovery in the UK supports the country's mid-tier stocks which are weighted towards the industrial goods, services and the consumer discretionary sectors. Sales and earnings growth for mid-cap stocks appear far more diversified when compared with their FTSE 100 counterparts, which are weighted towards financials, mining and oil and gas industries. Mid Cap stocks are often referred to as the FTSE 100 companies of tomorrow and as such are often growing at significantly faster rates than their FTSE 100 counterparts. Not only does this offer investors the prospect of generating greater returns, but also the potential for corporate bids; from which the Company has been able to benefit over the past couple of years.

The investment management team of Georgina Brittain and William Meadon has been in place since April 2012. Under their tenure the Company's fortunes have been turned around and the Board is pleased to report that having taken all factors into account, including investment performance and other services provided to the Company and its shareholders, they have concluded that JPMorgan should remain as the Company's Manager and that its ongoing appointment remains in the best interests of shareholders.

As part of a planned succession following the appointment of Georgina Brittain to the fund management team, William Meadon will be standing down as joint fund manager following the Company's forthcoming Annual General Meeting. William has been involved with the Company on and off since 1998 and became involved again with the management of the Company in May 2009. The Board is extremely grateful to him for his wise counsel over the past five years and the significant contribution he has made to the Company over that period. Georgina Brittain has been assisted by Katen Patel since April 2013 and the Board welcomes him onto the investment management team. Katen has a background as a small and mid cap equity specialist and previously worked in this field for HSBC for seven years.

The investment managers' report on pages 7 and 8 gives more detail on performance and investment activity within the portfolio, together with their views on the outlook for the mid cap sector.

Revenue and Dividends

Earnings per share for the year to 30th June 2014 were 21.67 pence, an increase on last year. The receipt of special dividends has been the main reason for the increase in revenue for a number of years now and this has continued to be the case for the year under review, with just over 20% of the total revenue received arising from the payment of special dividends. Against this background the Board has decided to propose a final dividend of 12.5 pence (2013: 11.5 pence plus a 1.0 pence special dividend). Unlike last year the Board has decided not to pay a special dividend but rather to increase the base dividend, giving a total of 18.0 pence for the full year. The final dividend is payable on 12th November 2014 to shareholders on the register at the close of business on 3rd October 2014.

Excluding the receipt of special dividends, early indications suggest that underlying dividend receipts on the Company's portfolio in 2014/2015 will exceed those of 2013/2014. Special dividends are again expected to feature in 2014/2015. However, I would like to add my usual caveat that we do not regard the receipt of special dividends as a permanent feature of the UK market.

Management Fee and Ongoing Charges Ratio

Last year I highlighted that along with many other investment trusts, the Board simplified its management fee arrangements by removing the performance fee element of the structure; leaving an ad valorem fee structure based on a simple fixed tiered percentage fee. With effect from 1st July 2013, the management fee was

Chairman's Statement continued

increased from 0.40% per annum on total assets less current liabilities, excluding bank borrowings, to a tiered fee of 0.65% per annum for assets up to £250 million and 0.60% per annum for assets in excess of £250 million. The impact of this change has resulted in an increase in the Company's Ongoing charges ratio from 0.66% in 2013 to 0.97% for 2014. The increased Ongoing charges ratio is still broadly in line with other comparable investment companies and similar savings products. It is felt that the Company's fee structure balances the need for the Company's ongoing charges to remain competitive post RDR, whilst rewarding the Manager for its efforts.

Gearing and Borrowing Facilities

The use of gearing over the last year has again assisted performance. The Board of Directors sets the overall gearing guidelines and reviews these at each meeting; changes in these guidelines between meetings may be undertaken after consultation with the Board. The Board has determined that in normal circumstances the Company's gearing range is –5% to +25%. Given the Manager's recent more cautious view of the outlook, gearing was reduced towards the end of the Company's financial year and stood at 8.1% as at the end of June 2014. At the time of writing it is 3.4%.

At the end of the reporting year, the Company had four loan facilities in place all with varying maturities and totalling £60 million with an average interest rate of 1.64%. Following the maturing of one of the loans since the year end total facilities currently total £55 million. Further details on these facilities can be found on page 53.

Discount Management

It is the present intention of the Board to continue its policy of buying back shares, to assist in reducing the volatility of the discount and enhance the net asset value per share. This policy is reviewed regularly in the light of market conditions including the levels of discounts in our peer group and in the wider investment trust sector. During the year under review, the Company did not repurchase any shares, as the Company's discount continued to narrow from 14.7% to 11.5%. However, as in prior years, Directors will be seeking to renew powers to repurchase up to 14.99% and issue up to 10% of the Company's shares respectively, at the forthcoming Annual General Meeting. Treasury shares and new Ordinary shares will only be issued at a premium to net asset value.

Alternative Investment Fund Managers Directive ('AIFMD' or 'Directive')

I reported in my half year statement that in order to comply with the AIFMD, the Company would be appointing a different JPMorgan entity as its Manager and Company Secretary and was further required to appoint a Depository in addition to its existing custodian.

Taking into account legal advice received by the Company from Dickson Minto WS, I can report that JPMorgan Funds Limited, which has been approved by the Financial Conduct Authority as an Alternative Investment Fund Manager, has been appointed as Manager and Company Secretary to the Company with effect from 1st July 2014.

This change of entity does not in any way affect the actual management of the portfolio which will continue to be managed by Georgina Brittain and her support team. The Company Secretarial and administration support will also continue to be conducted by the same individuals from the Company's registered office in London. No extra fees are being charged by any JPMorgan entity as a result of the Company's AIFMD obligations.

Although JPMorgan Chase Bank, N.A. will continue as the Company's custodian, the new requirements of a depositary function will be undertaken by Bank of New York Mellon ('BNYM'). BNYM will be paid a fee of approximately £40,000, or 0.017% of the Company's gross assets per annum.

Board of Directors

The Board has procedures in place to ensure that the Company complies fully with the AIC Code of Corporate Governance and the UK Corporate Governance Code.

In line with the Board's current succession plan, Richard Huntingford was appointed as a Director on 1st December 2013. Richard brings a wealth of PLC experience to the Board having gained over 25 years of experience from a wide variety of executive, non-executive and advisory board positions. He is a Chartered Accountant who previously spent 12 years at KPMG advising a broad range of companies at board level. John Emly will be retiring from the Board at the conclusion of the Company's 2014 Annual General Meeting. John joined the Board in 1996 and throughout his tenure the Board has benefited tremendously from his knowledge of both investment and JPMorgan, having previously been an employee of the Manager. We wish John well for the future.

In accordance with the Company's Articles of Association, Michael Hughes and Margaret Littlejohns will be retiring by rotation and seeking re-election at this year's Annual General Meeting. Gordon McQueen and I will retire on grounds of tenure (having both served as Directors for more than nine years) and are both seeking re-election. Having been appointed to the Board on 1st December 2013, Richard Huntingford will be standing for initial election by shareholders. The Nomination and Remuneration Committee has met to evaluate all the Directors' attributes and contribution. Following this process the Board remains entirely satisfied with our independence of thought and judgement, and knowledge in fulfilling our roles as Directors of the Company. Accordingly, all our re-elections, and the election of Mr Huntingford, at the forthcoming Annual General Meeting are recommended to shareholders. The Board has resolved that from the Company's 2015 Annual General Meeting all eligible Directors will stand for annual re-election by shareholders.

Directors have resolved not to increase their fees this year, despite them being below industry average. However, given that the aggregate fee level for Directors' fees is £150,000 and was last increased back in 2006, a resolution to increase the aggregate amount to £200,000 will be put to shareholders at the forthcoming Annual General Meeting. Shareholders should note that the increase in the aggregate fee is to provide the Board with the flexibility to increase the number of Directors as and when future succession plans are actioned.

Strategic Report continued

Chairman's Statement continued

New Reporting Requirements

There have been a number of revisions to reporting requirements for companies with accounting periods beginning on or after 1st October 2012. Accordingly shareholders will note a few amendments to the format of the Company's Annual Report and Accounts from prior years. These include the addition of a new Strategic Report which replaces the Business Review section of the Directors' Report, providing insight into the Company's objectives, strategy and principal risks, and enabling shareholders to assess how effective Directors have been in promoting the success of the Company during the course of the year under review. Other changes comprise additional Audit reporting requirements on the accounts and on the external audit process, and changes to the structure and voting requirements in respect of the Directors' Remuneration Report.

Annual General Meeting

This year's Annual General Meeting will be held on Tuesday, 28th October 2014 at 2.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP. As in previous years, in addition to the formal part of the meeting, there will be a presentation from our investment managers, Georgina Brittain, William Meadon and Katen Patel, who will also answer questions on the portfolio and performance. There will be an opportunity to meet the Board, the investment managers and representatives of JPMAM after the meeting. I look forward to welcoming as many of you as possible to this meeting.

If you have any detailed or technical questions, it would be helpful if you could raise these in advance of the meeting with the Company Secretary at 60 Victoria Embankment, London EC4Y 0JP. Shareholders who are unable to attend the Annual General Meeting are encouraged to use their proxy votes.

Prospects

The UK economy continues its recovery prompting upgrades to forecasts for GDP growth. This backdrop will support the growth of UK businesses, and despite recent setbacks in the UK mid cap sector, which our investment managers believe have been primarily as a result of profit taking and not underlying shortcomings within the mid cap universe, they remain confident that the sector will continue to generate interesting and rewarding opportunities.

Andrew Barker
Chairman

25th September 2014

Investment Managers' Report

Georgina Brittain

William Meadon

Katen Patel

Performance

After a strong rise in the benchmark in the first half of the Company's financial year, the second half saw a small decline, leading to a total return for the FTSE 250 Index (ex Investment Trusts) of 17.8% for the year to June 2014.

Against this backdrop the Company produced a total return on net assets of 18.3%, and a share price total return of 23.2%. As can be seen from the attribution table overleaf, we remained geared throughout the period, (although the level was reduced in the last quarter), which provided a positive contribution to returns, while stock selection was marginally negative.

Portfolio

Key positive contributors to the portfolio over the year included Ashtead, which remains the largest holding, TalkTalk, Sports Direct and Kentz. Kentz, an oil services company, was added to the portfolio during the year, and recently received a bid at a significant premium to the then share price. We have accepted this offer for the company. The other bid in the portfolio was for Heritage Oil, another recent addition. On the negative side, key detractors included Thomas Cook, Dunelm and International Personal Finance. The position in each of these was reduced, but we remain confident in the outlook for these companies.

We made a number of changes to the portfolio over the year. Several holdings were sold on promotion into the FTSE 100, including Persimmon, Barratt, Mondi, Tui Travel and William Hill. As can be seen from the sector analysis on page 13 there have been some significant changes to the positioning of the fund. Most notable is the reduction in our position in the consumer goods sector down to neutral, as we took profits in a number of housebuilders. Some of the proceeds were reinvested into the financials sector, where we moved overweight as we bought into the estate agents, Foxtons and Countrywide, and took a position in the Bank of Georgia. Elsewhere Oil and Gas moved to an overweight position on the purchase of Kentz and Wood Group, while the recent set back in the share prices of Howden Joinery and Interserve provided an opportunity to add to our holdings in the Industrials sector.

