JPMorgan Elect plc

Annual Report & Financial Statements for the year ended 31st August 2021

– Managed Growth shares
– Managed Income shares
– Managed Cash shares

J.P.Morgan
Asset Management

Your Company

JPMorgan Elect plc (the 'Company') has three share classes, each with distinct investment policies, objectives and underlying investment portfolios. Each share class is listed separately and traded on the London Stock Exchange. The Company's capital structure means that shareholders may benefit from greater investment flexibility in a tax-efficient manner.

Objectives

Managed Growth

Long term capital growth from investing in a range of investment trusts and open-ended funds managed principally by JPMorgan Asset Management.

Managed Income

A growing income return with potential for long term capital growth by investing primarily in UK Equities.

Managed Cash

To achieve a return in excess of sterling money markets by investing primarily in GBP denominated short-term debt securities. Based on its return characteristics and the costs incurred in transacting in its shares, an investment in Managed Cash should only be considered by existing holders of Managed Growth and/or Managed Income shares who wish to switch into Managed Cash on the designated quarterly conversion dates. Further details are given on page 106.

Borrowing

The Managed Income share class has the ability to use short term borrowings to increase potential returns to shareholders. Its policy is to operate within a range of 85% to 112.5% invested.

Investment Policies, Restrictions and Guidelines

More information on investment policies, risk management, restrictions and guidelines is given in the Business Review on pages 37 and 38.

Benchmarks

Managed Growth

A composite comprising 50% FTSE All-Share Index and 50% FTSE World Index (ex-UK) (all total return).

Managed Income

FTSE All-Share Index (total return).

Managed Cash

There is no benchmark for this portfolio, other than to maintain the net asset value as close to 100p per share as possible.

Capital Structure

At 31st August 2021, the following shares were in issue.

Managed Growth:

27,759,882 (2020: 29,653,205) Ordinary shares, excluding 2,915,732 (2020: 8,636,237) Treasury shares.

Managed Income:

75,682,487 (2020: 80,253,693) Ordinary shares, excluding 7,848,713 (2020: 17,243,111) Treasury shares.

Managed Cash:

7,637,858 (2020: 5,946,758) Ordinary shares. There were no shares held in Treasury (2020: Nil).

Conversions and Repurchase of Managed Cash Shares

Shareholders in any of the three share classes are able to convert some or all of their shares to the other classes on a quarterly basis without such conversion being treated, under current law, as a disposal for UK capital gains tax purposes. It is also possible for holders of Managed Cash shares to elect to have all or part of their holding of those shares repurchased by the Company for cash at a price close to net asset value at each conversion date. Further details are given on page 106.

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

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

The Company's ordinary shares are not considered to be 'complex instruments' under the FCA's revised appropriateness criteria adopted in the implementation of MiFID II.

Management Company

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

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Find out more

More information about the Company can be found online at www.jpmelect.co.uk

WHY INVEST IN JPMORGAN ELECT PLC?

JPMorgan Elect plc provides a simple tax-efficient way to invest and switch between capital growth, income and capital protection strategies.

THE BENEFITS OF JPMORGAN ELECT PLC

Flexibility

Flexibility for investors to manage an investment strategy.

Choice

Choice of investment options so investors can focus on growing capital, earning income or protecting capital.

Switch

Switch capabilities mean investors can switch between three investment choices quarterly.

JPMorgan Elect offers quarterly conversion dates which allow you to convert between each share class without incurring a liability to UK capital gains tax. Managed Cash shareholders may also elect to have their shares repurchased by the Company on the quarterly Conversion Dates.

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Strategic Report

Image : Pulpit Rock at Portland Bill on the Isle of Portland near Weymouth on Dorset's Jurassic Coast. England. UK.

Steve Bates
Chairman

Dear Shareholders,

The past year has seen global equity markets rise sharply. The FTSE World index returned 26.3%, with all regions contributing positively. On balance, markets in the developed world fared better than their emerging brethren, but even here, returns topped 18%. In the first nine months of the Company's fiscal year, conditions for good equity markets could hardly have been more propitious. A successful vaccine rollout in the major economies set the scene for a robust recovery while interest rates held close to zero. Corporate earnings and dividends bounced strongly.

More recently, two factors have checked the optimism. First, the spread of the delta variant has been an unwelcome reminder that Covid is still with us and that large parts of the global population do not yet have access to vaccines. Second, the disruption to supply chains caused by the pandemic has caused a shortage of goods and rising prices. This reflects the strongest economic recovery on record running headlong into the largest supply interruption since the Second World War. While these are troubling developments, markets have only paused for breath, believing that rising inflation is transitory and will abate as supply chains and labour markets normalise.

I am delighted to report that the portfolios of both Managed Growth and Managed Income benefited fully from market conditions, comfortably outpacing their respective benchmarks. You can read more about how these results came about in the Manager's reports, beginning on page 14.

Managed Growth

The Managed Growth portfolio has delivered a total return on net assets of +33.7%, compared with the portfolio's benchmark which returned +26.8%. Over the medium and longer term, performance remains well ahead of benchmark.

The objective of this share class is long-term capital growth delivered by investing in a range of investment trusts and open-ended funds managed principally by JPMorgan Asset Management. At the year-end, 34% of the portfolio was invested in non-JPMorgan funds.

For the year ended 31st August 2021, the Board declared dividends of 16.0p per Managed Growth share compared to 16.7p for the year ended 31st August 2020. Shareholders are reminded that this share class is a growth vehicle. Any net income generated during the year is generally distributed to shareholders but investment decisions are not made with the objective of maintaining or growing income.

Managed Income

It was encouraging to see the performance of the portfolio as it delivered a total return on net assets of +33.9% in comparison to the benchmark return of +26.9%.

Dividends for the year ended 31st August 2021 totalled 4.75p per share (2020: 4.70p per share).
In determining the level of the fourth interim dividend payable by the Managed Income Class the Board took into account the level of dividends received and to be received by the Company, the anticipated dividends for the coming financial year and the commitment made in the 2020 Annual Report. Dividend growth of 1.1% is below the level of inflation and therefore inconsistent with our aim to increase the total dividends by at least inflation. The Board took the decision to increase the dividend by less than the inflation rate for two principal reasons. First, dividend payouts, which fell sharply during the pandemic, have not yet fully recovered and it is unclear whether previous levels will be restored quickly. Second, inflation rates in the UK have been higher than forecast because of supply chain issues resulting from the pandemic. At this point, the Investment Manager and the Board believe that these pressures are temporary and will abate in the year ahead.

Given these uncertainties, we felt that paying a modest increase would provide some breathing room to see how the situation settles. It is perhaps not surprising, therefore, that the fourth interim dividend was not fully covered by the income earned in the financial year leading the Company to utilise the Managed Income Class revenue reserves which have built up over previous years to support this dividend. Following payment of this fourth interim dividend, the Managed Income Class revenue reserve will equate to approximately three quarters of the full year dividend.

In the absence of unforeseen circumstances, the Board intends to declare the first three interim dividends for the year ending 31st August 2022 at 1.1p per share. The level of the fourth interim dividend will be determined by the Board towards the end of the Company's 2021/22 financial year and will depend on the level of dividends received and expected by the Company, as well as on the path of inflation, as discussed.

Managed Cash

The portfolio's objective and policy is to achieve a return in excess of sterling money markets by investing primarily in GBP denominated short-term debt securities through investment in JPMorgan Funds – Sterling Managed Reserves Fund (JSMRF). The Managed Cash share class returned +0.2% on net assets and an interim dividend of 0.4p per share was paid for the year ended 31st August 2021.

Historically, the Managed Cash share class has paid one dividend each financial year, in the fourth quarter. However, since the investment objective and policy of the Class was changed and the assets of the Class invested in the Sterling Managed Reserves Fund, the Company receives an annual dividend from that fund, in September. Therefore, to better align the date of receipt of the dividend from the Sterling Managed Reserves Fund with the shareholders on the Managed Cash register at that time, it was proposed that the declaration and payment date for the annual dividend be brought forward to earlier in the financial year.

As announced previously, the Board therefore decided to pay an interim dividend of 0.4p per Managed Cash share, for the second quarter of the year ending 31st August 2021 and no further dividends were paid on this share class for the remainder of the financial year ending 31st August 2021. In future years, it is expected that any dividend for this Class will be declared in the first quarter of the Company's financial year, which begins on 1st September.

The Board considers this class to be an asset allocation tool which continues to benefit shareholders of the Company's other share classes, offering the opportunity to switch into a safer share class in times of market volatility.

The Investment Managers' reports provide more detail on the positioning and performance of the three separate share class portfolios.

Conversions and Redemptions

During the year, shareholders took the opportunity to convert between share classes. This resulted in a decrease in the Managed Growth share class shares in issue of 188,282, a decrease in the Managed Income share class shares in issue of 652,997 and an increase in the Managed Cash share class shares in issue of 2,275,607. In addition, 584,507 Managed Cash shares were redeemed.

Gearing

The Board's policy is not to utilise borrowings to increase the funds available for investment for the Managed Growth share class. The Board monitors closely the level of indirect gearing (currently around 5%) through the underlying investments. The Managed Income share class has the ability to use short-term borrowings to increase potential returns to shareholders. Its policy is to operate within a range of 85% to 112.5% invested.

During the year, the Company renewed its multicurrency revolving credit facility with Scotiabank, and now has in place a £15 million facility extending its maturity date to June 2022. At the year-end, £7 million was drawn and the Managed Income portfolio was 4.6% geared.

Environmental, Social and Corporate Governance ('ESG')

As detailed in the Investment Managers' report, Environmental, Social and Governance ('ESG') considerations form an important part of the Investment Managers' investment process. The Board shares the Investment Managers' view of the importance of ESG factors when making investments for the long term and of the necessity of continued engagement with investee companies throughout the duration of the investment. Further information on the Manager's ESG process and engagement is set out in the ESG Report section within the 2021 Annual Report.

The Board

Notwithstanding that James Robinson will have served as a director for almost ten years at the date of the 2022 AGM, the Board agrees that he continues to remain independent. Accordingly, due to his significantly positive contribution to the Board, in particular leading the Audit Committee and his knowledge of the industry, the Board agrees that it would be in the Company's best interests if James Robinson's appointment as a director and Audit Committee Chairman continued. The succession plan for the Audit Committee is well advanced and an announcement will be made when the process is complete..

The Board supports the annual re-election for all Directors, as recommended by the UK Corporate Governance Code, and therefore all Directors will stand for re-election at the forthcoming AGM.

Further, during the year, the Board carried out its customary evaluation of the Directors, the Chairman, the Committees and the working of the Board as a whole. It was concluded that the Board and its procedures were operating effectively.

Covid-19 and the Company's Key Service Providers

The Board is pleased to report that, since the on-set of the pandemic in spring 2020 and throughout, the Manager and the Company's other service providers have been able to adjust their business models to continue to accommodate working from home requirements. The Board has been closely monitoring all service arrangements and has received assurances that the Company's operations, to include the management of the portfolio, have continued as normal with no reduction in the level of service provided nor any issues being identified.

Annual General Meeting

Regrettably Covid-19 restrictions prevented the holding of the Company's AGM earlier this year in the usual format. The Directors were disappointed not to be able to have the usual interaction with shareholders at this forum. Current indications are that a more familiar format for the AGM may be permissible in January 2022 and, to that end, the AGM is scheduled to be held at 12.30 p.m. on 26th January 2022 at 60 Victoria Embankment, London EC4Y 0JP.

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

As is normal practice, all voting on the resolutions will be conducted on a poll. Due to technological reasons, shareholders viewing the meeting via conferencing software will not be able to vote on the poll and we therefore encourage all shareholders, and particularly those who cannot attend physically, to exercise their votes in advance of the meeting by completing and submitting their form of proxy.

Shareholders are encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at the email address above. We will endeavour to answer relevant questions at the meeting or via the website depending on arrangements in place at the time.

Outlook

We have never before experienced economic conditions anything like as dramatic as those which have characterised the last 18 months. Conventional forecasting uses historical models to project what will happen in the future. These models are now broken, so wise counsel would be to take all forecasts with a pinch of salt. Nevertheless, the convention in these statements is to prognosticate about the future, so here goes.

Liquidity conditions are likely to remain benign. This means that interest rates will stay low, even as Central Banks try to engineer a return to normal monetary policy. This is partly because the world is now so indebted that a rise in rates would hobble the global economy, but also because policymakers believe that the current rises in inflation are temporary. Even if they are wrong, it would likely take several years before we know whether higher rates of inflation have become embedded in the economy.

Rising prices and supply disruption will affect corporate margins. The squeeze hasn't started yet, but profit expectations are high and the risk of disappointment is real. On the other side of this coin sits the increasing use of technology in business - so called digitisation. This is a long term trend which should boost productivity across many sectors and thereby offset margin pressure.

This mix of influences is broadly positive for global equity markets, although the very high returns of the past year will prove a hard act to follow.