One of the key features of the mid cap arena this year has been a preponderance of Initial Public Offerings or IPOs (new companies listing on the stockmarket). We have spent a considerable amount of time and resources evaluating these new investment opportunities, and have been highly selective. We have avoided a number of interesting opportunities where we felt the valuations were significantly too high. New IPOs we have added to the portfolio include B&M, Poundland and Card Factory. These companies are all retailers focusing on the value segment of the market, an area which we expect to continue to thrive.

Strategic Report continued

Investment Managers' Report continued

Performance attribution for the year ended 30th June 2014

	%	%
Contributions to total returns		
Benchmark		17.8
Stock/sector selection	-1.0	
Gearing/cash	2.1	
Investment manager contribution		1.1
Portfolio total return		18.9
Fees/other expenses	-0.6	
Other effects		-0.6
Return on net assets		18.3
Return to shareholders		23.2

Source: Xamin, JPMAM and Morningstar. All figures are on a total return basis.

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

Outlook

Given the recent geopolitical upheavals seen in the Ukraine, Gaza and Iraq, the resilience of UK stockmarkets may have come as a surprise. However, while recent events on the global stage are clearly disturbing, we see good reason for the equanimity currently displayed by equity markets in the developed world.

The economic backdrop in both the US and the UK continues to strengthen. Forecasts for GDP growth have increased again in both countries; in the UK the Bank of England recently upgraded its UK outlook to 3.5% growth in 2014, and 3% in 2015. Inflation remains subdued and unemployment continues to decline at a rapid pace. Although interest rates are likely to rise in the next six months or so, any rate rise is likely to be gradual and monetary policy will be set in a way that helps to sustain growth and employment. Current low wage inflation is likely to affect the consumer, but this should result in rate rises being tempered.

The message from UK businesses also continues to improve. A recent report by Lloyds indicates companies are at their most confident in over 20 years and business activity continues to rise across the country. This should lead to an increase in capital expenditure – an important ingredient for future growth. Following the recent pull-back in mid cap equities over the summer, we are very comfortable with valuations and the earnings outlook, and also expect our holdings to provide further income growth.

While political uncertainties will increase ahead of the General Election next May, the clear majority in the Scottish referendum in favour of maintaining the Union removed a significant uncertainty for investors. However, the ultimate political and economic consequences for all members of the UK may take some time to emerge. Nevertheless, it is our expectation that markets will be higher in a year's time, although there will continue to be bouts of volatility along the way.

Georgina Brittain
William Meadon
Katen Patel
Investment Managers

25th September 2014

Summary of Results

	2014	2013	
Total returns for the year ended 30th June			
Return to shareholders[1]	**+23.2%**	+61.2%	
Return on net assets[2]	**+18.3%**	+52.6%	
Benchmark[1,3]	**+17.8%**	+32.2%	
			% change
Net asset value, share price and discount at 30th June			
Shareholders' funds (£'000)	**199,089**	172,142	+15.7
Net asset value per share	**829.6p**	717.3p	+15.7
Share price	**734.5p**	611.5p	+20.1
Share price discount to net asset value	**11.5%**	14.7%	
Shares in issue (excluding shares held in Treasury)	**23,997,180**	23,997,180	0.0
Revenue for the year ended 30th June			
Net revenue attributable to shareholders (£'000)	**5,200**	5,030	+3.4
Return per share	**21.67p**	20.95p	+3.4
Dividend per share[4]	**18.0p**	18.0p	0.0
Gearing at 30th June[5]	**8.1%**	12.2%	
Ongoing Charges Ratio[6]	**0.97%**	0.66%	

A glossary of terms and definitions is provided on page 60.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

[3]The Company's benchmark is the FTSE 250 Index (excluding investment trusts).

[4]2013 comprises ordinary dividends of 17.0p and a special dividend of 1.0p.

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

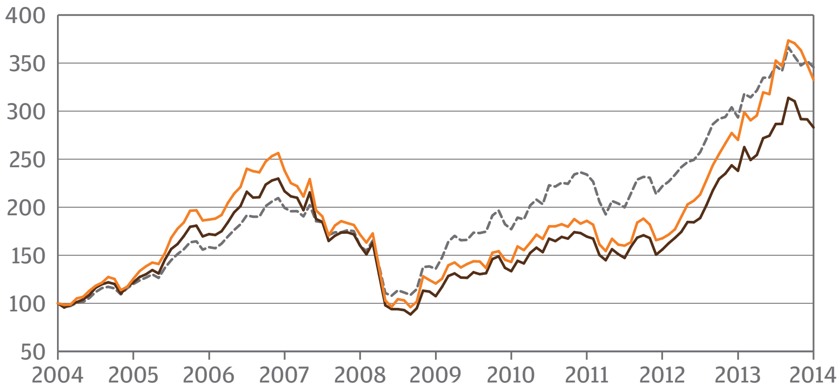
[6]Management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average of the daily net assets during the year. The Ongoing Charges Ratio is calculated in accordance with guidance by the Association of Investment Companies in May 2012. With effect from 1st July 2013, the Company's management fee was increased from 0.4% per annum to 0.65% per annum on assets up to £250 million and 0.60% per annum on assets over £250 million. The Company no longer has a performance fee following this change. For full details on the Company's management fee please refer to page 21.

Strategic Report continued

Performance

Ten Year Performance

Figures have been rebased to 100 at 30th June 2004



Source: Morningstar.

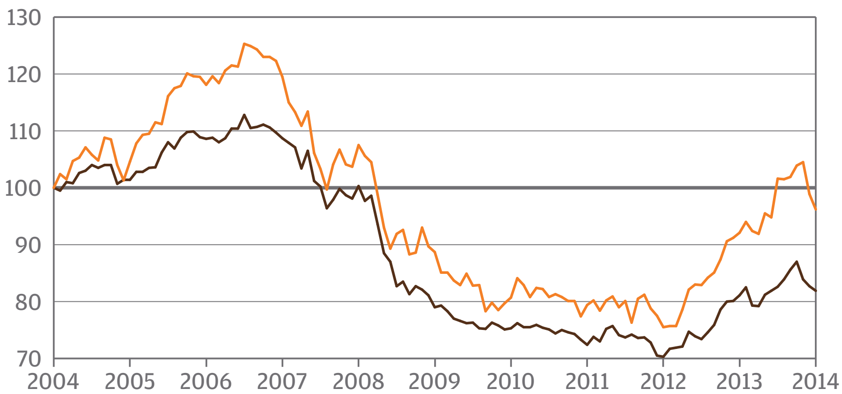
JPMorgan Mid Cap – share price total return.

JPMorgan Mid Cap – net asset value total return.

Benchmark.

Performance Relative to Benchmark

Figures have been rebased to 100 at 30th June 2004



Source: Morningstar.

JPMorgan Mid Cap – share price total return.

JPMorgan Mid Cap – net asset value total return.

The benchmark is represented by the grey horizontal line.

Ten Year Financial Record

At 30th June	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	**2014**
Shareholders' funds (£'m)	153.6	165.9	201.4	233.7	150.9	94.1	110.6	135.6	116.6	172.1	**199.1**
Net asset value per share (p)	398.1	473.5	647.4	799.3	582.2	371.9	441.0	543.2	483.9	717.3	**829.6**
Share price (p)	315.0	384.5	558.0	695.5	488.0	321.5	364.5	455.0	393.0	611.5	**734.5**
Discount (%)	20.9	18.8	13.8	13.0	16.2	13.6	17.3	16.2	18.8	14.7	**11.5**
Gearing (%)	17.1	10.7	14.0	12.8	6.8	6.8	4.5	6.0	4.2	12.2	**8.1**
Year ended 30th June											
Revenue attributable to shareholders (£'000)	3,364	4,383	4,380	4,689	4,785	4,758	3,018	2,961	3,938	5,030	**5,200**
Revenue return per share (p)	8.72	12.07	13.15	15.53	17.64	18.74	11.94	11.81	16.04	20.95	**21.67**
Dividend per share (p)[1,2]	9.75	11.30	12.50	14.50	16.50	21.90	17.00	17.00	17.00	18.00	**18.00**
Ongoing Charges Ratio (%)[3]	0.80	0.74	0.70	0.69	0.63	0.78	0.74	0.72	0.80	0.66	**0.97**
Rebased to 100 at 30th June 2004											
Return to shareholders[4]	100.0	125.6	187.1	238.1	171.4	120.6	143.0	185.8	167.6	270.1	**332.7**
Return on net assets[4]	100.0	121.8	172.0	216.6	160.0	107.4	133.4	169.9	156.0	237.9	**283.0**
Benchmark[4]	100.0	120.1	158.4	199.3	159.5	135.9	177.1	234.0	221.9	293.5	**345.8**

A glossary of terms and definitions is provided on page 60.

[1]2009 includes ordinary dividends of 17.0p and a special dividend of 4.9p.

[2]2013 includes ordinary dividends of 17.0p and a special dividend of 1.0p.

[3]Management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average of the daily net assets during the year. The Ongoing Charges Ratio is calculated in accordance with guidance by the Association of Investment Companies in May 2012. (2009-2011: Total expense ratio: Management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the month end net assets during the year (2008 and prior years: the average of the opening and closing net assets)).

[4]Source: Morningstar. Total returns with dividends reinvested.