Steve Bates
Chairman

18th November 2021

Managed Growth Share Class

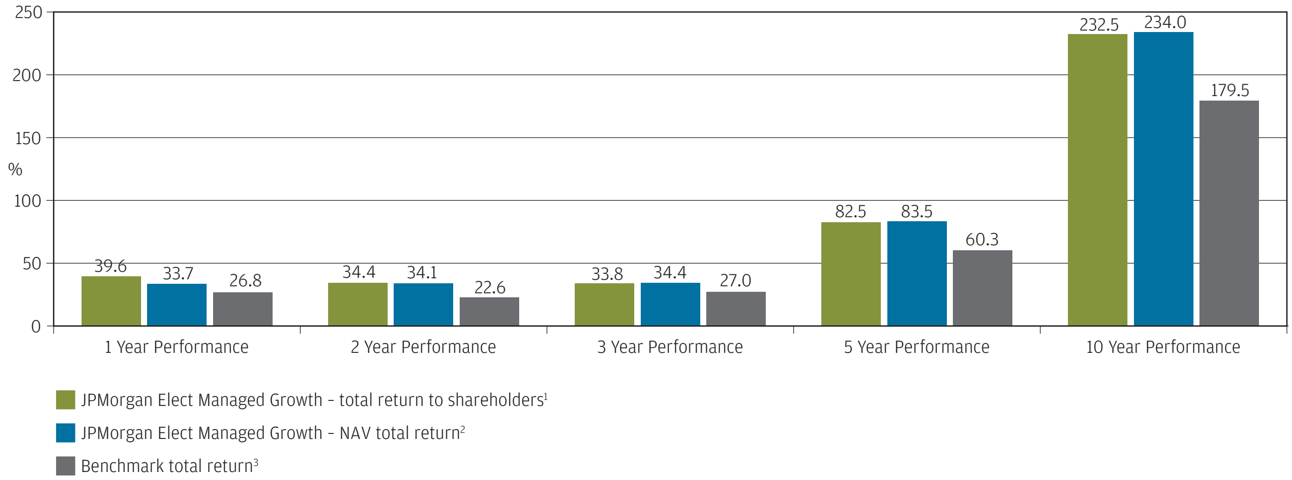
TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2021	2020	3 Year Cumulative	5 Year Cumulative
Return to shareholders[1, A]	+39.6%	-3.8%	+33.8%	+82.5%
NAV return[2, A]	+33.7%	+0.4%	+34.4%	+83.5%
Benchmark return[3]	+26.8%	-3.3%	+27.0%	+60.3%
NAV return performance compared to benchmark return	+6.9%	+3.7%	+7.4%	+23.2%
Dividend per share	16.0p	16.7p		

[1] Source: Morningstar.
[2] Source: Morningstar/J.P. Morgan, using cum income net asset value ('NAV') per share.
[3] Source: J.P. Morgan/Bloomberg. The benchmark is a composite comprising 50% FTSE All-Share Index and 50% FTSE World Index (ex-UK) (all total return).
[A] Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 112 to 115.

MANAGED GROWTH PERFORMANCE



Please note that there may be small rounding differences when comparing the graph data above with the return figures disclosed on page 19.

FINANCIAL DATA

	31st August 2021	31st August 2020	% change
Shareholders' funds (£'000)	310,647	252,610	+23.0
Net asset value per share	1,119.1p	851.9p	+31.4[4]
Share price	1,085.0p	790.0p	+37.3[5]
Share price discount to net asset value per share[A]	3.0%	7.3%	
Dividend per share	16.0p	16.7p	–4.2
Ongoing charges[A]	0.54%	0.54%	

[1] Source: Morningstar. Share price total return.
[2] Source: Morningstar/J.P. Morgan, using cum income net asset value ('NAV') per share.
[3] Source: J.P. Morgan/Bloomberg. The benchmark is a composite comprising 50% FTSE All-Share Index and 50% FTSE World Index (ex-UK).
[4] This is the capital return excluding dividends reinvested. The total return including dividends reinvested is +33.7%.
[5] This is the capital return excluding dividends reinvested. The total return including dividends reinvested is +39.6%.
[A] Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 112 to 115.

Managed Income Share Class

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2021	2020	3 Year Cumulative	5 Year Cumulative
Return to shareholders[1, A]	+37.7%	–14.1%	+11.5%	+32.4%
NAV return[2, A]	+33.9%	–12.1%	+12.7%	+31.3%
Benchmark return[3]	+26.9%	–12.7%	+11.2%	+30.6%
NAV return performance compared to benchmark return[3]	+7.0%	+0.6%	+1.5%	+0.7%
Dividend per share	4.75p	4.70p		

[1] Source: Morningstar.

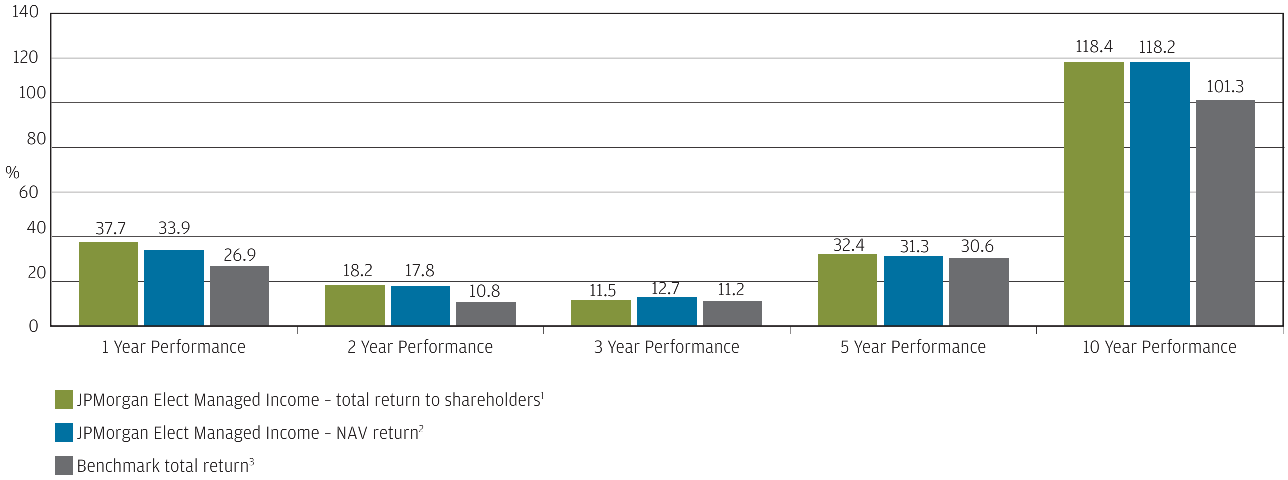
[2] Source: Morningstar/J.P. Morgan, using cum income net asset value ('NAV') per share.

[3] Source: J.P.Morgan/Bloomberg. The Company's benchmark is the FTSE All-Share Index (total return). Prior to 1st March 2018, the benchmark was a composite comprising 85% FTSE All-Share Index and 15% Bloomberg Barclays Capital Global Corporate Bond Index (hedged in sterling) (all total return).

[A] Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 112 to 115.

MANAGED INCOME PERFORMANCE



Please note that there may be small rounding differences when comparing the graph data above with the return figures disclosed on page 28.

FINANCIAL DATA

	31st August 2021	31st August 2020	% change
Shareholders' funds (£'000)	84,476	70,324	+20.1
Net asset value per share	111.6p	87.6p	+27.4[4]
Share price	107.5p	82.0p	+31.1[5]
Share price discount to net asset value per share[A]	3.7%	6.4%	
Dividend per share	4.75p	4.70p	+1.1
Ongoing charges[A]	0.79%	0.80%	

[1] Source: Morningstar. Share price total return.

[2] Source: Morningstar/J.P. Morgan, using cum income net asset value ('NAV') per share.

[3] Source: J.P. Morgan/Bloomberg. The Company's benchmark is the FTSE All-Share Index (total return). Prior to 1st March 2018, the benchmark was a composite comprising 85% FTSE All-Share Index and 15% Bloomberg Barclays Capital Global Corporate Bond Index (hedged in sterling) (all total return).

[4] This is the capital return excluding dividends reinvested. The total return including dividends reinvested is +33.9%.

[5] This is the capital return excluding dividends reinvested. The total return including dividends reinvested is +37.7%.

[A] Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 112 to 115.

Managed Cash Share Class

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2021	2020	3 Year Cumulative	5 Year Cumulative
Return to shareholders[1,A]	+0.4%	+0.4%	+2.7%	+4.2%
NAV return[2,A]	+0.2%	+0.5%	+2.6%	+3.8%
Dividend per share	0.40p	0.40p		

FINANCIAL DATA

	31st August 2021	31st August 2020	% change
Shareholders' funds (£'000)	7,881	6,172	+27.7
Net asset value per share	103.2p	103.8p	–0.6[3]
Share price	102.5p	102.5p	+0.0[4]
Share price discount to net asset value per share[A]	0.7%	1.3%	
Dividend per share	0.40p	0.40p	+0.0
Ongoing charges[A]	0.01%	0.01%	

[1] Source: Morningstar.
[2] Source: Morningstar/J.P. Morgan, using cum income net asset value ('NAV') per share.
[3] This is a capital return excluding dividends reinvested. The total return including dividends reinvested is +0.2%.
[4] This is a capital return excluding dividends reinvested. The total return including dividends reinvested is +0.4%.
[A] Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 112 to 115.

Performance Review

The Managed Growth portfolio outperformed its benchmark for the year ended 31st August 2021, returning +33.7% on an NAV basis, versus the benchmark return of +26.8%. The total return to shareholders was +39.6%, narrowing the discount at which the company's shares trade relative to its NAV.

Managed Growth (%)	1 Year	3 Years p.a.	5 Years p.a.	10 Years p.a.
NAV return	33.7%	10.4%	12.9%	12.8%
Total return to shareholders	39.6%	10.2%	12.8%	12.8%
Benchmark total return	26.8%	8.3%	9.9%	10.8%
FTSE All-Share Index	26.9%	3.6%	5.9%	7.7%
FTSE World ex UK	26.6%	13.0%	13.9%	13.9%

Stock selection was the key driver of the portfolio's outperformance over the last 12 months. Performance was positive across each underlying holding in absolute terms, with our UK and North American strategies delivering the strongest returns. Our Japanese, Asian and emerging markets holdings also enhanced absolute returns, although in some cases, performance was more muted.

Relative performance was mostly positive across the period, with 27 strategies outperforming, although seven strategies marginally underperformed their benchmarks.

Top 5 Holdings By Absolute Performance	31st August 2020 to 31st August 2021
BlackRock Smaller Companies Investment Trust	+78.2%
Fidelity Special Values Investment Trust	+73.8%
Lowland Investment Company	+58.4%
Mercantile Investment Trust	+53.9%
Temple Bar Investment Trust	+53.1%

Bottom 5 by Absolute Performance	31st August 2020 to 31st August 2021
JPM China Growth & Income	+10.2%
Finsbury Growth & Income Trust	+11.0%
Templeton Emerging Markets Investment Trust	+15.9%
Polar Capital Technology Trust	+17.7%
JPM Japanese Investment Trust	+21.9%

These tables reflect performance for those holdings that have been held throughout the 12 month period.

PERFORMANCE ATTRIBUTION

CONTRIBUTIONS TO NAV RETURN AS AT 31ST AUGUST 2021

	12 months to 31st August 2021	
	%	%
Benchmark Return		**26.8**
Country Allocation	-1.3	
Stock Selection	8.4	
Investment Manager Contribution		7.1
Portfolio Return		**33.9**
Management Fees/Other Expenses	-0.5	
Share Buy-Back/Issuance	0.3	
Other Effects		-0.2
NAV Return		**33.7**
Share Price Return		**39.6**

Source: 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.

The company's share price discount to NAV narrowed over the last 12 months, to 3.0% from 7.3% at the end of the previous year, although there was some volatility during the period. The company's average discount fluctuated in a range between 2.2% and 7.3%, averaging 4.0% across the period (Bloomberg). The main drivers of this discount narrowing over the year were the improvement in the macro economic backdrop and associated strong earnings growth, which were supported by accommodative fiscal and monetary policy and the re-opening of economies.

Portfolio Activity

At the end of August 2021, 40% of the portfolio was invested in JPMorgan managed investment trusts, 26% in JPMorgan managed open-ended funds, and 34% in investment trusts managed by third party managers.

During the first six months of the financial year ended August 2021, the portfolio was underweight the UK and Japan and overweight European and Asia ex-Japan Pacific regions. We entered the financial year with a significant underweight to the UK and gradually increased our exposure over the period. We added to the Temple Bar and Lowland Investment Trusts in November 2020, to increase the portfolio's value tilt and take advantage of attractive valuations in this market. We also added Aberforth Smaller Companies Trust in the first quarter of 2021, increasing our UK Small Cap exposure, to participate more fully in the cyclical recovery. We reduced our Finsbury Income & Growth Trust position given its growth bias, and invested some of the proceeds in the Fidelity Special Values Trust, to further increase the value tilt in the portfolio.

Across other regions, we reduced our exposure to emerging markets in September 2020, taking some profits following a strong run in these markets. We also trimmed our exposure to the Baillie Gifford US Growth Trust following a period of exceptional performance.

We added further to our UK exposure from March onwards, and closed our underweight to Japan on the view that the broadening global recovery would benefit Japan's many cyclical, export-driven companies. We added to the portfolio's Japanese exposure via a new position in the Baillie Gifford Japan Trust. These changes were funded by the sale of Worldwide Healthcare Trust and a reduction in our overweight positions in Asia and emerging markets, which we viewed as exposed to potential headwinds from the US dollar.

In the US, we reduced our position in the JPM US Select Equity and JPM US Smaller Companies Funds, to fund a new position in the JPM US Value Fund, based on our ongoing conviction that value strategies would outperform as the global economy continued to recover and earnings were revised upwards. We started adding exposure to the US in June, as the resilience of earnings continued to support the region. At the same time, we scaled back our overweight to Europe.

Outlook

Although global growth momentum probably peaked in Q2 2021, strong economic data, aggressive fiscal and monetary policy support and successful vaccine rollouts continue to drive fundamentals. The renewed surge in Covid cases in the UK and some other countries may slow the pace of recovery, especially during the winter, but the economic re-opening is unlikely to be reversed, and we expect the major developed economies to experience a broadening recovery over the remainder of the year. Solid demand, which is being accompanied by a surge in productivity, will continue to bolster profits and ensure strong earnings growth over the year.

However, the bright economic outlook has raised some concerns in equity markets about how central banks will react if growth continues to surprise on the upside. Rising energy and commodity prices, demand/supply imbalances and emergent labour market pressures have already fuelled fears of higher interest rates and generated intermittent bouts of market volatility. However, central banks seem confident these inflation pressures will prove temporary, and the International Monetary Fund (IMF) expects inflation to return to pre-pandemic ranges in most countries in 2022. This expectation is reinforced by the impact of structural forces, especially the rapid advance of technology into many areas of the global economy, and associated productivity gains, which are likely to dampen inflation pressures in 2022 and beyond.

Global equities should do well in an environment of robust growth and modestly rising inflation. Profit margins may come under some pressure from rising commodity prices, higher wages and increasing corporate taxes. However, higher input prices can be passed onto customers when demand is strong. So, in summary, as the world emerges from its most recent, profound crisis, we expect earnings growth in coming years to be substantial, and front-loaded, in much the same manner as it was during the rebound from the global financial crisis. This should support market performance. We are confident of the company's ability to capture this performance and to continue delivering long term capital growth to shareholders.

Katy Thorneycroft
Simin Li
Peter Malone
Investment Managers

18th November 2021

TEN LARGEST EQUITY INVESTMENTS

AT 31ST AUGUST

Company	2021 Valuation £'000	2021 %[1]	2020 Valuation £'000	2020 %[1]
JPMorgan American Investment Trust	38,526	12.7	30,283	12.4
JPM UK Equity Plus ('C' shares)[2]	26,804	8.8	19,855	8.1
JPMorgan Claverhouse Investment Trust	25,018	8.2	18,021	7.4
JPMorgan US Equity All Capital ('C' shares)[2]	19,165	6.3	18,739	7.6
JPMorgan UK Dynamic ('C' shares)[2]	18,495	6.1	15,283	6.2
Finsbury Growth & Income Trust	16,328	5.4	18,994	7.8
Mercantile Investment Trust	12,515	4.1	7,304	3.0
Murray Income Trust	12,037	4.0	9,732	4.0
Fidelity Special Values[3]	9,919	3.2	3,784	1.5
JPMorgan European Investment Trust (Growth Shares)	9,672	3.2	7,377	3.0
Total[4]	**188,479**	**62.0**		

[1] Based on total portfolio of £303.8m (2020: £244.7m). Futures positions are excluded.

[2] Represents holdings in an Open Ended Investment Company ('OEIC') or a Société d'investissements à Capital Variable.

[3] Not included in the ten largest investments at 31st August 2020.

[4] At 31st August 2020, the value of the ten largest investments amounted to £159.8m, representing 65.3% of the total investments. Futures positions are excluded.

GEOGRAPHICAL ANALYSIS (ON A LOOK THROUGH BASIS)

AT 31ST AUGUST

Region	2021 Portfolio[1] %	2021 Benchmark %	2020 Portfolio[1] %	2020 Benchmark %
UK	53.8	50.0	45.3	50.0
North America	29.9	34.2	35.3	33.8
Continental Europe	8.3	7.4	9.1	7.5
Japan	4.0	3.6	2.8	4.1
Asia (excluding Japan)	2.9	2.9	5.3	3.8
Emerging Markets and others	1.1	1.9	2.2	0.8
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £303.8m (2020: £244.6m), including open exposure to futures contracts. Refer to notes 12 and 13.

LIST OF INVESTMENTS AT 31ST AUGUST 2021

Company	Valuation £'000
JPMORGAN MANAGED INVESTMENT TRUSTS	
JPMorgan American	38,526
JPMorgan Claverhouse	25,018
Mercantile	12,515
JPMorgan European (Growth Shares)	9,672
JPMorgan UK Smaller Companies	8,578
JPMorgan European Discovery	6,927
JPMorgan US Smaller Companies	6,384
JPMorgan Japanese	6,002
JPMorgan Emerging Markets	3,133
JPMorgan Japan Small Cap Growth & Income	1,659
JPMorgan China Growth & Income	1,301
JPMorgan Indian	1,265
	120,980
EXTERNALLY MANAGED INVESTMENT TRUSTS	
Finsbury Growth & Income	16,328
Murray Income	12,037
Fidelity Special Values	9,919
Baillie Gifford UK Growth	8,372
Impax Environmental Markets	7,062
Polar Capital Technology	5,686
Temple Bar	5,681
Allianz Technology	5,585
Lowland	5,384
Fidelity European Values	4,198
Baillie Gifford US Growth	4,013
Baillie Gifford Japan	3,745
City of London	3,519
Aberforth Smaller Companies	3,462
BlackRock Smaller Companies	3,096
Templeton Emerging Markets Investment	2,725
BlackRock Frontiers	1,879
	102,691

Company	Valuation £'000
JPMORGAN MANAGED OPEN ENDED INVESTMENT COMPANIES	
JPM UK Equity Plus ('C' shares)[1]	26,804
JPMorgan US Equity All Capital ('C' shares)[1]	19,165
JPMorgan UK Dynamic ('C' shares)[1]	18,495
JPM US Value ('C' shares)[1]	9,052
JPMorgan US Select Equity ('C' shares)[1]	6,642
	80,158
TOTAL INVESTMENTS	**303,829**

Company	Valuation £'000
DERIVATIVE INSTRUMENTS	
Futures[2]	
S&P 500 Emini Index 17/09/2021	68
FTSE 100 Index 17/09/2021	9
MSCI Emerging Markets Mini Index 17/09/2021	(17)
EURO STOXX 50 Index 17/09/2021	(77)
TOTAL DERIVATIVE INSTRUMENTS	**(17)**
TOTAL INVESTMENTS AND DERIVATIVES	**303,812**

[1] Unlisted and represents a holding in an Open Ended Investment Company ('OEIC') or a Société d'investissements à Capital Variable ('SICAV').

[2] Representing unrealised gains and losses on futures contracts. Refer to notes 12 and 13 on pages 89 and 90 for further disclosure.

TEN YEAR FINANCIAL RECORD

As at 31st August	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net asset value per share (p)	389.4	403.8	518.4	567.4	605.2	664.2	785.6	879.3	863.8	851.9	1,119.1
Share price (p)	382.0	388.5	507.5	554.0	590.5	648.8	764.0	857.5	837.5	790.0	1,085.0
Discount (%)[A]	1.9	3.8	2.1	2.4	2.4	2.3	2.7	2.5	3.0	7.3[4]	3.0

Year ended 31st August	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue return per share (p)	5.31	6.25	6.77	7.22	6.98	8.94	12.63	14.07	15.54	16.56	15.56
Dividend per share (p)	5.00	5.95	7.00	7.50	6.75	8.70	11.00	13.10	15.50	16.70	16.00
Net Cash (%)[A]	1.9	1.0	2.8	5.7	6.8	5.7	1.9	1.2	1.5	3.1	2.2
Ongoing charges (%)[A]	0.51	0.51	0.58	0.52	0.54	0.58	0.55	0.54	0.58	0.54	0.54

Year ended 31st August	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total return to shareholders (%)[1,A]	+11.1	+3.3	+32.6	+10.7	+7.8	+11.4	+19.6	+14.1	-0.4	-3.8	+39.6
NAV return (%)[2, A]	+10.9	+5.2	+30.3	+10.9	+7.9	+11.0	+20.2	+13.6	+0.2	+0.4	+33.7
Benchmark total return (%)[3]	+7.7	+9.8	+19.3	+11.7	0.0	+19.1	+16.7	+8.1	+3.6	-3.3	+26.8

[1] Source: Morningstar.

[2] Source: Morningstar/J.P. Morgan, using cum income net asset value ('NAV') per share.

[3] Source: J.P. Morgan/Bloomberg. The Benchmark is a composite comprising 50% FTSE All-Share Index and 50% FTSE World Index (ex-UK) (all total return).

[4] The level of discount widened at the end of August 2020 as a result of general market volatility and the suspension of buybacks by the Company during the quarterly conversion process.

[A] Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 112 to 115.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST AUGUST 2021 (UNAUDITED)

	Notes	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Gains/(losses) on investments held at fair value through profit or loss		–	76,881	76,881	–	(3,496)	(3,496)
Net foreign currency gains		–	8	8	–	48	48
Income from investments	4	5,108	–	5,108	5,674	–	5,674
Interest receivable and similar income	4	26	–	26	12	–	12
Gross return/(loss)		**5,134**	**76,889**	**82,023**	**5,686**	**(3,448)**	**2,238**
Management fee	5	(283)	(848)	(1,131)	(229)	(687)	(916)
Other administrative expenses	6	(407)	–	(407)	(454)	(197)	(651)
Net return/(loss) before finance costs and taxation		**4,444**	**76,041**	**80,485**	**5,003**	**(4,332)**	**671**
Finance costs		(1)	(2)	(3)	(2)	(5)	(7)
Net return/(loss) before taxation		**4,443**	**76,039**	**80,482**	**5,001**	**(4,337)**	**664**
Taxation credit		3	–	3	1	–	1
Net return/(loss) after taxation		**4,446**	**76,039**	**80,485**	**5,002**	**(4,337)**	**665**
Return/(loss) per Managed Growth share	9	**15.56p**	**266.15p**	**281.71p**	**16.56p**	**(14.35)p**	**2.21p**

STATEMENT OF FINANCIAL POSITION

AT 31ST AUGUST 2021 (UNAUDITED)

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments held at fair value through profit or loss		**303,829**	**244,721**
Current assets			
Derivative financial assets		77	71
Debtors		625	4,478
Cash and cash equivalents		6,475	7,489
		7,177	12,038
Current liabilities			
Creditors: amounts falling due within one year		(265)	(3,916)
Derivative financial liabilities		(94)	(233)
Net current assets		**6,818**	**7,889**
Net assets		**310,647**	**252,610**
Net asset value per Managed Growth share	16	**1,119.1p**	**851.9p**

Dividend Review

Dividend payments by the end of August 2021 were approximately 50% higher than for the same period last year. This figure includes special dividends which will not necessarily be repeated, but underlying growth of approximately 40% was still very impressive. Most sectors increased their dividends as confidence in the recovery grew. Growth was particularly notable in sectors such as hospitality and travel, which were hardest hit by the pandemic. This is clearly seen in the difference in dividend growth between FTSE 250 companies and those in the FTSE 100. Dividends paid by companies in the FTSE 250, which includes more economically sensitive stocks than the FTSE 100, increased by 156% this year, while the dividends of FTSE 100 companies rose by 44%. However, despite this recovery, dividends paid in the period were still 33% lower than for the same period in 2019.

The most significant recent development for dividend payments was the Bank of England's (BoE) decision to allow banks to resume dividend payments if their boards deemed this appropriate. This ruling should result in a dividend yield across UK banks of around 2-3% for 2021. We believe that the banks we own have the capacity to pay dividends while also maintaining sufficient capital to meet regulatory requirements. In fact, three of our four bank holdings declared higher than expected dividends this year.

The market also welcomed Royal Dutch Shell's (RDS) surprise announcement of a 50% year-on-year dividend increase. Higher oil prices combined with lower capital expenditure led to very strong cash generation, making this payment easily affordable. RDS's management also reiterated their commitment to the company's progressive dividend policy, which aims to grow the dividend by 4% each year. BP's dividend increased by a more modest 4%, but the company also committed to 4% annual dividend growth out to 2025, provided the oil price stays above $60 per barrel.

We have significant exposure to housebuilders, so it was encouraging to see this sector restore dividends, as strong demand for homes led to higher profits and cash flow. Dunelm, the home furnishings company, also reinstated their dividend, as they successfully navigated the various lockdowns by developing their on-line business. In the mining sector, soaring commodity prices and cost controls saw cash flow surge. Both Rio Tinto and BHP, our main holdings in the sector, have a clear commitment to shareholder value and chose to distribute excess cash flow.

The outlook for dividend growth has become more certain over the course of 2021 as vaccination roll outs have allowed developed economies to re-open. We expect the FTSE All Share to register underlying dividend growth of 13% in 2021, and we have a high degree of confidence that the dividend forecasts for the companies we own are robust, as long as the economy avoids further widespread lockdowns.