Strategic Report continued

Ten Largest Equity Investments

at 30th June 2014

Company	Sector	2014 Valuation £'000	2014 %[1]	2013 Valuation £'000	2013 %[1]
Ashtead Ashtead Group hires out plant and machinery for the UK and the US construction and allied industries. Ashtead has some 314 Plant branches, supplying UK communications, petrochemical, defence and retail customers. They also have 163 Sunbelt centres in 27 US states.	Industrials	**9,620**	**4.5**	10,320	5.4
Thomas Cook Thomas Cook Group operates within the tourism and travel industry. The company owns, operates and manages travel agencies, tour operators and car hire agencies, as well as owning their own aircraft fleet, cruise ships and resort properties.	Consumer Services	**8,010**	**3.7**	5,807	3.0
Micro Focus International Micro Focus International provides enterprise application management solutions. The company provides software solutions for assessing, managing and updating existing applications.	Technology	**6,589**	**3.1**	5,034	2.6
Howden Joinery[2] Howden Joinery Group designs, manufactures and sells fitted kitchens. The company sells its products to small local builders throughout the United Kingdom via its own network of depots.	Industrials	**6,422**	**3.0**	3,702	1.9
TalkTalk Telecom[2] TalkTalk Telecom Group provides telecommunications services. The company provides fixed line communications services, serving residential and business-to-business customers in the United Kingdom.	Telecommunications	**6,051**	**2.8**	3,904	2.0
Taylor Wimpey Taylor Wimpey, through its subsidiaries, conducts business in the housing, construction and engineering, and property development and investment sectors. The group has housing activities in the United Kingdom.	Consumer Goods	**5,301**	**2.5**	5,933	3.1
Kentz[3] Kentz Corporation Limited offers engineering services. The company offers mechanical, electrical, controls and instrumentation engineering, construction and management services to the oil and gas, petrochemical, power, process, water and environmental, communications and commercial and infrastructure sectors.	Oil & Gas	**5,137**	**2.4**	–	–
Provident Financial[2] Provident Financial is a financial services group specialising in the provision of personal credit products for consumers in the United Kingdom non standard lending market. The company's consumer credit division provides small, unsecured loans, which they collect in weekly installments. The company's credit cards business is operated through Vanquis Bank.	Financials	**4,338**	**2.0**	2,823	1.5
Interserve[2] Interserve is a services, maintenance and building group operating in the public and private sectors in the UK and internationally. The company offers advice, design, construction and maintenance services for buildings and infrastructure, runs the operational systems and back-office services that support them and provides a range of plant and equipment in specialist fields.	Industrials	**4,316**	**2.0**	2,570	1.3
Berkeley[2] The Berkeley Group is a residential and commercial property development company focusing on urban regeneration and mixed-use developments. The company purchases and develops land, in addition to constructing homes and apartment complexes throughout the South of England, the Midlands and the North West.	Consumer Goods	**4,232**	**2.0**	2,770	1.4
Total		**60,016**	**28.0**		

[1]Based on total assets less current liabilities of £214.1m (2013: £192.1m).

[2]Not Included in the ten largest investments at 30th June 2013.

[3]Not held in the portfolio at 30th June 2013.

At 30th June 2013, the value of the ten largest equity investments amounted to £59,277,000 representing 30.9% of total assets less current liabilities.

Portfolio Analyses and Investment Activity

Portfolio Analysis

	2014 %	2013 %
FTSE 250 Index companies	**90.3**	88.8
FTSE 100 Index companies	**6.3**	7.7
Liquidity fund	**4.7**	1.3
Other investments[1]	**1.6**	2.7
AIM Listed companies	**1.1**	0.4
Net current liabilities	**(4.0)**	(0.9)

Based on total assets less current liabilities of £214.1m (2013: £192.1m).

Sector Analysis

	Portfolio 2014 %	Benchmark 2014 %	Active position %	Portfolio 2013 %	Benchmark 2013 %	Active position %
Financials	**25.1**	**24.9**	**0.2**	22.3	26.3	(4.0)
Industrials	**22.4**	**25.2**	**(2.8)**	18.4	24.5	(6.1)
Consumer Services	**22.3**	**19.6**	**2.7**	27.4	18.6	8.8
Consumer Goods	**7.4**	**7.8**	**(0.4)**	11.8	7.6	4.2
Oil & Gas	**7.2**	**6.3**	**0.9**	2.6	4.6	(2.0)
Telecommunications	**6.7**	**2.8**	**3.9**	5.8	2.9	2.9
Technology	**5.5**	**3.5**	**2.0**	8.5	5.5	3.0
Health Care	**1.5**	**2.8**	**(1.3)**	–	2.2	(2.2)
Basic Materials	**1.2**	**5.0**	**(3.8)**	2.8	5.7	(2.9)
Utilities	**–**	**2.1**	**(2.1)**	–	2.1	(2.1)
Liquidity fund	**4.7**	**–**	**4.7**	1.3	–	1.3
Net current liabilities	**(4.0)**	**–**	**(4.0)**	(0.9)	–	(0.9)

Based on total assets less current liabilities of £214.1m (2013: £192.1m).

Investment Activity

	Value at 30th June 2013 £'000	%	Change in benchmark classification £'000	Purchases £'000	Sales £'000	Change in valuation £'000	Value at 30th June 2014 £'000	%
FTSE 250 Index companies	170,160	87.8	(13,571)	104,803	(66,631)	(1,499)	**193,262**	**86.8**
FTSE 100 Index companies	15,322	7.9	16,505	2,654	(41,102)	20,059	**13,438**	**6.1**
Liquidity fund	2,400	1.2	–	48,650	(41,050)	–	**10,000**	**4.5**
Other investments[1]	5,265	2.7	–	8,723	(5,360)	(5,070)	**3,558**	**1.6**
AIM Listed companies	652	0.4	–	–	–	1,660	**2,312**	**1.0**
Small Cap	–	–	(2,934)	–	(9,417)	12,351	**–**	**–**
Total portfolio	193,799	100.0	–	164,830	(163,560)	27,501	**222,570**	**100.0**

[1]Card Factory and B&M European Value Retail, which are recent IPOs not included within an index as at 30th June 2014.

Strategic Report continued

List of Investments
at 30th June 2014

Company	Valuation £'000
Financials	
Provident Financial	4,338
Close Brothers	3,895
Investec	3,503
Henderson Group	3,373
Derwent London	3,346
Great Portland Estates	3,185
Segro	2,986
Capital & Counties Properties	2,930
Bank Of Georgia	2,808
Phoenix	2,789
Countrywide	2,724
Shaftesbury	2,394
Brewin Dolphin	2,213
International Personal Finance	2,141
Beazley	2,061
Foxtons Group	1,921
Jardine Lloyd Thompson	1,768
Savills	1,727
Direct Line Insurance Group	1,619
Plus 500[1]	1,260
St James's Place[2]	426
Grainger	242
Total Financials	**53,649**
Industrials	
Ashtead[2]	9,620
Howden Joinery	6,422
Interserve	4,316
Hays	4,088
DS Smith	3,903
Bodycote	3,609
HellermannTyton Group	3,299
Berendsen	2,789
Senior	2,209
Regus	2,083
Galliford Try	1,884
Keller	1,474
Cobham	1,312
Xaar	938
Total Industrials	**47,946**

Company	Valuation £'000
Consumer Services	
Thomas Cook	8,010
Dixons Retail	3,734
Rightmove	3,322
WH Smith	3,210
Go-Ahead	3,197
Greene King	3,036
Card Factory[3]	2,760
Restaurant Group	2,728
Carphone Warehouse	2,709
easyJet[2]	2,686
Halfords	2,553
Marston's	1,809
Dunelm	1,668
Home Retail Group	1,520
Pets At Home Group	1,154
Poundland Group	1,109
Ocado Group	1,076
B&M European Value Retail[3]	798
Sports Direct International[2]	706
Total Consumer Services	**47,785**
Consumer Goods	
Taylor Wimpey	5,301
Berkeley	4,232
Bellway	3,222
Greencore Group	3,011
Total Consumer Goods	**15,766**
Oil & Gas	
Kentz	5,137
Wood Group (John)	3,506
Afren	2,262
Soco International	1,832
Ophir Energy	1,652
Amerisur Resources[1]	1,052
Total Oil & Gas	**15,441**

Company	Valuation £'000
Telecommunications	
TalkTalk Telecom	6,051
Inmarsat	3,588
Cable & Wireless Communications	3,299
Telecom Plus	1,397
Total Telecommunications	**14,335**
Technology	
Micro Focus International	6,589
CSR	3,549
Pace	1,667
Total Technology	**11,805**
Health Care	
Hikma Pharmaceuticals	3,188
Total Health Care	**3,188**

Company	Valuation £'000
Basic Materials	
Elementis	2,655
Total Basic Materials	**2,655**
Liquidity Fund	
JPMorgan Sterling Liquidity Fund	10,000
Total Liquidity Fund	**10,000**
Total Portfolio	**222,570**

The portfolio comprises investments in equity shares and a liquidity fund.

[1]AIM listed companies.

[2]FTSE 100 Index companies.

[3]IPOs not allocated to an index as at 30th June 2014.

Strategic Report continued

Business Review

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

Structure and Objective of the Company

JPMorgan Mid Cap Investment Trust plc is an investment trust and has a premium listing on the London Stock Exchange. Its objective is to provide shareholders with capital growth from investment in medium-sized UK companies. In seeking to achieve this objective the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') to manage actively the Company's assets. The Board has determined an investment policy and related guidelines and limits, as described below. It aims to outperform the FTSE 250 Index (excluding investment trusts), with net dividends reinvested.

The Company is subject to UK and European legislation and regulations including UK company law, Financial Reporting Standards, Listing, Prospectus and Disclosure Transparency Rules, taxation law and the Company's own Articles of Association. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HMRC as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010) for the year ended 30th June 2013. The Directors have no reason to believe that approval will not continue to be obtained. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 2 to 6, and in the Investment Managers' Report on pages 7 and 8.

Investment Policies and Risk Management

In order to achieve its objective, the Company invests in a diversified portfolio, concentrating on FTSE 250 companies with the most attractive prospects. The Company makes use of long and short-term borrowings to increase returns and does not invest more than 15% of its gross assets in other UK listed investment companies (including investment trusts).

Investment Limits and Restrictions

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

- The Company will not invest more than 15% of its assets in other UK listed investment companies.
- No more than 15% of the portfolio at prevailing values may be invested outside the FTSE 250 Index. Investments outside the FTSE 250 Index can include AIM stocks.
- The Company will not invest more than 10% of assets in companies that themselves may invest more than 15% of gross assets in UK listed investment companies.
- The Company will not invest more than 15% of its assets in any one individual stock at the time of acquisition.
- The Company's gearing policy is to operate within a range of –5% to +25% in normal market conditions.

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

Performance

In the year to 30th June 2014, the Company produced a total return on net assets of 18.3% to give a total return to shareholders of 23.2%. This compares with the return on the Company's benchmark index of 17.8%. As at 30th June 2014, the value of the Company's investment portfolio was £222.6 million. The Investment Managers' Report on pages 7 and 8 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross total return for the year amounted to £33.8 million (2013: £61.3 million) and net total return after deducting finance costs, management fees, administrative expenses and taxation amounted to £31.3 million (2013: £60.0 million). Distributable income for the year amounted to £5.2 million (2013: £5.0 million).

The Directors recommend a final dividend of 12.5p (2013: 11.5p plus a special dividend of 1.0p) per share, payable on 12th November 2014 to shareholders on the register at the close of business on 3rd October 2014. This distribution, will amount to £3,000,000 (2013: £3,000,000). An interim dividend of 5.5p per share (2013: 5.5p per share) was paid on 9th April 2014. Following the payment of these dividends, the revenue reserve will amount to £3,862,000 (2013: £2,982,000).