Performance Review

We are pleased to report that the Managed Income portfolio delivered a NAV total return of +33.9% during the Company's financial year ended 31st August 2021, outpacing the benchmark return of +26.9%. The discount narrowed from 6.4% to 3.7% over the year with the result that the total return to shareholders was significantly higher at +37.7%.

PERFORMANCE ATTRIBUTION

FOR THE YEAR ENDED 31ST AUGUST 2021

	12 months to 31st August 2021	
	%	%
Benchmark Return		**26.9**
Equity Returns	**5.5**	
Sector Effect - Equities	0.8	
Stock Selection - Equities	4.7	
Gearing/cash	2.0	
Investment Manager Contribution		7.5
Portfolio Return		**34.4**
Management Fees/Other Expenses	-0.8	
Share Buy-Back/Issuance	0.3	
Other Effects		-0.5
NAV Return		**33.9**
Share Price Return		**37.7**

Source: PAT, 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.

Our stock selection contributed more to returns over the year and our holdings in Reach, Future and OSB were amongst the best performers. Reach is a newspaper publisher whose titles include the Daily Mirror and Daily Express. Readers are increasingly migrating on-line and the company's progress in securing digital advertising revenues has been the impetus for a significant share price rise over the past year. Future is also a publishing company, focused on specialist magazines. As in the newspaper business, the circulation of printed magazines is declining, while on-line readership is growing rapidly, leading to higher digital advertising revenues. OSB is a bank specialising in commercial buy-to-let mortgages and asset finance. Both these areas are experiencing high growth and cash flow generation is strong, raising the possibility of future increases in dividend payments.

Positive performance contributions by these and other positions were only partially offset by the adverse impact of other holdings. Detractors from returns included the house furnishings retailer Dunelm and Polymetal, a precious metals miner. As mentioned above, Dunelm was a stand-out retailer during lockdown, thanks to the expansion of its on-line business, and its shares performed very well. However, when lockdowns lifted, investors' attention turned to retailers with greater exposure to a reopening bounce, and Dunelm's shares lagged, although since the end of our reporting period, Dunelm's share price has recovered and is presently trading near its all-time highs. Polymetal's earnings and share price performance were hurt by a decline in the gold price and lower gold shipments to China, which declined following the re-imposition of Covid restrictions.

Portfolio Activity

During the financial year, we made use of the company's borrowing facility. As at 31st August 2021, the equity exposure of the Managed Income portfolio was 104.6%, with the level of gearing primarily influenced by individual stock opportunities.

Portfolio construction is determined by bottom-up stock selection, with a focus on potential and sustainable dividend growth. When assessing investment opportunities, we consider the company's earnings outlook, the attractiveness of its valuation and whether its balance sheet and forecast cash flows are capable of supporting dividend growth over the long term.

We did not make any large changes to the portfolio's sector exposures during the review period. The largest sector positions are in Banks, General Retail and Home Construction. The earnings outlook for these sectors is favourable, as the economy recovers from lockdown restrictions, while valuations remain attractive. The financial results of our holdings across these sectors have exceeded expectations. Higher profits and cash flows have led to generally higher than expected dividend payments. Amongst our bank holdings, Barclays, Lloyds and NatWest paid dividends approximately 10% higher than forecast. In the Retail sector, Dunelm and Next, a clothing retailer, paid supplementary special dividends, while the dividend paid by Halfords, which specialises in motoring and cycling products, was double expectations. Home Construction companies are generating high levels of free cash flow, thanks to the demand for new homes, and dividend yields in this sector are averaging 5%, with Persimmon paying 8%.

Transactions

During the review period we opened several new positions, including exposures to Lloyds and Natwest. Earnings growth in both companies is exceeding expectations. Housing market strength is underpinning mortgage demand and higher consumer expenditure should bolster higher margin credit card lending. We expect capital returns in this sector to continue to rise following the BoE's decision to lift its prohibition on bank dividend payments. We also bought Royal Mail. This company's earnings are being persistently upgraded due to rapid growth in parcel volumes and productivity improvements following an agreement with the postal workers' union, Unite. Free cash flow is healthy, the balance sheet is robust and the company has committed to a progressive dividend policy from 2022, representing a yield of 4%.

These purchases were funded by the sale of Tesco, Vodafone, Reckitt Benckiser and National Grid.

Outlook

As vaccine rollouts continue and the global economy takes progressive steps towards normality, pent-up demand is being unleashed and the outlook for UK equities looks particularly promising. Dividend yields are strong, valuations are attractive and there is scope for profit margin expansion. Although every crisis is different, looking out over the next five years, we expect earnings growth to be substantial, front-loaded, and similar in many ways to the rebound which followed the global financial crisis. Cyclically geared markets, sectors and companies, which were particularly hit by the Covid crisis, are likely to benefit.

Many market participants would argue that expectations of a rebound in cyclical stocks is already fully discounted, but our assessment of the market outlook is more positive. Historical experience shows that the potential for growth in a rebounding economy has often been underestimated. We believe the company's portfolio is well-positioned to take full advantage of the recovery as it gathers momentum.

John Baker
Katen Patel
Investment Managers 18th November 2021

TEN LARGEST INVESTMENTS

AT 31ST AUGUST

Company	2021 Valuation £'000	%[1]	2020 Valuation £'000	%[1]
Royal Dutch Shell	4,579	5.2	3,580	4.8
AstraZeneca	4,281	4.9	4,601	6.2
Rio Tinto	3,498	4.0	3,045	4.1
GlaxoSmithKline	3,114	3.5	3,135	4.2
Barclays[2]	2,932	3.3	1,279	1.7
OSB[3]	2,848	3.2	–	–
BP	2,738	3.1	2,436	3.3
Computacenter[2]	2,546	2.9	1,687	2.3
British American Tobacco	2,511	2.8	2,697	3.6
Future[2]	2,474	2.8	683	0.9
Total[4]	**31,521**	**35.7**		

[1] Based on total investments of £88.4m (2020: £74.5m).
[2] Not included in the ten largest investments at 31st August 2020.
[3] Not included in the total investments at 31st August 2020.
[4] At 31st August 2020, the value of the ten largest investments amounted to £27.3m, representing 36.6% of total investments.

TEN LARGEST INCOME PAYERS[1]

FOR THE YEAR ENDED 31ST AUGUST

Company	2021 £'000	%[2]	2020 £'000	%[2]
Rio Tinto	513	13.2	199	5.8
Persimmon[3]	222	5.7	–	–
British American Tobacco	221	5.7	198	5.8
Royal Dutch Shell	173	4.5	356	10.4
GlaxoSmithKline	170	4.4	204	5.9
BP	142	3.7	287	8.4
Phoenix	142	3.7	115	3.4
BHP	129	3.3	166	4.8
M&G[3]	112	2.9	–	–
OSB[4]	106	2.7	–	–
Total[5]	**1,930**	**49.8**		

[1] In terms of amounts of income received by the Managed Income portfolio.
[2] Based on total income from investments of £3.9m (2020: £3.4m).
[3] Not included in ten largest income payers as at 31st August 2020.
[4] Not included in the total investments at 31st August 2020.
[5] For the year ended 31st August 2020, the dividends received from the ten largest income payers was £1,896,000 representing 55.3% of the total income from investments.

SECTOR ANALYSIS

AT 31ST AUGUST

	2021			2020[4]		
	Managed Income Portfolio %[1]	Benchmark Portfolio %	Income from investments %[2]	Managed Income Portfolio %[1]	Benchmark Portfolio %	Income from investments %[2]
Consumer Discretionary	24.0	12.4	12.2	17.1	11.3	12.3
Financials	22.0	22.4	23.3	19.9	22.6	15.6
Industrials	13.5	13.3	6.6	8.5	12.3	5.6
Consumer Staples	9.2	15.0	13.0	14.2	15.1	16.0
Energy	8.9	7.2	8.4	8.1	7.5	18.8
Health Care	8.4	9.8	7.1	10.4	11.2	9.6
Basic Materials	7.8	9.4	22.1	11.1	9.1	13.7
Technology	3.5	2.0	1.3	3.5	2.4	0.8
Real Estate	1.2	3.3	0.1	0.8	2.9	0.1
Telecommunications	1.0	2.2	1.6	3.1	2.3	2.6
Utilities	0.5	3.0	4.3	3.3	3.3	4.9
Total[3]	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £88.4m (2020: £74.5m).
[2] The Company's benchmark is the FTSE All-Share Index (total return).
[3] Based on total income from investments received during the year of £3.9m (2020: £3.4m).
[4] Effective 19th March 2021, all FTSE Russell indexes have adopted the newly-enhanced ICB structure. The 2020 figures have been restated to reflect these changes.

LIST OF INVESTMENTS AT 31ST AUGUST 2021

Company	Valuation £'000
UK EQUITIES	
Royal Dutch Shell	4,579
AstraZeneca	4,281
Rio Tinto	3,498
GlaxoSmithKline	3,114
Barclays	2,932
OSB	2,848
BP	2,738
Computacenter	2,546
British American Tobacco	2,511
Future	2,474
BHP	2,415
Unilever	2,225
Ashtead	1,981
Dunelm	1,875
HSBC	1,730
Next	1,709
Persimmon	1,702
Diageo	1,684
RELX	1,607
Legal & General	1,513
Halfords	1,477
Games Workshop	1,458
Phoenix	1,433
3i	1,431
Natwest	1,401
BAE Systems	1,363
Bellway	1,288
Intermediate Capital	1,208
Lloyds Banking	1,183
IMI	1,178
Luceco	1,105
Mondi	1,033
Grafton	1,014
National Express	1,008
Smurfit Kappa	996
Central Asia Metals	961
Liontrust Asset Management	821
Hollywood Bowl	806
Berkeley	806
Prudential	803
Brewin Dolphin	795

Company	Valuation £'000
Keller	748
Britvic	731
M&G	716
Imperial Brands	669
888	653
Watches of Switzerland	643
Bunzl	629
Reach	613
Polar Capital	563
Urban Logistics REIT	547
Serica Energy	532
Watkin Jones	520
LSL Property Services	519
Royal Mail	510
Greencoat Renewables	496
Morgan Sindall	470
Wincanton	467
Spirent Communications	462
JET2	461
SThree	445
MJ Gleeson	442
Victorian Plumbing	416
Gamma Communications	400
Dixons Carphone	363
Bytes Technology	362
ScS	340
Premier Foods	278
Rank	276
Moonpig	246
Tinybuild	222
Bridgepoint	99
TOTAL INVESTMENTS	**88,368**

TEN YEAR FINANCIAL RECORD

As at 31st August	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net asset value per share (p)	76.9	81.4	94.9	104.3	103.6	105.7	117.2	114.0	104.4	87.6	111.6
Share price (p)	75.0	78.5	91.3	100.8	99.3	101.5	112.8	111.5	100.5	82.0	107.5
Discount (%)[A]	2.5	3.6	3.8	3.4	4.2	4.0	3.8	2.2	3.7	6.4[5]	3.7

Year ended 31st August											
Revenue return per share (p)	3.32	3.48	3.97	4.16	4.67	4.76	4.83	5.10	5.45	3.53	4.44
Dividends per share (p)	3.35	3.40	3.55	3.65	3.80	3.90	4.20	4.50	4.65	4.70	4.75
Net yield per share (%)[1, A]	4.5	4.3	3.9	3.6	3.8	3.8	3.7	4.0	4.6	5.7	4.4
Borrowing/(Net Cash) (%)[A]	-5.9	-2.7	-1.1	-0.9	-2.5	-5.5	-3.5	0.2	-0.5	5.9	4.6
Ongoing charges (%)[A]	0.69	0.71	0.73	0.72	0.76	0.73	0.71	0.74	0.86	0.80	0.79

Year ended 31st August											
Total return to shareholders (%)[2, A]	+12.0	+9.5	+21.0	+14.5	+2.3	+6.4	+15.4	+2.9	-5.7	-14.1	+37.7
NAV return (%)[3, A]	+10.5	+10.6	+21.2	+13.9	+2.8	+5.9	+14.9	+1.3	-4.4	-12.1	+33.9
Benchmark total return (%)[4]	+6.6	+10.2	+16.1	+10.1	-1.8	+11.3	+12.3	+4.6	+0.4	-12.7	+26.9

[1] The net yield calculation is based on total dividends per share, expressed as a percentage of the closing share price.

[2] Source: Morningstar.

[3] Source: Morningstar/J.P. Morgan, using cum income net asset value ('NAV') per share.

[4] Source: J.P.Morgan/Bloomberg. The Company's benchmark is the FTSE All-Share Index (total return). Prior to 1st March 2018, the benchmark was a composite comprising 85% FTSE All-Share Index and 15% Bloomberg Barclays Capital Global Corporate Bond Index (hedged) in sterling terms (all total return).

[5] The level of discount widened at the end of August 2020 as a result of general market volatility and the suspension of buybacks by the Company during the quarterly conversion process.