Key Performance Indicators ('KPIs')

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

- **Performance against the benchmark index**
  This is the most important KPI by which performance is judged. Information on the Company's performance is

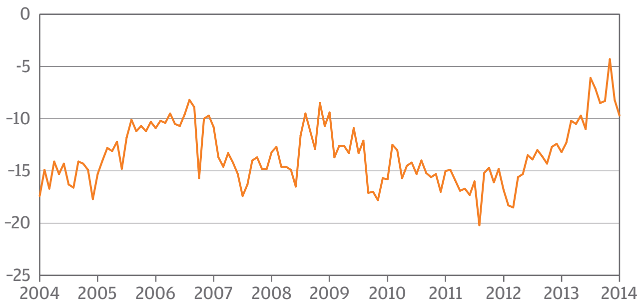
given in the Chairman's Statement and the Investment Managers' Report. (Also please refer to the graphs on page 10).

- **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 stock and sector allocation and gearing. Details of the attribution analysis for the year ended 30th June 2014 are given in the Investment Managers' Report on page 8.

- **Share price relative to net asset value ('NAV') per share**
  The Board has a share repurchase programme which seeks to address imbalances in supply of and demand for the Company's shares within the market and thereby reduce the volatility and absolute level of the discount to NAV at which the Company's shares trade and in relation to its peers in the sector. In the year to 30th June 2014, the shares traded between a discount of 4.3% and 12.3% to the net asset value. More information on the Board's share buy back policy is given in the Chairman's Statement.

Discount Performance



Source: Datastream

JPMorgan Mid Cap – discount with debt at fair value.

- **Ongoing Charges Ratio**
  The Ongoing Charges Ratio represents the Company's management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average of the daily net assets during the year. The Ongoing Charges Ratio for the year ended 30th June 2014 was 0.97% (2013: 0.66%). The Board reviews each year an analysis which shows a comparison of the Company's Ongoing Charges Ratio and its main expenses with those of its peers.

Share Capital

The Directors have authority on behalf of the Company to repurchase shares in the market either for cancellation or into Treasury and to issue Treasury shares or new Ordinary shares for cash. During the year no ordinary shares were repurchased for cancellation (2013: 25,000).

During the year no (2013: none) shares were repurchased into Treasury.

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

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

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 and Strategy: An inappropriate investment strategy, for example stock selection or the level of gearing, may lead to under-performance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks through its investment restrictions and guidelines which are monitored and reported monthly. JPMF provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Managers, who attend all Board meetings, and reviews data which shows statistical measures of the Company's risk profile. The Investment Managers employ the Company's gearing tactically, within a strategic range set by the Board.

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

Strategic Report continued

Business Review continued

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

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

- Financial: The Company is exposed to market risk, liquidity risk and credit risk. The principal financial risk facing the Company is market risk arising from uncertainty about the future prices of the Company's investments. It represents the potential loss the Company might suffer through holding investments that could fall in value either due to general market movements or stock specific events. The latter is mitigated through diversification of investments in the portfolio. The Board reviews the portfolio and its gearing on a regular basis and has set investment restrictions and guidelines for the Manager. JPMF reports its adherence to these limits once a month to the Board. The other financial risks faced by the Company are disclosed in note 22 on pages 51 to 55.

- Accounting, Legal and Regulatory: In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given under 'Business of the Company' above. Should the Company breach Section 1158, it may lose investment trust status and as a consequence capital gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by JPMF and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, as its shares are listed on the London Stock Exchange, the UKLA Listing Rules. A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. A breach of the UKLA Listing Rules may result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, JPMF, and its professional advisers to ensure compliance with the Companies Act 2006 and the UKLA Listing Rules.

- Corporate Governance and Shareholder Relations: Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement on pages 23 to 28.

- Operational: Disruption to, or failure of, JPMF's accounting, dealing or payments systems or the custodian's records may prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by JPMF and its associates and the key elements designed to provide effective internal control are included within the Internal Control section of the Corporate Governance Statement on pages 26 and 27.

Board Diversity
When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board. At 30th June 2014, there were five male Directors and one female Director on the Board. Please refer to page 24 for more information on the workings of the Nomination and Remuneration Committee.

Employees, Social, Community and Human Rights Issues
The Company is managed by JPMF, has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Board notes the JPMorgan policy statements in respect of Social, Community, Environmental and Human Rights issues, as outlined below.

Social, Community, Environmental and Human Rights
JPMorgan believes that companies should act in a socially responsible manner. Although JPMorgan's priority at all times is the best economic interests of its clients, it is recognised that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists within JPMAM's environmental, social and governance ('ESG') team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their industry. JPMorgan is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. JPMorgan's detailed approach to how it implements the principles is available on request.

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. The Investment Managers discuss the outlook in their report on page 8.

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

25th September 2014

Governance

Board of Directors

Andrew Barker
(Chairman of the Board, Nomination and Remuneration Committee and Management Engagement Committee)

A Director since October 2004. Appointed Chairman in 2005.

Last re-elected to the Board: 2013.

Other directorships/relevant experience: He has spent his career in investment management after joining Foreign and Colonial Management Ltd in 1970 from which he retired in 2000. His former directorships include The Bankers Investment Trust PLC where he was Chairman and Foreign & Colonial Investment Trust PLC. He is also a former Chairman of the Association of Investment Companies. Currently Chairman of Renn Universal Growth Investment Trust plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 28,000.

John Emly

A Director since June 1996.

Last re-elected to the Board: 2013.

Other directorships/relevant experience: Director of F&C Capital & Income Investment Trust plc and Investment Director of The Civil Aviation Authority's Pension Scheme.

Connections with Manager: An employee of Robert Fleming & Co. (the predecessor to the Company's Manager) until 2000.

Shared directorships with other Directors: None.

Shareholding in Company: 6,510.

Michael Hughes CBE (Senior Independent Director)

A Director since May 2008.

Last re-elected to the Board: 2011.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 4,000.

Governance continued

Board of Directors continued

Richard Huntingford

A Director since December 2013.

Last re-elected to the Board: seeking initial election by shareholders at the 2014 Annual General Meeting.

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

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 1,500.

Margaret Littlejohns

A Director since July 2008.

Last re-elected to the Board: 2011.

Other directorships/relevant experience: Director of Henderson High Income Trust plc and trustee of the Lymphoma Research Trust. Founder and Finance Director of The Space Place, a self storage company in the Midlands. Prior to this, she was an employee of Citigroup from 1982 to 2000 and Managing Director of Citifutures Ltd from 1990 to 1992.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 4,000.

Gordon McQueen (Chairman of the Audit Committee)

A Director since December 2004.

Last re-elected to the Board: 2013.

Other directorships/relevant experience: Director of The Edinburgh Investment Trust plc and Scottish Mortgage Investment Trust plc. Served as the Finance Director of Bank of Scotland and, until the end of 2003, on the Board of HBOS plc and Halifax plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 1,500.

Directors' Report

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

Management of the Company

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

JPMF is employed under a contract which can be terminated on three months notice, if notice is served on the basis of poor investment performance. The notice period is six months for all other circumstances, without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

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

Management Fee

The management fee paid to the Manager is a tiered fee of 0.65% per annum on total assets less current liabilities, excluding bank borrowings, up to £250 million and 0.60% per annum for assets in excess of £250 million. The calculation excludes management charges on investments on which the Manager already earns a management fee and principal amounts of more than £1 million drawn down under loan agreements which are either held in cash, on deposit or invested in a liquidity fund.

Going Concern

The Directors believe that having considered the Company's investment objective (see page 16), risk management policies (see pages 51 to 56), liquidity risk (see note 22(b) on page 54), capital management policies and procedures (see page 56), the nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Directors

The Directors of the Company who held office at the end of the year and up to the date of signing the financial statements are detailed on pages 19 and 20. Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 30.

In accordance with the Articles of Association and the UK Corporate Governance Code 2012, the Directors retiring at the forthcoming Annual General Meeting are Andrew Barker, Michael Hughes, Margaret Littlejohns and Gordon McQueen. Andrew Barker and Gordon McQueen retire on grounds of tenure and are standing for re-election. Michael Hughes and Margaret Littlejohns retire by rotation and stand for re-election. Having been appointed to the Board since 1st July 2013, Richard Huntingford will be standing for initial election by shareholders. John Emly will be retiring from the Board at the Company's forthcoming Annual General Meeting and will not therefore be seeking re-election. The Nomination and Remuneration Committee, having considered their qualifications, performance and contribution to the Board and its committees, confirms that each Director continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders the re-election of that those Directors. Having joined the Board on 1st December 2013, Richard Huntingford has proved himself to be an excellent addition to the Board, and accordingly the Board recommends his election to the Board.

Director Indemnification and Insurance

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

Governance continued

Directors' Report continued

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

Disclosure of information to Auditors

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

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

(b) each of the Directors has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

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

Independent Auditor

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

Annual General Meeting

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

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

(i) Authority to issue relevant securities and disapply pre-emption rights (resolutions 11 & 12)
The Directors will seek renewal of the authority to issue up to 2,399,718 new shares or shares held in Treasury other than by a pro rata issue to existing shareholders up to an aggregate nominal amount of £599,929, such amount being equivalent to approximately 10% of the current issued share capital (excluding Treasury shares). The full text of the resolutions is set out in the Notice of Annual General Meeting on pages 57 to 59.

It is advantageous for the Company to be able to issue new shares to investors purchasing shares through the Manager's savings products and also to other investors when the Directors consider that it is in the best interest of shareholders to do so. Any such issues would only be made at prices greater than the NAV per share, thereby, increasing the assets underlying each share.

(ii) Authority to repurchase the Company's shares (resolution 13)
The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2013 AGM, will expire on 6th May 2015 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewal of the authority is in the interests of shareholders as a whole as the repurchase of shares at a discount to NAV enhances the NAV of the remaining shares. The Board will therefore seek shareholder approval at the Annual General Meeting to renew this authority, which will last until 27th April 2016 or until the whole of the 14.99% has been acquired, whichever is the earlier. The full text of the resolution is set out in the Notice of Annual General Meeting on pages 57 to 59. Repurchases will be made at the discretion of the Board, and will only be made in the market at prices below the prevailing NAV per share as and when market conditions are appropriate, thereby enhancing the NAV of the remaining shares.

(iii) Amendment of Articles of Association – to amend the maximum aggregate Directors' fees payable (Resolution 14)
The Company's Articles of Association currently state that the remuneration of the Directors should not exceed in aggregate the sum of £150,000 per annum. The Company proposes to amend its Articles of Association by increasing the maximum aggregate sum to £200,000 per annum.

Recommendation

The Board considers that resolutions 11 to 14 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 45,510 shares representing approximately 0.2% of the voting rights of the Company.

Corporate Governance Statement

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities in respect of the accounts on page 32, indicates how the Company has applied the principles of good governance of the Financial Reporting Council UK Corporate Governance Code 2012 and the AIC's Code of Corporate Governance (the 'AIC Code'), which complements the UK Corporate Governance Code 2012 and provides a framework of best practice for investment trusts.

The Board is responsible for ensuring the appropriate level of corporate governance and considers that the Company has complied with the best practice provisions of the UK Corporate Governance Code 2012 and the AIC Code throughout the year under review.

Role of the Board

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

The Board has procedures in place to deal with potential conflicts of interest and confirms that the procedures have operated effectively during the year under review.