[A] Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 112 to 115.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST AUGUST 2021 (UNAUDITED)

	Notes	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Gains/(losses) on investments held at fair value through profit or loss		–	18,873	18,873	–	(12,613)	(12,613)
Net foreign currency losses		–	(1)	(1)	–	–	–
Income from investments	4	3,873	–	3,873	3,427	–	3,427
Interest receivable and similar income	4	2	–	2	30	–	30
Gross return/(loss)		**3,875**	**18,872**	**22,747**	**3,457**	**(12,613)**	**(9,156)**
Management fee	5	(244)	(244)	(488)	(251)	(251)	(502)
Other administrative expenses	6	(116)	–	(116)	(157)	(40)	(197)
Net return/(loss) before finance costs and taxation		**3,515**	**18,628**	**22,143**	**3,049**	**(12,904)**	**(9,855)**
Finance costs		(66)	(80)	(146)	(82)	(82)	(164)
Net return/(loss) before taxation		**3,449**	**18,548**	**21,997**	**2,967**	**(12,986)**	**(10,019)**
Taxation charge		(17)	–	(17)	(11)	–	(11)
Net return/(loss) after taxation		**3,432**	**18,548**	**21,980**	**2,956**	**(12,986)**	**(10,030)**
Return/(loss) per Managed Income share	9	**4.44p**	**23.99p**	**28.43p**	**3.53p**	**(15.50)p**	**(11.97)p**

STATEMENT OF FINANCIAL POSITION

AT 31ST AUGUST 2021 (UNAUDITED)

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments held at fair value through profit or loss		**88,368**	**74,463**
Current assets			
Debtors		1,092	669
Cash and cash equivalents		2,132	1,026
		3,224	1,695
Current liabilities			
Creditors: amounts falling due within one year		(7,116)	(5,834)
Net current liabilities		**(3,892)**	**(4,139)**
Net assets		**84,476**	**70,324**
Net asset value per Managed Income share	16	**111.6p**	**87.6p**

Performance Review

The Managed Cash share class returned +0.2% over the 12 month period to 31st August 2021. The Managed Cash class invests its assets in the JPMorgan Sterling Managed Reserves Fund which has an objective to invest in a blend of money market securities and short term bonds.

During this 12 month period, the Bank of England's (BoE) Monetary Policy Committee (MPC) held the deposit rate at 0.10%. During the year, the BoE increased the pace of its asset purchases, from a target amount of £745 billion at the start of the previous reporting period to £895 billion in Q4 2020, where it remains today. The BoE have also added Negative Interest Rate Policy (NIRP) to their toolkit, however given the resurgence in both growth and inflation, this is not expected to be utilised in the foreseeable future.

In the latter part of 2020, two topics dominated headlines in the UK, Covid-19 and Brexit. Meanwhile, the US election posed a third risk that we were mindful of when positioning our portfolio.

Starting with Brexit, Prime Minister Johnson set a deadline of 15th October 2020 for a deal to be struck between the UK and the EU; however commentators were doubtful as to whether a deal could be struck in this time, and if so, whether such a deal would be constructive or not. Nonetheless, markets seemingly shrugged off these concerns and short-dated Sterling investment grade credit rallied during the summer months. The 15th October deadline passed without any resolution, however on Christmas Eve a trade agreement was agreed, which allows for tariff and quota free trade in goods, but does not cover the services industry, which accounts for 80% of the UK economy.

On the Covid-19 front, infections soared in the UK in the latter part of 2020 as a new variant emerged which proved to be far more infectious than the dominant one that preceded it. In late December, the UK entered a full lockdown as a result. Nonetheless, Pfizer's 9th November announcement that its Covid-19 vaccine provides effective protection buoyed markets, and the sentiment was reinforced later in the month by similar news from Moderna and AstraZeneca.

The UK began its vaccination programme in early 2021 and markets reacted positively on the prospects for a strong recovery given a combination of loose monetary conditions, supportive fiscal policies and record household savings. In this environment, short-term interest rates moved higher, from record lows at the start of the year, and the yield curve steepened, reflecting a rise in reflation expectations. Economic data releases corroborated the expectations for recovery. Q4 2020 GDP rose 1.3% quarter-over-quarter, as businesses and households adapted better to the latest pandemic restrictions.

This positivity continued into Q2 2021, as successful vaccine rollout, diminishing Covid-19 cases and a government guide-path to lift all restrictions before the end of June 2021 fuelled growing optimism in the UK recovery. Loose monetary conditions and supportive fiscal policies, combined with record household savings rates, boosted confidence and spending so that as lockdowns eased, the economy generally delivered on this positive outlook. An improving employment picture contributed to inflation: weekly earnings (ex-bonus) were the highest on record over the three months to April, while the unemployment rate was the lowest since mid-2020 at 4.7%.

Since then, however, inflation has become more of a concern as supply bottlenecks, continued monetary support and Brexit-related factors have all contributed to rising inflation. At the end of August 2021, the BoE was forecasting inflation of 4.0%, for the first six months of 2022.

Portfolio Commentary

With the above growth story in mind, the overarching theme in bond markets this year has been one of rising yields and steeper curves. With this in mind, we are strategically running with a reduced duration exposure, as well as a reduced exposure to longer-dated instruments which are most likely to be at risk of further curve steepening. Nonetheless, we remain positive on credit fundamentals and will look to selectively add credit risk later in the final part of the year as short-term yields rise, with curves steepening as markets fully price hikes by the BoE.

At the end of August 2021, the fund's duration stood at 0.42 years. This is a similar level to where we stood at the end of August 2020, but still below the maximum permitted by our investment guidelines which is one year. We still see opportunities in securitised debt as well as non-GBP denominated assets.

Outlook

Given the fact that inflation is proving to be more persistent than previously forecast, our expectation is that the Bank of England will make its first interest rate increase by the end of 2021, with a second increase happening in early 2022. As this starts to get fully priced in by the market, we expect the yield curve to steepen. With this in mind, we remain invested in short dated assets but will look to add risk in the coming months as we see more attractive opportunities.

We remain strategically positive on credit and will opportunistically add longer-dated assets to the portfolio amid continuing technical support from the Bank of England and positive market sentiment following the success of the UK vaccination programme. Our active management approach and diligent bottom-up credit process nonetheless remain key to generating positive returns through this period and our diversified approach should help reduce the impact of any repricing events. Moreover, we are participating in steeper credit curves and looking to take advantage of new issue premiums where possible.

Spreads are at or close to historically tight levels, as is the case with most high quality risk assets. Nonetheless, given improving fundamentals where we see opportunities we will look to add select AAA-rated asset backed securities which should add some additional yield and diversification. Investing in non-Sterling securities whilst hedging currency risk presents a diversified way of generating returns too.

JPMorgan Asset Management
Investment Manager 18th November 2021

TEN YEAR FINANCIAL RECORD

As at 31st August	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net asset value per share (p)	101.2	101.1	100.9	101.2	101.5	101.7	102.2	102.2	103.7	103.8	103.2
Share price (p)	100.5	100.5	100.5	100.5	100.0	100.3	101.0	101.0	102.5	102.5	102.5
Discount (%)[A]	0.7	0.7	0.4	0.7	1.5	1.4	1.2	1.2	1.2	1.3	0.7
Year ended 31st August											
Revenue return per share (p)	0.43	0.39	0.17	0.34	0.37	0.39	0.22	0.30	0.33	0.40	0.55
Dividends per share (p)	0.35	0.50	0.15	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.40
Ongoing charges (%)[A]	0.19	0.24	0.22	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.01

[A] Alternative performance measure ('APM')

A glossary of terms and APMs is provided on pages 112 to 115.

LIST OF INVESTMENTS

	2021				2020			
	Rating[1]	Yield %[2]	Valuation £'000	%	Rating[1]	Yield %[2]	Valuation £'000	%
JPMorgan Sterling Managed Reserves Fund	AA-f/S1+	0.39	7,798	100.0	AA-f/S1+	0.33	5,484	100.0
Total Investments			**7,798**	**100.0**			**5,484**	**100.0**

[1] Source: Standard & Poors

[2] Annual yield to 31st August. Source: JPMorgan.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST AUGUST 2021 (UNAUDITED)

		2021			2020		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss		–	(32)	(32)	–	26	26
Income from investments	4	45	–	45	26	–	26
Gross return/(loss)		**45**	**(32)**	**13**	**26**	**26**	**52**
Other administrative expenses	6	(1)	–	(1)	(1)	(14)	(15)
Net return/(loss) before taxation		**44**	**(32)**	**12**	**25**	**12**	**37**
Taxation (charge)/credit		(4)	–	(4)	(4)	3	(1)
Net return/(loss) after taxation		**40**	**(32)**	**8**	**21**	**15**	**36**
Return/(loss) per Managed Cash share	9	**0.55p**	**(0.44)p**	**0.11p**	**0.40p**	**0.29p**	**0.69p**

STATEMENT OF FINANCIAL POSITION

AT 31ST AUGUST 2021 (UNAUDITED)

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments held at fair value through profit or loss		**7,798**	**5,484**
Current assets			
Debtors		134	–
Cash and cash equivalents		2	889
		136	889
Current liabilities			
Creditors: amounts falling due within one year		(53)	(201)
Net current assets		**83**	**688**
Net assets		**7,881**	**6,172**
Net asset value per Managed Cash share	16	**103.2p**	**103.8p**

Introduction

ESG is an acronym which stands for Environmental, Social and Governance. It describes the broad field of sustainability in the corporate sector and is widely used when assessing the environmental impact of businesses, when considering how companies acquit themselves in respect of their broad social responsibilities and when reviewing the practices and standards followed by companies in their own management.

Awareness of these issues has increased significantly in recent years within the asset management industry, including the investment managers responsible for the Company's portfolio, among the Board members of your Company, among shareholders and potential shareholders in the Company and, indeed in society at large.

The basics: what is ESG?

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

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

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

Why do we integrate ESG into our investment processes?

Considerations of sustainability have long been intrinsic to our approach to managing the Company's portfolio. When we invest the Company's capital we have to make judgements about future risks and rewards of any investment which have always included ESG factors, because all of them have the potential to affect the future value of a company and its shares. A business that produces huge amounts of carbon emissions or plastic waste, for example, is likely to find itself the subject of scrutiny from regulators and consumers and failure to anticipate this and to change will likely lead to a loss of value for shareholders in the long run. The same is true of businesses that neglect their social responsibilities, or fail in matters of governance.

Of course, a more explicit integration of ESG factors brings with it other benefits. The market in which we invest is increasingly paying attention to these factors when assessing sectors and companies, discriminating starkly between companies which are offering compelling narratives of transition to a low-carbon approach, and those which have yet to do so. So ESG has had to become a bigger and more important part of any investment judgement.

Finally, as investment managers we have responsibilities and obligations, not only to the Board and shareholders of the Company, but as a social actor in a broader sense. We have a duty not just to produce good investment outcomes for our clients, but to be responsible corporate citizens.

ESG Integration within the Company's portfolio

For us, ESG integration does not simply involve paying external vendors for ESG information; it rests heavily on our own proprietary research, on both a fundamental and a quantitative basis. In addition, a quantitative-led ESG score uses third-party ESG data, to the extent it is available, weighted according to our own views on materiality.

While we do not explicitly exclude individual stocks on ESG criteria, ESG factors influence our level of conviction and thus impact a stock's position size within the portfolio. We also work with a central stewardship team which sets priorities for corporate engagement both in terms of issues and in terms of significant individual investments held in portfolios.

Engagement

Active engagement with companies has long been an integral part of our approach to investment and to ESG. We use it not only to understand how companies consider issues related to ESG but also to try to influence their behaviour and encourage best practice. We believe that companies which maintain high standards of ESG and which respond to shareholder engagement are likely over time to provide good returns to their shareholders.

Our scale and long history of active management and experience in good stewardship practices allow us to have direct access to the management teams of portfolio companies and so encourage best practice on ESG matters. Alongside this direct engagement, we endeavour to vote at all of the meetings called by companies in which your portfolio invests.

Where the ESG risk is more elevated, in companies such as Rio Tinto, British American Tobacco and 888 Holdings, J.P.Morgan Asset Management engages on a regular basis with the objective of influencing change. For Managed Growth, we have a similar rolling engagement programme whereby we meet with the underlying managers of the investment trusts we hold. The purpose of these meetings is to understand how ESG is integrated into the investment process and to assess the materiality and extent of ESG risks which may arise as we aim to be long-term holders of the trusts in which we invest.

Whilst we believe we have a robust and appropriate engagement model in place it is reviewed regularly to ensure that we improve and refine the process to meet the ever evolving ESG demands arising from all stakeholders across the wider industry.

Proxy Voting

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

We believe that corporate governance is integral to our investment process. 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. For full details, please see the J.P. Morgan Asset Management Corporate Governance Policy & Voting Guidelines, copies of which are available on request, or to download from our website.

In the year to 31st August 2021, we met with 70% (in market value terms) of the managers in respect of the trusts held by Managed Growth and with companies representing 84% (in market value terms) of the Managed Income portfolio with over 75% of those meetings including discussions regarding sustainability.

Examples of our recent voting activity are provided below.

JPMorgan Elect plc: Voting at shareholder meetings over the year to 31st August 2021

Managed Growth

	For	Against	Abstain	Total Items
Routine Business	136	0	0	136
Director Related	155	0	0	155
Capitalisation	116	0	0	116
Reorganisation and Mergers	2	0	0	2
Non-salary Compensation	51	0	0	51
Antitakeover Related	6	0	0	6
Total	**466**	**0**	**0**	**466**

Managed Income

	For	Against	Abstain	Total Items
Routine Business	288	0	9	297
Director Related	533	5	12	550
Capitalisation	258	1	8	267
Reorganisation and Mergers	13	0	0	13
Non-salary Compensation	107	7	3	117
Antitakeover Related	51	0	1	52
Miscellaneous	3	0	0	3
Shareholder Routine/Business	0	1	0	1
Shareholder Compensation	0	1	0	1
Shareholder Health/Environment	0	3	0	3
Social Proposal	0	2	0	2
Total	**1253**	**20**	**33**	**1306**

The Future

In investing your Company's assets we have always looked for companies with the ability to create value in a sustainable way. That scrutiny remains firmly embedded in our process and we know that the Directors of the Company, shareholders and potential investors, view attention to ESG factors as important in their assessment of us as Investment Managers. We expect ESG to remain a major theme in the Company's portfolio and the course being taken by regulators suggests that its importance will only increase in years to come. The research we do and the approach we take in investing the Company's assets will continue to reflect that and to evolve as necessary.

J.P. Morgan Asset Management

Business Review

The aim of the Strategic Report is to help assist shareholders 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, the investment policies and risk management, investment restrictions and guidelines, performance, revenue and dividends, and key performance indicators as they relate to each of the share classes. In addition, it includes disclosures on Employees, Social, Community and Human Rights Issues, Greenhouse Gas Emissions, the Modern Slavery Act 2015, Principal and Emerging Risks and how the Company seeks to manage those risks, and finally its Long Term Viability.

Structure and Objective of the Company

JPMorgan Elect plc is an investment trust company that has a premium listing on the London Stock Exchange. In seeking to achieve its objectives, the Company employs JPMF which, in turn, delegates portfolio management to JPMAM to manage the Company's assets actively. The Board has determined investment policies and related guidelines and limits. These objectives, investment policies and related guidelines and limits are detailed below.

The Board of Directors is responsible for employing and overseeing an investment management company that has the appropriate capability, resources and controls in place to actively manage the Company's assets in order to meet its investment objective. The investment management company, J.P. Morgan Asset Management, employs an investment process with a strong focus on research that integrates environmental, social and governance issues and enables it to identify what it believes to be the most attractive stocks in the market.

The Company is subject to UK and European legislation and regulations including: UK company law, UK Financial Reporting Standards, the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, Market Abuse Regulation, taxation law, the Company's own Articles of Association and the Alternative Investment Fund Managers Directive.

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

The Board holds an annual strategy meeting at which the Company's objectives and policies are reviewed in detail. The Board seeks to determine whether the strategies in place are conducive to meeting the expectations of shareholders. As part of this exercise, the performance of each of the Company's share classes is monitored against the respective objectives, policies and targets. The process also includes the taking into account of shareholder views. Alternative strategies are modelled, considered and discussed to determine whether their implementation may be appropriate.

The Company's Purpose, Values, Strategy and Culture

To ensure that the Company's purpose, values, strategy and culture are aligned, the Board comprises of independent non-executive Directors with a diverse skill set, who act with professional integrity and contribute in an open boardroom culture that both supports and challenges the investment management company and its other third party suppliers.

Managed Growth

Objective

The objective of the Managed Growth portfolio is to achieve long term capital growth from investing in a range of investment trusts and open-ended funds managed principally by J.P. Morgan Asset Management.

Investment Policies and Risk Management

In order to achieve its stated investment policy and to seek to manage investment risks, the Managed Growth portfolio is invested in a diversified range of investment trusts and open-ended funds, which themselves invest in the UK and overseas. The number of investments in the portfolio will normally range between 30 and 50.

Investment Restrictions and Guidelines

- The Investment Manager must obtain Board approval for any new investment in excess of 10% of the portfolio's gross assets.
- The portfolio does not invest more than 10% of its gross assets in any company that itself may invest more than 15% of its gross assets in UK listed investment companies.
- An investment in any open-ended fund will not exceed 25% of the market capital of the investee fund.
- Investments in third party managed funds will not normally exceed 40% of the portfolio's gross assets.
- Board permission has been granted for the limited use of futures for tactical asset allocation purposes. Other than this, the portfolio will not normally invest in derivative instruments – prior approval is required from the Board if such an investment is desired.

- The Board does not intend to utilise borrowings to increase the funds available for investment for the Managed Growth share class. The Board monitors closely the level of indirect gearing through the underlying investments.
- The underlying portfolio should be invested within the range 95 to 120%.

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

Managed Income

Objective

The objective of the Managed Income portfolio is to achieve a growing income return with potential for long term capital growth by investing primarily in UK equities.

Investment Policies and Risk Management

In order to achieve its stated investment policy and to seek to manage investment risks, the Managed Income portfolio is invested in a diversified portfolio of UK equities and may invest in fixed income securities and open-ended funds. The number of investments in the portfolio will normally range between 50 and 80.

Investment Restrictions and Guidelines

- The portfolio does not invest more than 10% of its gross assets in any company that itself may invest more than 15% of its gross assets in UK listed investment companies.
- The Investment Managers may write options within parameters set by the Board. Prior approval is required from the Board for investment in all other derivative instruments. Board permission has been granted for the limited use of futures for tactical asset allocation purposes.
- The Managed Income share class has the ability to use short term borrowing (it has a facility of £15 million with Scotiabank) and its policy is to operate within a range of 85% to 112.5% invested, measured at the time of drawdown.

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

Managed Cash

Objective

The investment objective of the Managed Cash portfolio is to achieve a return in excess of sterling money markets by investing primarily in GBP denominated short-term debt securities.

Investment Policy and Risk Management

In order to achieve its stated investment objective and seek to manage investment risks, the Company invests all or substantially all of the assets of the Managed Cash share class in JPMorgan Funds – Sterling Managed Reserves Fund ('JSMRF'), an existing UCITS fund launched on 22nd August 2016. The investment policy of JSMRF is to invest primarily in GBP denominated short-term debt securities.

The Company, through its investment in JSMRF, maintains a diversified portfolio of investments. In particular, the Company adheres to the following restrictions calculated as a percentage of the gross assets of JSMRF attributable to the Company, as at the time of investment:

- maximum of 35% in any one issuer of transferable securities and money market instruments issued or guaranteed by a sovereign nation, any EU public local authority, or any public international body to which one or more EU Member States belongs;
- maximum of 25% in any one issuer of bonds issued by an EU credit institution;
- maximum of 10% in any one issuer of other transferable securities and money market instruments; and
- maximum of 20% in any one Undertaking for Collective Investments in Transferable Securities (UCITS) fund or Undertaking for Collective Investments (UCI) fund (excluding the investment in JSMRF).
- The Company does not intend to utilise borrowings to increase the funds available for investment.

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

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

Performance

Managed Growth

In the year ended 31st August 2021, the Managed Growth class produced a total return to shareholders of +39.6% and a total return on net assets of +33.7%. This compares with the total return on the composite benchmark index of +26.8%. As at 31st August 2021, the value of the Managed Growth investment portfolio was £303.8 million. The Investment Managers' Report on pages 14 to 16 includes a review of developments during the year as well as information on investment activity within the portfolio.

Managed Income

In the year ended 31st August 2021, the Managed Income class produced a total return to shareholders of +37.7% and a total return on net assets of +33.9%. This compares with the total return on the benchmark index of +26.9%. As at 31st August 2021, the value of the Managed Income investment portfolio was £88.4 million. The Investment Managers' Report on pages 21 to 24 includes a review of developments during the year as well as information on investment activity within the portfolio.

Managed Cash

In the year ended 31st August 2021, the Managed Cash class produced a total return to shareholders of +0.4% and a total return on net assets of +0.2%. There is no benchmark for this share class other than to maintain the net asset value as close to 100p per share as possible. As at 31st August 2021, the value of the investment portfolio was £7.8 million.

Revenue and Dividends

Full details of the dividends paid and declared on the Managed Growth, Managed Income and Managed Cash share classes during the year are given in note 10 on pages 87 and 88.

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; performance against the Company's peers; share price discount/premium to net asset value per share; ongoing charges; and dividends.

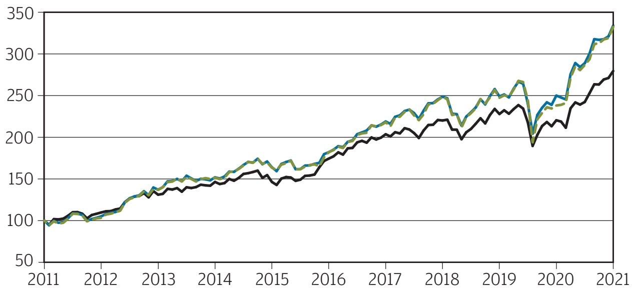
Performance against the benchmark index

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 information on the performance of the portfolios is given in the Investment Managers' Reports.

Performance against the benchmark index – Managed Growth

Ten Year Performance

FIGURES HAVE BEEN REBASED TO 100 AT 31ST AUGUST 2011



Source: Morningstar/FTSE.

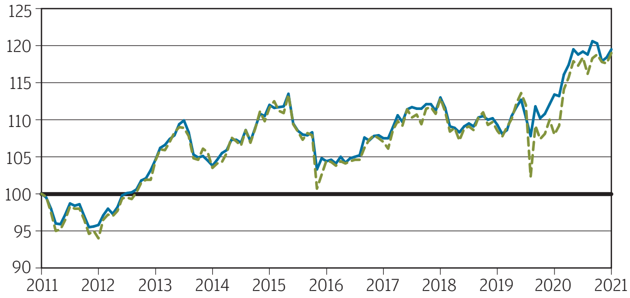
- - - JPMorgan Elect Managed Growth – share price total return.

—— JPMorgan Elect Managed Growth – net asset value per share total return.

—— Benchmark index total return.

Performance Relative to Benchmark Index

FIGURES HAVE BEEN REBASED TO 100 AT 31ST AUGUST 2011



Source: Morningstar/FTSE.

- - - JPMorgan Elect Managed Growth – share price total return.

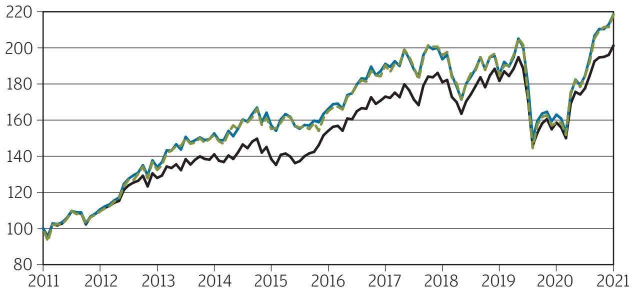
—— JPMorgan Elect Managed Growth – net asset value per share total return.

—— The benchmark index is represented by the horizontal black line.

Performance against the benchmark index[1] – Managed Income

Ten Year Performance

FIGURES HAVE BEEN REBASED TO 100 AT 31ST AUGUST 2011



Source: Morningstar/FTSE.

- - - JPMorgan Elect Managed Income – share price total return.

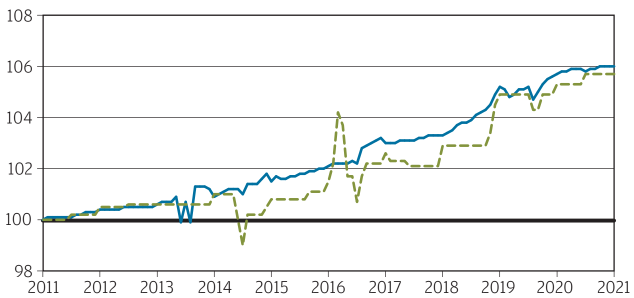
—— JPMorgan Elect Managed Income – net asset value per share total return.

—— Benchmark index total return.

[1] The Company's benchmark is the FTSE All-Share Index (total return). Prior to 1st March 2018, the benchmark was a composite comprising 85% FTSE All-Share Index (total return) and 15% Bloomberg Barclays Capital Global Corporate Bond Index (hedged in sterling).

Performance Relative to Benchmark Index[1]

FIGURES HAVE BEEN REBASED TO 100 AT 31ST AUGUST 2011



Source: Morningstar/FTSE.

- - - JPMorgan Elect Managed Income – share price total return.

— JPMorgan Elect Managed Income – net asset value per share total return.

— The benchmark index is represented by the horizontal black line.

[1] The Company's benchmark is the FTSE All-Share Index (total return). Prior to 1st March 2018, the benchmark was a composite comprising 85% FTSE All-Share Index (total return) and 15% Bloomberg Barclays Capital Global Corporate Bond Index (hedged in sterling).

Performance against the benchmark index – Managed Cash

There is no benchmark for the Managed Cash share class, other than to maintain the net asset value as close to 100p per share as possible.