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

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

Board Composition

The Board, chaired by Andrew Barker, consists of six non-executive Directors, five of whom are considered to be independent of the Company's Manager. Given his employment until the year 2000 with the predecessor management company and his length of service, John Emly is not deemed to be independent. Notwithstanding this fact, the Board believes he is independent in character and judgement. The Board believes that it is appropriate to have a Senior Independent Director and Michael Hughes fulfils this role. He is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman. The Directors have a breadth of investment, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 19 and 20.

The Company has complied with the provisions of the UK Corporate Governance Code 2012 and the AIC Code in regard to the re-election of Directors every three years. The Board does not consider that Directors should serve for a fixed period of time. However, in order to achieve a balance of skills, experience, ages and length of service, it is the Board's policy to refresh itself in an orderly manner over time.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be elected by shareholders. Thereafter, a Director's appointment will run for a maximum term of three years. A Director may thereafter be invited to serve for one or more further terms of three years, in every case subject to the normal requirements for re-election by shareholders at Annual General Meetings. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking re-election but, when making a recommendation, the Board will take into account the ongoing requirements of the UK Corporate Governance Code 2012, including the need to refresh the Board and its Committees. Any Director who has served for a period of more than nine years will stand for annual re-election thereafter. The Board has resolved that from 2015 onwards all eligible Directors will be subject to annual re-election.

Directors' Report continued

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

The Board recommends the re-election of Andrew Barker and Gordon McQueen, who require annual re-election as they have served as Directors for a period in excess of nine years. The Board further recommends the re-election of Michael Hughes and Margaret Littlejohns who retire by rotation at this year's Annual General Meeting. Before recommending Andrew Barker, Gordon McQueen, Michael Hughes and Margaret Littlejohns for re-election, the Nomination and Remuneration Committee conducted a thorough review of their performance and contribution and was satisfied that they continued to fulfill their roles in an effective manner. Having joined the Board on 1st December 2013, Richard Huntingford has proved himself to be an excellent addition to the Board, and accordingly the Board recommends his election to the Board.

Training and Appraisal

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

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

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Directors who are not members of Committees may attend at the invitation of the Chairman.

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

Director	Board Meetings Attended	Strategy Meetings Attended	Audit Committee Meetings Attended
Andrew Barker	5	1	2
John Emly	5	1	2[1]
Michael Hughes	5	1	2
Richard Huntingford[2]	3	1	1
Margaret Littlejohns	5	1	2
Gordon McQueen	5	1	2

[1]Attended by invitation of the Committee.

[2]Appointed from 1st December 2013.

Director	Nomination & Remuneration Committee Meetings Attended	Management Engagement Committee Meetings Attended
Andrew Barker	1	1
John Emly	1[1]	1[1]
Michael Hughes	1	1
Richard Huntingford	1	1
Margaret Littlejohns	1	1
Gordon McQueen	1	1

[1]Attended by invitation of the Committee.

Board Committees

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of all of the independent Directors and is chaired by Andrew Barker. The Board believes that this is appropriate as it is a combined committee. The Committee meets at least annually to ensure that the Board has an appropriate balance of skills to carry out its fiduciary duties and to select and propose suitable candidates when necessary for appointment. A variety of sources, including the employment of external search consultants is used to ensure that a wide range of candidates is considered. The appointment process takes into account the benefits of diversity, including gender. In relation to the appointment of Mr Huntingford an external recruitment consultant was engaged by the Company.

The Committee has a succession plan to refresh the Board in an orderly manner over time. The first phase of the succession plan has been completed with the appointment of Richard Huntingford in December 2013. Mr Emly will be retiring from the Board at the forthcoming Annual General Meeting. A new succession plan will be agreed in 2015.

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

Audit Committee

The Audit Committee consists of all the independent Directors and is chaired by Gordon McQueen. The Committee meets at least twice each year. The members of the Committee consider that they have the requisite skills and financial experience to fulfil the responsibilities of the Committee.

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

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

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1 to the accounts on page 40. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 40.

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

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30th June 2014, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 32.

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

The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of external auditors. Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Accounts were considered and also engage with Directors as and when required. Having reviewed the performance of the external auditors, including assessing the quality of work, timing of communications and work with JPMF, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The current tenure of the external auditor dates from 2010. The same audit partner has been responsible for the Company since the appointment of PricewaterhouseCoopers. Any decision to open the external audit to tender is taken on the recommendation of the Audit Committee.

Management Engagement Committee

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

Terms of Reference

Both the Nomination & Remuneration Committee, the Audit Committee and the Management Engagement Committee have written terms of reference which define clearly their respective

Directors' Report continued

responsibilities, copies of which are available on the Company's website and for inspection on request at the Company's registered office and at the Annual General Meeting.

Relations with Shareholders

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

All shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet with and answer shareholders' questions. In addition, a presentation is given by the Investment Managers who review the Company's performance. During the year the Company's brokers and the Investment Managers hold regular discussions with shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 65.

The Company's Annual Report and Accounts are published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 65.

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

Section 992 Companies Act 2006

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

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

Voting Rights in the Company's shares
As at 24th September 2014 (being the latest business day prior to the publication of this report), the Company's issued share capital consists of 23,997,180 Ordinary shares (excluding Treasury shares) carrying one vote each. Therefore the total voting rights in the Company are 23,997,180.

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

Shareholders	Number of voting rights	%
Barclays PLC	2,170,318	9.0
1607 Capital Partners LLC	1,137,139	4.7
Brewin Dolphin Limited	1,093,859	4.6
Legal & General	1,019,562	4.2

The Company is also aware that approximately 26% of the Company's total voting rights are held by individuals through savings products managed by JPMAM, registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under certain circumstances JPMAM has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

Risk Management and Internal Control

The UK Corporate Governance Code 2012 requires the Directors, at least annually, to review the effectiveness of the Company's system of internal control and to report to shareholders that they have done so. This encompasses a review of all controls, which the Board has identified including business, financial, operational, compliance and risk management.

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

Since investment management, custody of assets and all administrative services are provided to the Company by JPMorgan and its associates, the Company's system of internal control mainly comprises monitoring the services provided by JPMorgan and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 17 and 18). This process has been in place for the year under review and up to the date of the approval of the Annual Report & Accounts and it accords with the Turnbull guidance. The Company does not have an internal audit function of its own, but relies on the internal audit department of JPMorgan. The key elements designed to provide effective internal control are as follows:

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

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

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

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

The Board, either directly or through the Audit Committee or Management Engagement Committee, keeps under review the effectiveness of the Company's system of internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

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

By the means of the procedures set out above, which accord with the Turnbull guidance on internal controls, the Board confirms that it has reviewed and is satisfied with the effectiveness of the Company's system of internal control for the year ended 30th June 2014, and to the date of approval of this Annual Report and Accounts.

During the course of its review of the system of internal control, the Board has not identified or been advised of any failings or weaknesses which it has determined to be significant.

Corporate Governance and Voting Policy

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

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

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

- *publicly disclose their policy on how they will discharge their stewardship responsibilities to their clients;*
- *disclose their policy on managing conflicts of interest;*
- *monitor their investee companies;*

Directors' Report continued

- *establish clear guidelines on how they escalate engagement;*
- *be willing to act collectively with other investors where appropriate;*
- *have a clear policy on proxy voting and disclose their voting record; and*
- *report to clients.*

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

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

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

25th September 2014

Directors' Remuneration Report

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

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on page 33.

Directors' Remuneration Policy Report

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

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

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

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

For the year under review Directors' fees were paid at the fixed rate of £31,000 for the Chairman, £25,000 for the Chairman of the Audit Committee and £21,000 for the other Directors.

The Company's Articles of Association stipulate that aggregate fees must not exceed £150,000 per annum. Any increase in this the maximum aggregate amount requires both Board and shareholder approval. The Directors propose that the aggregate maximum be increased to £200,000 per annum. A resolution proposing the above amendment will be put to the shareholders at the Annual General Meeting to be held on 28th October 2014. The full text of the resolution is set out in the Notice of Meeting on page 58.

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

The Directors do not have service contracts with the Company. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 23.

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

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report, which includes details of the Directors' remuneration policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 30th June 2014 and no changes are proposed for the year ending 30th June 2015.

At the Annual General Meeting held on 7th November 2013, of votes cast, 99.6% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.4% voted against. Abstentions were received from less than 0.01% of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Reports from the 2014 Annual General Meeting will be given in the annual report for the year

Governance continued

Directors' Remuneration Report continued

ending 30th June 2015. Thereafter, the reporting will be annually for the advisory vote on the Remuneration Policy Implementation Report and triennially for the Remuneration Policy Report.

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

Single total figure of remuneration

The total figure of remuneration for the Board for the year ended 30th June 2014 was £131,250. The total remuneration for each Director is detailed below together with the prior year comparative.

Single total figure table[1]

	Total amount of salary and fees[3] 2014	2013
Andrew Barker (Chairman)	**31,000**	28,000
John Emly	**21,000**	19,000
Michael Hughes	**21,000**	19,000
Richard Huntingford[2]	**12,250**	n/a
Margaret Littlejohns	**21,000**	19,000
Gordon McQueen	**25,000**	22,500
Total	**131,250**	107,500

[1]Audited information.

[2]Appointed on 1st December 2013.

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

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

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

Year ended 30th June	Fees	Performance related benefits received as a percentage of maximum payable[1]
2014	£31,000	n/a
2013	£28,000	n/a
2012	£28,000	n/a
2011	£28,000	n/a
2010	£28,000	n/a

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

Directors' Shareholdings[1]

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

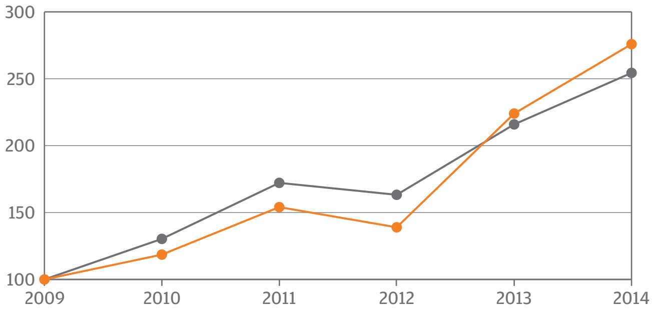
Ordinary	30th June 2014	1st July 2013
Andrew Barker (Chairman)	28,000	25,000
John Emly	6,510	6,357
Michael Hughes	4,000	4,000
Richard Huntingford[2]	1,500	n/a
Margaret Littlejohns	4,000	4,000
Gordon McQueen	1,500	1,500

[1]Audited information.

[2]Appointed on 1st December 2013.

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

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



Source: Morningstar.

Share price total return.

Benchmark.

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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th June 2014	2013
Remuneration paid to all Directors	**£131,250**	£107,500
Distribution to shareholders		
– by way of dividend	**£4,320,000**	£4,320,000
– by way of share repurchases	**£Nil**	£406,000

For and on behalf of the Board
Andrew Barker
Chairman

25th September 2014

Governance continued

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and financial statements, and the Directors' Remuneration Report in accordance with applicable law and regulations.

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

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

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

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

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

The accounts are published on the www.jpmmidcap.co.uk website, which is maintained by the Company's Manager, JPMorgan Funds Limited ('JPMF'). The maintenance and integrity of the website maintained by JPMF is, so far as it relates to the Company, the responsibility of JPMF. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. The financial statements are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

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

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

For and on behalf of the Board
Andrew Barker
Chairman

25th September 2014

Independent Auditors' Report

To the Members of JPMorgan Mid Cap Investment Trust plc

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

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

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

What we have audited

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

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

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

What an audit of financial statements involves

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

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

In addition, we read all the financial and non-financial information in the Annual Report & Accounts (the 'Annual Report') to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Overview of our audit approach

Materiality

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

Based on our professional judgement, we determined an overall materiality for the financial statements as a whole of £1,990,000 which is approximately 1% of Net Assets.

We have based our materiality on net assets as we believe this is the most appropriate measure of company performance.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £100,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of our audit

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

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

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

Independent Auditors' Report continued

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

Areas of particular audit focus

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

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit.

We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on page 25.

Area of focus	How the scope of our audit addressed the area of focus
Valuation and existence of investments We focused on this area because investments represent the principal element of the financial statements.	The investment portfolio principally comprises listed equity investments and an investment in a liquidity fund. We tested the valuation of the listed investment portfolio by agreeing the valuation of investments to independent third party sources. We tested the existence of the investment portfolio by agreeing 100% of the holdings to a confirmation obtained from the independent custodian.
Income recognition We focused on this area because incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover.	We tested a sample of dividend receipts to independent third party sources. Our sample was selected to provide coverage of a minimum 70% of the total income from investments balance. We tested the completeness of income receipts for a sample of investment holdings to independent third party sources. In addition we tested a sample of special dividend receipts as to their allocation between income and capital.
Risk of management override of internal controls ISAs (UK & Ireland) require that we consider management override of controls.	We tested journal entries to determine whether adjustments were supported by evidence and were appropriately authorised. We also built an element of 'unpredictability' into our detailed testing.

Going Concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 21, in relation to going concern. We have nothing to report having performed our review.

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

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

Opinions on matters prescribed by the Companies Act 2006

In our opinion:

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Corporate Governance Statement

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

On page 32 of the Annual Report, as required by the Code Provision C.1.1, the Directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy. On page 25, as required by C.3.8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report

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

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

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 32, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

25th September 2014

Financial Statements

Income Statement

for the year ended 30th June 2014

	Notes	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Gains on investments held at fair value through profit or loss	2	**–**	**27,495**	**27,495**	–	55,654	55,654
Income from investments	3	**6,274**	**–**	**6,274**	5,597	–	5,597
Other interest receivable and similar income	3	**30**	**–**	**30**	57	–	57
Gross return		**6,304**	**27,495**	**33,799**	5,654	55,654	61,308
Management fee	4	**(432)**	**(1,008)**	**(1,440)**	(186)	(435)	(621)
Other administrative expenses	5	**(480)**	**–**	**(480)**	(333)	–	(333)
Net return on ordinary activities before finance costs and taxation		**5,392**	**26,487**	**31,879**	5,135	55,219	60,354
Finance costs	6	**(180)**	**(420)**	**(600)**	(100)	(233)	(333)
Net return on ordinary activities before taxation		**5,212**	**26,067**	**31,279**	5,035	54,986	60,021
Taxation	7	**(12)**	**–**	**(12)**	(5)	–	(5)
Net return on ordinary activities after taxation		**5,200**	**26,067**	**31,267**	5,030	54,986	60,016
Return per share	9	**21.67p**	**108.62p**	**130.29p**	20.95p	229.06p	250.01p

Details of dividends are given in note 8 on page 45.

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 40 to 56 form an integral part of these accounts.

Reconciliation of Movement in Shareholders' Funds

	Called up share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	**Total £'000**
At 30th June 2012	6,375	3,625	101,580	5,032	**116,612**
Repurchase and cancellation of the Company's own shares	(25)	25	(406)	–	**(406)**
Net return on ordinary activities	–	–	54,986	5,030	**60,016**
Dividends appropriated in the year	–	–	–	(4,080)	**(4,080)**
At 30th June 2013	6,350	3,650	156,160	5,982	**172,142**
Net return on ordinary activities	–	–	26,067	5,200	**31,267**
Dividends appropriated in the year	–	–	–	(4,320)	**(4,320)**
At 30th June 2014	6,350	3,650	182,227	6,862	**199,089**

The notes on pages 40 to 56 form an integral part of these accounts.

Financial Statements continued

Balance Sheet
at 30th June 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Equity investments held at fair value through profit or loss		**212,570**	191,399
Investment in liquidity fund held at fair value through profit or loss		**10,000**	2,400
Total investments	10	**222,570**	193,799
Current assets			
Debtors	11	**4,992**	2,835
Cash and short term deposits		**1,362**	572
		6,354	3,407
Current liabilities			
Creditors: amounts falling due within one year	12	**(14,835)**	(5,064)
Net current liabilities		**(8,481)**	(1,657)
Total assets less current liabilities		**214,089**	192,142
Creditors: amounts falling due after more than one year	13	**(15,000)**	(20,000)
Net assets		**199,089**	172,142
Capital and reserves			
Called up share capital	14	**6,350**	6,350
Capital redemption reserve	15	**3,650**	3,650
Capital reserves	15	**182,227**	156,160
Revenue reserve	15	**6,862**	5,982
Total equity shareholders' funds		**199,089**	172,142
Net asset value per share	16	**829.6p**	717.3p

The accounts on pages 36 to 46 were approved and authorised for issue by the Directors on 25th September 2014 and were signed on their behalf by:

Andrew Barker
Director

The accompanying notes on pages 40 to 46 form an integral part of these accounts.

Company registration number: 1047690.

Cash Flow Statement
for the year ended 30th June 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating activities	17	**4,387**	4,578
Returns on investments and servicing of finance			
Interest paid		**(575)**	(325)
Net cash outflow from returns on investments and servicing of finance		**(575)**	(325)
Taxation			
Overseas tax recovered		**3**	1
Capital expenditure and financial investment			
Purchases of investments		**(163,557)**	(133,219)
Sales of investments		**161,358**	118,854
Other capital charges		**(6)**	(8)
Net cash outflow from capital expenditure and financial investment		**(2,205)**	(14,373)
Dividends paid		**(4,320)**	(4,080)
Net cash outflow before financing		**(2,710)**	(14,199)
Financing			
Repurchase and cancellation of the Company's own shares		**–**	(406)
Loans drawn down		**11,500**	20,000
Loans repaid		**(8,000)**	(5,000)
Net cash inflow from financing		**3,500**	14,594
Increase in cash for the year	18	**790**	395

The accompanying notes on pages 40 to 46 form an integral part of these accounts.

Financial Statements continued

Notes to the Accounts

for the year ended 30th June 2014

1. Accounting policies

(a) Basis of accounting

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

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

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

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

(b) Valuation of investments

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

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

(c) Accounting for reserves

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

(d) Income

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

UK dividends are accounted for net of tax credits. Overseas dividends are shown gross of any withholding tax.

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

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

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

(e) Expenses

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

- management fee is allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and include items such as stamp duty and brokerage commission.

(f) Finance costs

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

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

(g) Financial instruments

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

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

Bank loans and overdrafts are recorded at the proceeds received net of direct issue costs.

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

(h) Taxation

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

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

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

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

(i) Dividends payable

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

(j) Value Added Tax (VAT)

Irrecoverable VAT is included in the expense on which it has been suffered.

(k) Repurchases of ordinary shares for cancellation

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

Notes to the Accounts continued

1. Accounting policies continued

(l) Repurchase of shares to hold in Treasury

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

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

(m) Functional currency

The Board, having regard to the currency of the economic environment in which the Company operates, has determined that sterling is the functional currency and the currency in which the accounts are presented.

	2014 £'000	2013 £'000
2. Gains on investments held at fair value through profit or loss		
Gains on investments held at fair value through profit or loss based on historical cost	**31,009**	8,798
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	**(24,451)**	(833)
Gains on sales of investments based on the carrying value at the previous balance sheet date	**6,558**	7,965
Net movement in investment holding gains and losses	**20,943**	47,697
Other capital charges	**(6)**	(8)
Total capital gains on investments held at fair value through profit or loss	**27,495**	55,654

	2014 £'000	2013 £'000
3. Income		
Income from investments		
UK dividend income	**5,005**	4,567
Scrip dividends	**25**	23
Overseas dividend income	**1,220**	903
Property income distribution	**–**	95
Dividends from liquidity fund	**24**	9
	6,274	5,597
Other interest receivable and similar income		
Underwriting commission	**29**	56
Deposit interest	**1**	1
	30	57
Total income	**6,304**	5,654

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
4. Management fee						
Management fee	**432**	**1,008**	**1,440**	186	435	621

Details of the management fee are given in the Directors' Report on page 21.

With effect from 1st July 2013, the Company's management fee was increased from 0.4% per annum to 0.65% per annum on assets up to £250 million and 0.60% per annum on assets over £250 million. The Company no longer has a performance fee following this change. For full details on the Company's management fee please refer to page 21.

	2014 £'000	2013 £'000
5. Other administrative expenses		
Other administration expenses	**245**	138
Directors' fees[1]	**131**	108
Savings scheme costs[2]	**79**	62
Auditors' remuneration – for audit services[3]	**25**	25
	480	333

[1]Full disclosure is given in the Directors' Remuneration Report on page 30.

[2]Paid to JPMAM for the marketing and administration of savings scheme products, includes £13,000 of irrecoverable VAT.

[3]Includes £4,200 (2013: £4,000) irrecoverable VAT.