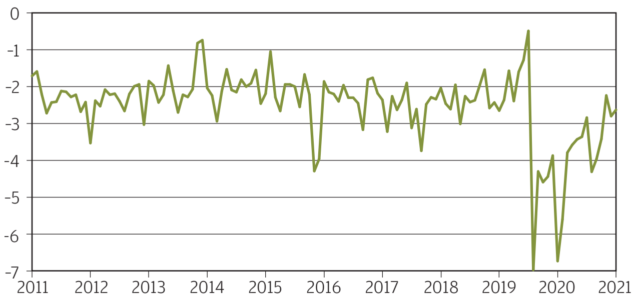
Performance against the Company's peers – Managed Growth and Managed Income

The principal objective of the Managed Growth share class is to achieve capital growth. The principal objective of the Managed Income share class is to achieve growing income with the potential for long term capital growth. However, the Board also monitors the performance of the Managed Growth and Managed Income share classes relative to a broad range of competitor funds. The Board remains satisfied with performance against the Company's peers.

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

The Board has for several years operated share issue and repurchase programmes which seek to address imbalances in supply and demand of the Company's shares within the market and thereby seek to reduce the volatility and absolute level of the discount/premium to NAV per share at which the Company's shares trade.

Share price discount to NAV per share – Managed Growth

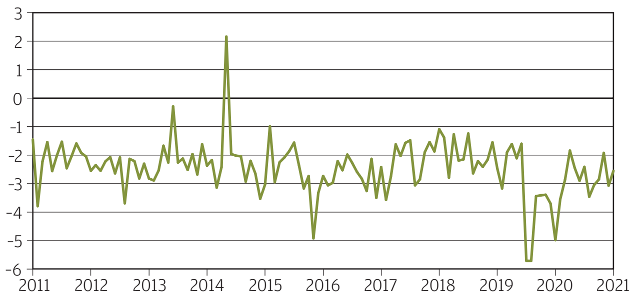


Source: Morningstar.

— JPMorgan Elect Managed Growth – Share price discount to cum income net asset value per share (month end data).

In the year to 31st August 2021, the Managed Growth shares traded between a discount of 2.2% and 7.3% (based on month end data).

Share price (discount)/premium to NAV per share – Managed Income

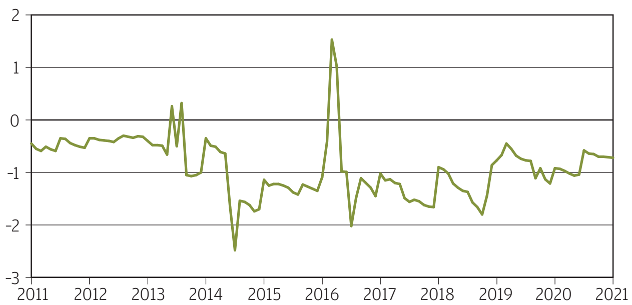


Source: Morningstar.

— JPMorgan Elect Managed Income – Share price (discount)/premium to cum income net asset value per share (month end data).

In the year to 31st August 2021, the Managed Income shares traded between a discount of 1.8% and 5.0% (based on month end data).

Share price (discount)/premium to NAV per share – Managed Cash



Source: Morningstar.

— JPMorgan Elect Managed Cash – Share price (discount)/premium to cum income net asset value per share (month end data).

In the year to 31st August 2021, the Managed Cash shares traded between a discount of 0.6% and 1.1% (based on month end data).

Please note the NAV per share used to determine the premium/(discounts) in the graphs above take into account the fourth quarter dividend. This differs from the NAV per share in The Statement of Financial Position, which excludes the fourth quarter dividends as stipulated by UK GAAP. As a consequence, the year-end discount figure may fall outside the range quoted above.

- **Ongoing charges – Managed Growth, Managed Income and Managed Cash**
  The ongoing charges represent the Company's management fee and all other operating expenses, excluding any finance costs, expressed as a percentage of the average daily net assets during the year. The Managed Growth ongoing charges for the year ended 31st August 2021 were 0.54% (2020: 0.54%), the Managed Income ongoing charges were 0.79% (2020: 0.80%) and the Managed Cash ongoing charges were 0.01% (2020: 0.01%). Each year, the Board reviews an analysis which shows a comparison of the Managed Growth and Managed Income ongoing charges and its main expenses with those of its peers.

- **Income Return – Managed Income**
  The Board regards growing the income return as the first priority for the Managed Income share class. The Board monitors forecast levels at each Board meeting and receives analyses from the Manager accordingly.

Employees, Social, Community and Human Rights Issues

An increasingly broad spectrum of investors now rightly focus on 'ESG' issues for their portfolios. They want to know that their managers are aware of these issues, that they take them into account in building their portfolios and that they raise issues directly with investee companies. The Company is aware of the focus on these issues with the Managers and how they integrate them into their investment process.

Companies that address ESG issues and adopt sustainable business practices are better placed to maximise their performance and create enduring value for shareholders.

Corporate governance issues have the most direct bearing on the risk/reward profile of the Company's portfolio; as such it is the area most integrated into the Manager's investment process.

However, environmental concerns and social issues are relevant and again the focus is on the economic impact of the involvement. The Manager engages in meaningful interactions with investee companies through dedicated meetings and exercises the Company's proxy votes in a prudent and diligent manner in the interests of our shareholders. See the Company's Corporate Governance and Voting Policy in the Directors Report on page 57 for further details on Proxy Voting and Stewardship/Engagement.

Greenhouse Gas Emissions

The Company is managed by JPMF with delegation of the active management of the Company's assets to JPMAM. The Company itself has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. JPMAM is a signatory to the Carbon Disclosure Project and JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

The Company is categorised as a lower energy user under the HMRC environmental Reporting Guidelines March 2019 and is therefore not required to make the detailed disclosures of energy and carbon information set out within the guidelines. The Company's energy and carbon information is not therefore disclosed in this report.

The Modern Slavery Act 2015 (the 'MSA')

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

Criminal Corporate Offence

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

Principal and Emerging Risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. With the assistance of the Manager, the Audit Committee has drawn up a risk matrix, which identifies the key risks to the Company. These are reviewed and noted by the Board. The risks identified and the broad categories in which they fall, and the ways in which they are managed or mitigated are summarised below. The AIC Code of Corporate Governance requires the Audit Committee to put in place procedures to identify emerging risks. The Committee has looked at this area and has conducted horizon scanning. It does not believe that currently there are any emerging risks facing the Company.

Principal Risk	Description	Mitigating Activities
Investment underperformance against benchmark	An inappropriate investment strategy or poor performance may lead to underperformance against the relevant benchmark index and peer companies, resulting in the Company's shares trading on a wider discount.	The Board monitors the implementation and results of the investment process with the Investment Managers, who attend all board meetings. In addition, to ensure the investment strategy remains relevant the Board regularly reviews whether the rationale for each share class is still appropriate.
Fraud and Cybercrime	The threat of cyber-attack, in all its guises, is regarded as at least as important as more traditional physical threats to business continuity and security.	The Manager is committed to combatting fraud and financial crime and devotes significant resources to its cyber and fraud protection systems. It performs ongoing internal monitoring of processes and controls, including daily reconciliations and monthly compliance reporting. The Board has received the cyber security policies for its key third party service providers and the Company benefits directly or indirectly from all elements of JPMorgan's cyber security programme.
Dividends	Insufficient income may be generated by the Managed Income portfolio to enable the Company to meet the Managed Income class's objective of achieving a growing income return.	The Board regularly reviews the income generated by the Managed Income portfolio and discusses the appropriate dividend policy at least annually.
Accounting, Legal and Regulatory	Political or regulatory considerations, for example changes in financial or tax legislation, may reduce the attractiveness or marketability of the Company.	The Board receives regular briefings from the Manager on any changes which could impact the Company's ability to implement its strategy and adopts revised policies, where required.
Business Strategy	A share class may fall beneath a viable size, resulting in limited liquidity for the shares or a high ongoing charges ratio.	The Manager monitors the fund sizes, providing detailed financial information to the Board and advising the Board, as appropriate.
Board loses confidence in Investment Manager	The Board may lose confidence in the Investment Manager's ability to generate returns following ongoing underperformance in any of the classes.	The Board meets with the Investment Managers at each board meeting to understand the reasons for performance and monitors performance against the Company's objectives and its peers. The Board will discuss any performance concerns with senior representatives of the Manager.

Principal Risk	Description	Mitigating Activities
Global Pandemic	Covid-19 has highlighted the speed and extent of economic damage that can arise from a pandemic. While current vaccination programme results are hopeful, the risk remains that new variants may not respond to existing vaccines, may be more lethal and may spread as global travel opens up again.	The Board receives reports on the business continuity plans of the Manager and other key service providers. The effectiveness of these measures has been assessed throughout the course of the Covid-19 pandemic and the Board will continue to monitor developments as they occur and seek to learn lessons which may be of use in the event of future pandemics.
Climate Change	Climate change, which barely registered with investors a decade ago, has today become one of the most critical issues confronting asset managers and their investors. Changes in climate and increased risk of extreme weather events threatens the reputation and viability of portfolio companies. This includes the impact on natural resources and increased pollution.	The Manager has an integrated approach to ESG and is continuing to develop a process to measure and present the environmental effects of portfolio investing. Compliance with the UN's Principles of Responsible Investing is reported to the Board. The Manager questions the exposure of portfolio companies to climate change risk and there is also a programme of engagement with portfolio companies which includes moves to mitigate climate change risks.

Long Term Viability

In accordance with the 2016 UK Corporate Governance Code, the Board has assessed the prospects of the Company over a longer period than the 12 months required by the 'Going Concern' provision. The provisions require the Board to explain, taking account of the Company's current position and principal risks, how they have assessed its prospects and over what period and why they consider that period to be appropriate. The Directors have determined that a five year period is an appropriate period over which to provide its viability statement. This period aligns with the Company's objective of providing long term capital growth and is the minimum period of time that shareholders ought to consider an investment in the Company.

In making this assessment the Directors have taken into account the Company's current position and have conducted a robust assessment of its principal and emerging risks and uncertainties (as detailed on page 42), in particular the risk that the portfolio's securities could reduce in value in a falling market.

The assessment identified the following features which support the Company's ability to continue in operation and meet its liabilities as they fall due over the five year period:

- the vast majority of the Company's investments are readily realisable and can be sold to meet its liabilities as they fall due;
- the essential services required by the Company are outsourced to third party service providers. This allows key service providers to be replaced at relatively short notice where necessary;
- as at year end, the Company had a healthy cash balance which could be used to meet its liabilities in the short term;
- the Company has available a £15 million one year multicurrency revolving credit facility with Scotiabank; and
- the expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments currently foreseen which would alter that position.

Based on the results of its review, and taking into account the long term nature of the Company and its financing, the Board has a reasonable expectation that the Company will be able to continue its operations and meet its expenses and liabilities as they fall due for at least the next five years.

By order of the Board
Priyanka Vijay Anand, for and on behalf of
JPMorgan Funds Limited
Company Secretary

18th November 2021

Duty to promote the success of the Company

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

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

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

Stakeholder Engagement
Shareholders
Continued shareholder engagement is critical to the continued existence of the Company and the successful delivery of its long term strategy. The Board is focused on fostering and maintaining good working relationships with shareholders and understanding the views of shareholders in order to incorporate them into the Board's strategic thinking and objectives. The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders twice a year by way of the Annual Report & Financial Statements and the Half Year Report. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares. In addition, the Company issues announcements for all substantive news which are available on the Company's website together with monthly factsheets published by the Manager. During the year the investment management team, JPMF and the Company's brokers held regular discussions with larger shareholders. Where possible Directors attend shareholder meetings arranged by the Manager. The Board seeks regular engagement with the Company's major shareholders to understand their views on governance and performance against the Company's investment objective and investment policy, either directly or through the Company's brokers, the Investment Managers and JPMF by holding discussions on an ongoing basis. The 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 117. The Annual General Meeting (AGM) normally provides the key forum for the Board and Manager to present to shareholders on the Company's performance, future plans and prospects. It also allows shareholders the opportunity to meet with the Board and Manager and raise any questions or concerns. The Company's Annual Report and Financial Statements are published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 117. Details of the proxy voting position on each resolution will be published on the Company's website shortly after the Annual General Meeting.
Manager
The principal supplier is the Manager, in particular the investment management team who are responsible for managing the Company's assets in order to achieve its stated investment objective. The Board maintains a good working relationship with the Manager, who also provides administrative support and promotes the Company through its investment trust sales and marketing teams. The Manager's investment management function is fundamental to the long term success of the Company through the pursuit of the investment objective. The Board monitors the Company's investment performance at each Board Meeting in relation to its objective and also to its investment policy and strategy. The Board also maintains strong lines of communication with the Manager via its dedicated company secretary and client director whose interactions extend well beyond the formal business addressed at each Board and Committee meeting. This enables the Board to remain regularly informed of the views of the Manager and the Company's shareholders (and vice versa).

Investee companies

The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Manager. In order to achieve this, the Manager has discretionary powers to exercise voting rights on behalf of the Company on all resolutions proposed by the investee companies. In respect of the year under review, the Manager voted at all of the annual general meetings and extraordinary meetings held during the year by the Company's portfolio companies (full details can be found in the ESG report on page 34). The Board monitors investments made and divested and questions the Manager's rationale for exposures taken and voting decisions made.