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
6. Finance costs						
Interest on bank loans and overdrafts	**180**	**420**	**600**	100	233	333

7. Taxation

(a) Analysis of tax charge in the year

	2014 £'000	2013 £'000
UK corporation tax for the year	**–**	–
Overseas withholding tax	**12**	5
Current tax charge for the year	**12**	5

Notes to the Accounts continued

7. Taxation continued

(b) Factors affecting current tax charge for the year

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

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Net return on ordinary activities before taxation	**5,212**	**26,067**	**31,279**	5,035	54,986	60,021
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 22.50% (2013: 23.75%)	**1,173**	**5,865**	**7,038**	1,196	13,059	14,255
Effects of:						
Non taxable capital gains	**–**	**(6,186)**	**(6,186)**	–	(13,218)	(13,218)
Non taxable UK dividends	**(1,088)**	**–**	**(1,088)**	(1,085)	–	(1,085)
Non taxable overseas dividends	**(265)**	**–**	**(265)**	(214)	–	(214)
Non taxable scrip dividends	**(6)**	**–**	**(6)**	(5)	–	(5)
Tax attributable to expenses and finance costs charged to capital	**(321)**	**321**	**–**	(159)	159	–
Unrelieved expenses and charges	**507**	**–**	**507**	267	–	267
Overseas withholding tax	**12**	**–**	**12**	5	–	5
Current tax charge for the year	**12**	**–**	**12**	5	–	5

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £9,706,000 (2013: £10,644,000) based on a prospective corporation tax rate of 20% (2013: 23%). The reduction in the standard rate of corporation tax was substantively enacted on 2nd July 2013 and is effective from 1st April 2014. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

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

8. Dividends

(a) Dividends paid and proposed

	2014 £'000	2013 £'000
2013 Final dividend of 11.5p (2012: 11.5p)	**2,760**	2,760
2013 Special dividend of 1.0p (2012: nil)	**240**	–
2014 Interim dividend of 5.5p (2013: 5.5p)	**1,320**	1,320
Total dividends paid in the year	**4,320**	4,080
2014 Final dividend proposed of 12.5p (2013: 11.5p)	**3,000**	2,760
2013 Special dividend proposed of 1.0p	**–**	240
Total dividends proposed for year	**3,000**	3,000

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

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

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

	2014 £'000	2013 £'000
Interim dividend of 5.5p (2013: 5.5p)	**1,320**	1,320
Final dividend of 12.5p (2013: 11.5p)	**3,000**	2,760
2013 Special dividend of 1.0p	**–**	240
Total dividends for Section 1158 purposes	**4,320**	4,320

The revenue available for distribution by way of dividend for the year is £5,200,000 (2013: £5,030,000).

9. Return per share

The revenue return per share is based on the earnings attributable to the ordinary shares of £5,200,000 (2013: £5,030,000) and on the weighted average number of shares in issue during the year of 23,997,180 (2013: 24,005,536).

The capital return per share is based on the capital return attributable to the ordinary shares of £26,067,000 (2013: £54,986,000) and on the weighted average number of shares in issue during the year of 23,997,180 (2013: 24,005,536).

Total return per share is based on the total return attributable to the ordinary shares of £31,267,000 (2013: £60,016,000) and on the weighted average number of shares in issue during the year of 23,997,180 (2013: 24,005,536).

Financial Statements continued

Notes to the Accounts continued

	2014 £'000	2013 £'000
10. Investments		
Investments listed on a recognised stock exchange[1]	**222,570**	193,799
Opening book cost	**141,839**	120,391
Opening investment holding gains	**51,960**	5,096
Opening valuation	**193,799**	125,487
Movements in the year:		
Purchases at cost	**164,830**	132,481
Sales – proceeds	**(163,560)**	(119,831)
Gains on sales of investments based on the carrying value at the previous balance sheet date	**6,558**	7,965
Net movement in investment holding gains and losses	**20,943**	47,697
	222,570	193,799
Closing book cost	**174,118**	141,839
Closing investment holding gains	**48,452**	51,960
Total investments held at fair value	**222,570**	193,799

[1]Includes the investment in the JPMorgan Sterling Liquidity Fund.

Transaction costs on purchases during the year amounted to £594,000 (2013: £552,000) and on sales during the year amounted to £125,000 (2013: £108,000). These costs include stamp duty on purchases and brokerage commission.

During the year, prior year investment holding gains of £24,451,000 have been transferred to gains and losses on sales of investments as disclosed in notes 2 and 15.

	2014 £'000	2013 £'000
11. Current assets		
Debtors		
Securities sold awaiting settlement	**4,400**	2,198
Taxation recoverable	**80**	40
Dividends and interest receivable	**483**	546
Other debtors	**29**	51
	4,992	2,835

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

Cash and short term deposits

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

	2014 £'000	2013 £'000
12. Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	**2,204**	956
Bank loans	**12,500**	4,000
Interest payable	**73**	48
Other creditors and accruals	**58**	60
	14,835	5,064

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

The bank loans are unsecured and are drawn down on the Company's floating rate loan facilities with Scotiabank (Ireland) Limited and ING Bank. Details of the facilities are given in note 22(a)(ii) on page 53.

	2014 £'000	2013 £'000
13. Creditors: amounts falling due after more than one year:		
Bank loan	**15,000**	20,000

The bank loan is unsecured and is drawn down on the Company's floating rate loan facility with Scotiabank (Ireland) Limited. Details of the facility are given in note 22(a)(ii) on page 53.

	2014 £'000	2013 £'000
14. Called up share capital		
Allotted and fully paid:		
Ordinary shares of 25p each		
Opening balance of 23,997,180 (2013: 24,097,180) shares excluding shares held in Treasury	**6,000**	6,025
Repurchase and cancellation of nil (2013: 100,000) shares	**–**	(25)
Subtotal 23,997,180 (2013: 23,997,180) shares	**6,000**	6,000
1,400,900 (2013: 1,400,900) shares held in Treasury	**350**	350
Closing balance[1]	**6,350**	6,350

[1]Represented by 25,398,080 (2013: 25,398,080) shares including 1,400,900 (2013: 1,400,900) shares held in Treasury.

During the year no ordinary shares were repurchased for cancellation or into treasury.

Financial Statements continued

Notes to the Accounts continued

	Called up share capital £'000	Capital redemption reserve £'000	2014 Capital reserves: Gains and losses on sales of investments £'000	Holding gains and losses on investments £'000	Revenue reserve £'000	Total £'000
15. Reserves						
Opening balance	6,350	3,650	104,200	51,960	5,982	172,142
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	6,558	–	–	6,558
Net movement in investment holding gains and losses	–	–	–	20,943	–	20,943
Transfer on disposal of investments	–	–	24,451	(24,451)	–	–
Finance costs charged to capital	–	–	(420)	–	–	(420)
Management fee charged to capital	–	–	(1,008)	–	–	(1,008)
Other capital charges	–	–	(6)	–	–	(6)
Dividends appropriated in the year	–	–	–	–	(4,320)	(4,320)
Retained revenue for the year	–	–	–	–	5,200	5,200
Closing balance	**6,350**	**3,650**	**133,775**	**48,452**	**6,862**	**199,089**

16. Net asset value per share

Net asset value per share is based on total shareholders' funds of £199,089,000 (2013: £172,142,000) and on the 23,997,180 (2013: 23,997,180) shares in issue at the year end, excluding shares held in Treasury.

	2014 £'000	2013 £'000
17. Reconciliation of net return on ordinary activities before finance costs and taxation to net cash inflow from operating activities		
Net return on ordinary activities before finance costs and taxation	**31,879**	60,354
Less capital return before finance costs and taxation	**(26,487)**	(55,219)
Scrip dividends received as income	**(25)**	(23)
Decrease/(increase) in dividends and interest receivable	**63**	(2)
Decrease/(increase) in other debtors	**22**	(39)
Decrease in accrued expenses	**(2)**	(17)
Tax on unfranked investment income	**(55)**	(41)
Management fee charged to capital	**(1,008)**	(435)
Net cash inflow from operating activities	**4,387**	4,578

	At 30th June 2013 £'000	Cash flow £'000	At 30th June 2014 £'000
18. Analysis of changes in net debt			
Cash and short term deposits	572	790	**1,362**
Debt falling due within one year	(4,000)	(8,500)	**(12,500)**
Debt falling due after more than one year	(20,000)	5,000	**(15,000)**
Net debt	(23,428)	(2,710)	**(26,138)**

19. Capital commitments and contingent liabilities

At the balance sheet date there were no capital commitments or contingent liabilities (2013: none).

20. Transactions with JPMorgan

Details of the management contract are set out on page 21. The terms make allowance for the exclusion of management charges on investments held in funds on which JPMorgan earns a separate management fee. Details of the management fee payable for the year can be found in note 4 on page 43. No management fee (2013: £nil) was outstanding at 30th June 2014.

Expenses amounting to £79,000 (2013: £62,000) were payable to JPMorgan for the marketing and administration of saving scheme products of which £nil (2013: £nil) was outstanding at the year end.

Safe custody fees and handling charges amounting to £9,000 (2013: £10,000) were payable to JPMorgan Chase of which £nil (2013: £2,000) was outstanding at the year end.

JPMAM carries out some of its investment activities through JPMorgan subsidiaries. These transactions are carried out at arm's length. The commission payable on transactions with JPMorgan subsidiaries was £24,000 (2013: £44,000) of which £nil (2013: £nil) was outstanding at the year end.

The Company holds an investment in the JPMorgan Sterling Liquidity Fund. At 30th June 2014 this holding was valued at £10.0 million (2013: £2.4 million). During the year, the Company made purchases of this fund amounting to £48.7 million (2013: £31.8 million) and sales of £41.1 million (2013: £33.3 million). Income receivable from this fund amounted to £24,000 (2013: £9,000) of which £nil (2013: £nil) was outstanding at the year end. JPMorgan earns no management fee on this fund.

At the year end a bank balance of £1,362,000 (2013: £572,000) was held with JPMorgan Chase. During the year ended 30th June 2014, a net amount of interest of £1,000 (2013: £1,000) was receivable from JPMorgan Chase of which £nil (2013: £nil) was outstanding at the year end.

Notes to the Accounts continued

21. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 29 that are held at fair value comprise its investment portfolio.

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

Level 1 – valued using quoted prices in active markets.

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

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

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 40.

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

	2014 Level 1 £'000	2014 Level 2 £'000	2014 Level 3 £'000	2014 Total £'000
Financial assets held at fair value through profit or loss				
Equity investments	**212,570**	**–**	**–**	**212,570**
Liquidity fund	**10,000**	**–**	**–**	**10,000**
Total	**222,570**	**–**	**–**	**222,570**

	2013 Level 1 £'000	2013 Level 2 £'000	2013 Level 3 £'000	2013 Total £'000
Financial assets held at fair value through profit or loss				
Equity investments	191,399	–	–	191,399
Liquidity fund	2,400	–	–	2,400
Total	193,799	–	–	193,799

There have been no transfers between Levels 1, 2 or 3 during the year (2013: none).

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

As an investment trust, the Company invests in equities and other securities for the long term in order to secure its investment objective stated on the 'Features' page. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends. These risks include market risk (comprising market price risk and interest rate risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Manager, in close cooperation with the Board, coordinates the Company's risk management policy. The Company has no significant direct exposure to foreign currencies risk.

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

The Company's financial instruments comprise the following:

- Investments in listed equity shares of UK companies and a sterling liquidity fund. These are held in accordance with the Company's investment objective;
- Short term debtors, creditors and cash arising directly from its operations; and
- Sterling bank loans, the purpose of which is to raise finance for the Company's operations.

(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 two elements – market price risk and interest rate risk. Information to enable an evaluation of the nature and extent of these two elements of market price risk is given in parts (i) and (ii) of this note, together with sensitivity analyses where appropriate.

The Board reviews and agrees policies for managing these risks. 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) Market price risk

Market price risk arises from fluctuations in the market prices of equities which may affect the value of the Company's investments.

Management of market price risk

The Board meets on at least four occasions each year to consider the stock selection 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.

Market price risk exposure

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

	2014 £'000	2013 £'000
Equity investments held at fair value through profit or loss	**212,570**	191,399

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

Concentration of market price risk

An analysis of the Company's investments by industry sector is given on page 13. All of the investments are listed in the UK. Accordingly there is a concentration of exposure to the UK. However, it should be noted that an investment may not be wholly exposed to the economic conditions in its country of domicile or of listing.

Financial Statements continued

Notes to the Accounts continued

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

(a) Market risk continued

(i) Market price risk continued

Market price risk sensitivity

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

	2014		2013	
	10% Increase in fair value £'000	10% Decrease in fair value £'000	10% Increase in fair value £'000	10% Decrease in fair value £'000
Income statement – return after taxation				
Revenue return	**(26)**	**26**	(23)	23
Capital return	**21,197**	**(21,197)**	19,086	(19,086)
Total return after taxation for the year	**21,171**	**(21,171)**	19,063	(19,063)
Net assets	**21,171**	**(21,171)**	19,063	(19,063)

(ii) Interest rate risk

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

Management of interest rate risk

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

Interest rate exposure

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

	2014 £'000	2013 £'000
Exposure to floating interest rates:		
JPMorgan Sterling Liquidity Fund	**10,000**	2,400
Bank loans	**(27,500)**	(24,000)
Cash and short term deposits	**1,362**	572
Total exposure	**(16,138)**	(21,028)

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

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

As at 30th June 2014 the Company had four floating rate loan facilities in place. A £5 million three year loan facility with ING Bank, which expired on 7th July 2014, a £15 million three year loan facility with Scotiabank (Ireland) Limited expiring on 30th May 2015, a £25 million two year loan facility with Scotiabank (Ireland) Limited expiring on 2nd June 2016 and a £15 million three year loan facility with National Australia Bank (NAB) expiring on 30th April 2017.

Under the terms of the three year ING Bank loan facility the Company was able to draw down up to £5 million at an interest rate of LIBOR as quoted in the market for the loan period, plus a margin of 1.85%, plus mandatory costs. At the year end, the Company had £1 million drawn down on the facility with ING.

Under the terms of the three year £15 million Scotiabank (Ireland) Limited loan facility the Company may draw down up to £15 million at a money market rate offered for the loan period by prime banks in the London market as quoted in the market for the loan period, plus a margin of 1.45%, plus mandatory costs. At the year end, the Company had £11.5 million drawn down on this facility with Scotiabank.

Under the terms of the two year £25 million Scotiabank (Ireland) Limited loan facility the Company may draw down up to £15 million at an interest rate of LIBOR as quoted in the market for the loan period, plus a margin of 0.80%, plus mandatory costs. At the year end, the Company had £15 million drawn down on this facility with Scotiabank.

Under the terms of the three year £15 million NAB loan facility the Company may draw down up to £15 million at an interest rate of LIBOR as quoted in the market for the loan period, plus a margin of 1.10%, plus mandatory costs. At the year end, the Company had not drawn down on this facility with NAB.

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

	2014 £'000	2013 £'000
Maximum debit interest rate exposure to floating rates – net loan balances	**(30,228)**	(21,028)
Minimum debit interest rate exposure to floating rates – net loan balances	**(16,138)**	(4,943)

Interest rate sensitivity

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

	2014		2013	
	1% Increase in rate £'000	1% Decrease in rate £'000	1% Increase in rate £'000	1% Decrease in rate £'000
Income statement – return after taxation				
Revenue return	**31**	**(31)**	(42)	42
Capital return	**(193)**	**193**	(168)	168
Total return after taxation for the year	**(162)**	**162**	(210)	210
Net assets	**(162)**	**162**	(210)	210

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, investment in the JPMorgan Sterling Liquidity Fund and drawings on the loan facility.

Notes to the Accounts continued

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

(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.

The Board's policy is for the Company to remain fully invested in normal market conditions and that short term borrowings be used to manage short term liabilities, working capital requirements and to gear the Company as appropriate. Details of the current loan facilities are given in part (a)(ii) to this note on page 53.

Liquidity risk exposure

Contractual maturities of the financial liabilities at the year end are as follows. The table includes the principal amounts repayable and finance costs, from the balance sheet date to the earliest dates on which payment can be required by the lender.

	2014 Within one year £'000	2014 One to two years £'000	2014 Two to five years £'000	2014 Total £'000
Creditors: amounts falling due within one year				
Securities purchased awaiting settlement	2,204	–	–	2,204
Interest payable	73	–	–	73
Other creditors and accruals	58	–	–	58
Bank loans	12,527	–	–	12,527
Creditors: amounts falling due after more than one year				
Bank loan	199	15,185	–	15,384
	15,061	15,185	–	30,246

	2013 Within one year £'000	2013 One to two years £'000	2013 Two to five years £'000	2013 Total £'000
Creditors: amounts falling due within one year				
Securities purchased awaiting settlement	956	–	–	956
Interest payable	48	–	–	48
Other creditors and accruals	60	–	–	60
Bank loan	4,047	–	–	4,047
Creditors: amounts falling due after more than one year				
Bank loan	411	20,271	–	20,682
	5,522	20,271	–	25,793

(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 a 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

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

Exposure to JPMorgan Chase

JPMorgan Chase is the custodian of the Company's assets. The custody agreement grants a general lien over securities credited to the securities account. The extent of this lien is limited to the amount of unpaid fees payable to JPMorgan Chase. The Company's investment assets are segregated from JPMorgan Chase's own trading assets and are therefore 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 ends.

The liquidity fund has a AAA (2013: AAA) credit rating from Standard & Poor's.

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

(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.

Financial Statements continued

Notes to the Accounts continued

23. Capital management policies and procedures

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

	2014 £'000	2013 £'000
Debt		
Bank loan falling due within one year	**12,500**	4,000
Bank loan falling due after more than one year	**15,000**	20,000
	27,500	24,000
Equity		
Share capital	**6,350**	6,350
Reserves	**192,739**	165,792
	199,089	172,142

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

The Board's current policy is to limit gearing within a range of 5% net cash to 25% geared in normal market conditions. Gearing for this purpose is defined as Total Assets (including net current assets/liabilities) less cash/cash equivalents and excluding bank loans, expressed as a percentage of net assets.

	2014 £'000	2013 £'000
Investments held at fair value excluding liquidity fund holdings	**212,570**	191,399
Current assets excluding cash	**4,992**	2,835
Current liabilities excluding bank loans	**(2,335)**	(1,064)
Total assets	**215,227**	193,170
Net assets	**199,089**	172,142
Gearing	**8.1%**	12.2%

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

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

Shareholder Information

Notice of Annual General Meeting

Notice is hereby given that the forty second Annual General Meeting of JPMorgan Mid Cap Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Tuesday, 28th October 2014 at 2.30 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th June 2014.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th June 2014.
4. To approve a final dividend.
5. To re-elect Andrew Barker as a Director of the Company.
6. To re-elect Michael Hughes as a Director of the Company.
7. To re-elect Margaret Littlejohns as a Director of the Company.
8. To re-elect Gordon McQueen as a Director of the Company.
9. To elect Richard Huntingford as a Director of the Company.
10. To reappoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

11. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £599,929, representing approximately 10% of the Company's issued ordinary share capital (excluding Treasury shares) as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

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

12. THAT subject to the passing of Resolution 11 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 11 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £599,929, representing approximately 10% of the issued ordinary share capital (excluding Treasury shares) as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 11 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

13. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693 of the Act) of its issued shares of 25p each in the capital of the Company

    PROVIDED ALWAYS THAT

    (i) the maximum number of shares hereby authorised to be purchased shall be 3,597,177 or, if less, that number of shares which is equal to 14.99% of the Company's issued share capital as at the date of the passing of this Resolution;

Shareholder Information continued

Notice of Annual General Meeting continued

(ii) the minimum price which may be paid for a share shall be 25 pence;

(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 taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

(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) at the date following not more than seven days before the date of purchase;

(v) the authority hereby conferred shall expire on 27th April 2016 unless the authority is renewed at the Company's Annual General Meeting in 2015 or at any other general meeting prior to such time; and

(vi) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

Amendment of Articles of Association – to amend the maximum aggregate Directors' fees payable – Special Resolution

14. THAT in accordance with Article 96 of the Company's Articles of Association, the maximum aggregate Directors' fees payable be increased from £150,000 to £200,000 per annum with immediate effect.

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

25th September 2014

Notes

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

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

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

   Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
10. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmmidcap.co.uk.
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
15. As an alternative to completing a hard copy Form of Proxy/Voting Direction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
16. As at 24th September 2014 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 23,997,180 Ordinary shares (excluding treasury shares) carrying one vote each. Therefore the total voting rights in the Company are 23,997,180.

Electronic appointment – CREST members

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

Shareholder Information continued

Glossary of Terms and Definitions

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

Portfolio Return Net of Fees and Expenses
Total return on net assets, net of management fees and administration expenses but prior to the use of revenue reserves to finance the dividend.

Return on Net Assets
Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested 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 NAV when calculating the total return on net assets.

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

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

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

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

Share Price Discount/Premium to Net Asset Value ('NAV') per Share
If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

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

Performance Attribution Definitions:

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

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

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

Financial Conduct Authority

Beware of share fraud

In association with: icsa Registrars Group

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

1. Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
2. Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
3. Check the Financial Services Register from **www.fca.org.uk** to see if the person and firm contacting you is authorised by the FCA.
4. Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
5. Use the firm's contact details listed on the Register if you want to call it back.
6. Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date.
7. Search the list of unauthorised firms to avoid at **www.fca.org.uk/scams**.
8. Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
9. Think about getting independent financial and professional advice before you hand over any money.
10. **Remember:** if it sounds too good to be true, it probably is!

Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at **www.fca.org.uk/scams**, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000

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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	April and October
Half yearly dividends on ordinary shares paid	November, April
Annual General Meeting	October

History

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

Directors

Andrew Barker (Chairman)
John Emly
Michael Hughes (Senior Independent Director)
Richard Huntingford (appointed on 1st December 2013)
Margaret Littlejohns
Gordon McQueen (Chairman of the Audit Committee)

Company Numbers

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

Market Information

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

Website

www.jpmmidcap.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

Please contact Alison Vincent for company secretarial and administrative matters.

Depositary

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

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

Registrars

Equiniti Limited
Reference 1082
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2321

Calls to this number cost 8p per minute plus network extras. 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 1082.

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

Independent Auditors

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

Brokers

Numis Securities Ltd
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

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.

aic
The Association of
Investment Companies

A member of the AIC

J.P. Morgan Helpline
Freephone 0800 20 40 20 or +44 (0)20 7742 9995

Your telephone call may be recorded for your security

www.jpmmidcap.co.uk