Other key service providers

The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers, with appropriate capability, performance records, resources and controls in place to deliver the services that the Company requires for support in meeting relevant obligations and safeguarding the Company's assets. For this reason, the Board consider the Company's Custodian, Depositary, Registrar, Auditor and Broker to be stakeholders. The Board maintains regular contact with its key external service providers, either directly, or via its dedicated company secretary or client director, and receives regular reporting from these providers at Board and Committee meetings. The Management Engagement Committee meets annually to review and appraise its key service providers.

Wider society and the Environment

Whilst strong long term investment performance is essential for an investment trust, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Manager must have regard to ethical and environmental issues that impact society. Hence environmental, social and governance ('ESG') considerations are integrated into the Manager's investment process and will continue to evolve. Further details of the Manager's integrated approach to ESG can be found on pages 34 to 36.

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

Key Decisions and Actions

Dividends Payable to Shareholders

Each of three share classes of the Company have a separate dividend policy. Despite the turbulent markets experienced during the reporting period the Company continued its distributions on Managed Growth shares, increased the level of its distributions on Managed Income shares and maintained the yearly distribution on it Managed Cash Shares. This illustrates the Board's willingness to take advantage of the Company's brought forward revenue reserves to the benefit of shareholders where needed.

Succession Planning

The Board progressed its succession plans during the year resulting in the decision to appoint Steve Bates and Davina Walter as independent non-executive directors with effect from 15th October 2020. Steve Bates then took over as board Chairman when Alan Hodson retired in January 2021. Shareholder interests are best served by ensuring a smooth and orderly succession for the Board which serves to provide both continuity and refreshment whilst ensuring diversity of both background and experience.

Gearing

During the financial year, the Board also decided to renew its GBP multicurrency revolving credit facility with Scotiabank for a further one year period. The facility was reduced from £20 million to £15 million, illustrating the Board's ability to react to market conditions and take action to manage the Company's costs to the benefit of shareholders.

Managing the Company's Discount

To ensure that the Board continue to have the power to manage the Company's discount and issue shares in the Company, they recommend that shareholders vote in favour of the resolutions to renew the allotment and buy back authorities at the Company's Annual General Meeting.

Other Actions that Continue to Promote the Success of the Company

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

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

By order of the Board

Priyanka Vijay Anand
for and on behalf of JPMorgan Funds Limited
Company Secretary

18th November 2021

Directors’ Report

Image: Portland Bill Lighthouse, situated on the Dorset Jurassic Coast near Weymouth.

Steve Bates (Board Chairman and Chairman of Management Engagement Committee)
A Director since October 2020.
Appointed Chairman: 20th January 2021.
Current remuneration: £39,000.
Steve Bates is currently serving as Director and Chief Investment Officer of GuardCap Asset Management Limited and is also a Director of GuardCap UCITS plc and Biotech Growth Trust plc. He has served as the head of emerging markets at JP Morgan Fleming Asset Management, a business he established for a predecessor organisation (Flemings) in 1990. Steve is non-executive Chairman of Vinacapital Vietnam Opportunity Fund Limited and of Third Point Offshore Investors Limited.
Connections with Manager: None.
Shared directorships with other Directors: None.
Current shareholding in the Company: 250,596 Managed Growth Shares.

Karl Sternberg (Senior Independent Director and Chairman of Nomination Committee)
A Director since December 2016.
Current remuneration: £29,000.
Karl Sternberg is a Director of Jupiter Fund Management plc, Lowland Investment Company plc*, Clipstone Industrial REIT plc, Herald Investment Trust plc and Chairman of The Monks Investment Trust plc. He was formerly the Chief Investment officer of Deutsche Asset Management Ltd and he was the Chief Executive of Oxford Investment Partnership. He is also a Student (Fellow), Christ Church, Oxford.
*Stepping down from the Board on 31st December 2021.
Connections with Manager: None.
Shared directorships with other Directors: None.
Current shareholding in the Company: 2,085 Managed Growth Shares and
13,650 Managed Income Shares.

James Robinson (Chairman of the Audit Committee)
A Director since April 2012.
Remuneration: £32,500.
James Robinson is a director of Montanaro UK Smaller Companies Trust plc and Lord Wandsworth College. A chartered accountant, he was previously chief investment officer, investment trusts and director of hedge funds at Henderson Global Investors and a non-executive director of Aberdeen New Thai Investment Trust plc, Invesco Asia Trust plc and Fidelity European Values plc. He was also formerly Chairman of Polar Capital Global Healthcare Trust plc and the investment committee of the British Heart Foundation.
Connections with Manager: None.
Shared directorships with other Directors: None.
Current shareholding in the Company: 5,000 Managed Growth shares.

Rupert Dickinson
A Director since December 2018.
Remuneration: £27,000.
Rupert Dickinson is a Director of Sparrows Capital Limited, Killik & Co LLP and 2023 CWC Ltd (including the Chair of the Audit and Risk Committees for the latter two). He also serves on the Investment Committee of the National Trust for Scotland.
Mr Dickinson joined Barclays Bank Plc in 2000 rising to Chief Executive of Barclays Stockbrokers Limited and a member of the Executive Committee of the Wealth Management division from 2012, until his retirement in 2018. A trained lawyer and qualified chartered accountant, Mr. Dickinson has 20 years' experience in the Wealth and Investment Platform industry in executive, strategic, governance and finance roles.
Connections with Manager: None
Shared directorships with other Directors: None.
Current shareholding in the Company: 1,522 Managed Growth Shares and
12,790 Managed Income Shares.

Carla Stent
A Director since April 2015.
Remuneration: £27,000.
Carla Stent is Chair of Marex Spectron Group Limited and a director of Post Office Limited and Tilney Smith and Williamson Group (including Chair of the Risk and Audit Committee). Ms Stent also serves as chairwoman of several start-up companies. She spent over 20 years in senior, international executive positions in banking, branded private equity and retail industries for blue chip organisations such as Barclays Bank plc, Thomas Cook AG and the Virgin Group. Ms Stent is a qualified Chartered Accountant. She has had direct responsibility for finance, post-merger integration, strategy, business operations, brand development and business transformation.
Connections with Manager: None.
Shared directorships with other Directors: None.
Current shareholding in the Company: 4,919 Managed Growth Shares.

Davina Walter
A Director since October 2020.
Remuneration: £27,000.
Davina Walter is Chairman of Aberdeen Diversified Income and Growth Trust plc and a Director of Miton UK MicroCap Trust plc. She also acts as an independent investment consultant for charities. She started her career at Cazenove & Co, where she spent more than 11 years, ending up as Head of US equity research. She then spent over 16 years as an investment manager of US equities, most recently as a Managing Director at Deutsche Asset Management. She is an experienced investment professional who has been actively involved with investment trusts since 1985.
Connections with Manager: None
Shared directorships with other Directors: None.
Current shareholding in the Company: 1,500 Managed Growth shares
3,500 Managed Income shares.

All Directors are members of the Audit, Management Engagement and Nomination Committees and are considered independent of the Manager.

The Directors present their report and the audited financial statements for the year ended 31st August 2021.

Management of the Company

The Manager of and Company Secretary to the Company is JPMF. The Manager is a wholly owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides accounting, banking, dealing and custodian services to the Company. The current Management Agreement was entered into with effect from 1st July 2014 following the implementation of a number of changes required by the AIFMD, as set out below.

The Board via its newly formed Management Engagement Committee, conducts a formal evaluation of the performance of, and contractual relationship with, the Manager on an annual basis. Part of this evaluation includes a consideration of the management fees and whether the service received represents value for money for shareholders. The review covered the performance over the long term of the Manager, its management processes, consideration of the investment strategy, resources and risk controls and the quality of support that the Company received. The evaluation was carried out in July 2021. As a result of that process, the Board confirms that it is satisfied that the continuing appointment of the Manager and the Company Secretary is in the interests of shareholders as a whole.

The Alternative Investment Fund Managers Directive ('AIFMD')

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

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

As an authorised AIFM, JPMF makes the requisite disclosures on remuneration levels and policies to the FCA at the appropriate time.

Management Fee

The management fee is calculated and paid quarterly in arrears and is charged at the following rates:

- Managed Growth assets: The management fee is 0.3% per annum on assets invested in JPMorgan managed funds and 0.6% per annum on assets invested in non-JPMorgan managed funds and direct investments. Investments in JPMorgan's retail open-ended pooled funds qualify for a partial rebate of 50% of the underlying fee which is paid back to the Company.
- Managed Income assets: The management fee is 0.6% per annum on assets invested in non-JPMorgan managed funds and direct investments. Investments in JPMorgan's retail open-ended pooled funds qualify for a partial rebate of 50% of the underlying fee. There is no additional management fee on assets invested in JPMorgan managed funds.
- Managed Cash assets: no management fee charged. The Managed Cash class invests its assets in the JPMorgan Sterling Managed Reserves Fund which currently charges a management fee of 0.04% per annum.

The management fees in the financial statements are shown net of rebates.

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which was in place during the year and as at the date of this report. An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities arising in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

Independent Auditors

Ernst & Young LLP have expressed their willingness to continue in office as auditors to the Company and a resolution proposing their reappointment and to authorise the Directors to determine their remuneration for the ensuing year will be put to shareholders at the forthcoming Annual General Meeting.

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 of which the Company's auditor is 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 auditor is aware of that information.

Share Capital Structure and Voting Rights

As at 31st August 2021, there were 121,844,672 fully paid Ordinary shares in issue (including shares held in Treasury) made up of 30,675,614 Managed Growth shares, 83,531,200 Managed Income shares and 7,637,858 Managed Cash shares. Each of the Ordinary shares are listed on the London Stock Exchange. Ordinary shares carry the right to attend, speak and vote at General Meetings of the Company. The percentage of total voting rights is calculated by reference to the NAVs per share which, as at 31st August 2021 were as follows:

Managed Growth	11.191
Managed Income	1.116
Managed Cash	1.032

There are no restrictions concerning the transfer of Ordinary shares in the Company, no special rights with regard to control attached to Ordinary shares, no agreements between holders of Ordinary shares regarding their transfer known to the Company and no agreements to which the Company is party that affect its control following a takeover bid.

The Directors have, on behalf of the Company, the authority both to repurchase shares in the market either for cancellation, or for holding in Treasury and to issue new shares for cash or from Treasury on behalf of the Company. Resolutions to renew the authority to issue new Ordinary shares and to repurchase Ordinary shares for cancellation and/or for holding in Treasury will be put to shareholders for approval at the Annual General Meeting. The full text of these Resolutions is set out in the Notice of Annual General Meeting on pages 107 and 108.

The Company's capital structure allows shareholders the opportunity, four times each year, to convert part or all of their shareholdings into shares of the Company's other share classes without such conversions being treated, under current law as a disposal for UK capital gains tax purposes.

Details of the Ordinary shares issued, repurchased and converted during the year are set out in note 14 on page 91 and 92.

There are also 50,000 Founder shares of £1 each in issue, partly paid as to 25p each. The Founder shares are non-voting and carry the right to receive a fixed dividend at the rate of 0.01% on their nominal value. However, the holders of the Founder shares have waived the right to receive such dividends. The Founder shares are not listed on a regulated market.

Notifiable Share Interests

At the financial year end, there were no shareholders that had declared a notifiable interest in the Company's voting rights.

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

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

Listing Rule 9.8.4R

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

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 allot new shares and disapply statutory pre-emption rights (resolutions 11 and 12)

Under resolution 11, the Directors will seek renewal of the authority at the Annual General Meeting to issue new ordinary shares for cash or by way of a sale of Treasury shares up to 3,067,561 Managed Growth shares, 8,353,120 Managed Income shares and 763,786 Managed Cash shares or, if different, the number of Ordinary shares which is equal to approximately 10% of the issued share capital of each share class of the Company as at the date of the passing of the resolution. This authority will expire at the conclusion of the next Annual General Meeting of the Company unless renewed at a prior general meeting.

Resolution 12 will enable the allotment of shares otherwise than by way of a pro rata issue to existing shareholders. It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to investors when the Directors consider that it is in the best interests of shareholders to do so. Any such issues would only be made at prices greater than the net asset value ('NAV'), thereby increasing the NAV per share and spreading the Company's administrative expenses over a greater number of shares. The issue proceeds would be available for investment in line with the Company's investment policies. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

(ii) Authority to repurchase the Company's shares (resolution 13)

The authority to repurchase up to 14.99% of the shares of any class of the Company's issued share capital, granted by shareholders at the 2020 Annual General Meeting, will expire on 20th July 2022 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewal of this authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV of a particular share class enhances the NAV of the remaining shares of that share class.

Resolution 13 gives the Company authority to repurchase its own issued ordinary shares of any class in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to a maximum number of Ordinary shares which is equal to 14.99% of the Company's issued share capital (excluding Treasury shares) of each share class as at the date of the passing of this resolution. The authority also sets minimum and maximum prices.

If resolution 13 is passed at the Annual General Meeting, the Board may repurchase the shares for cancellation or hold them in Treasury pursuant to the authority granted to it for possible reissue at a premium to NAV. During the year ended 31st August 2021, shares repurchased were held in Treasury or cancelled. 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, thereby enhancing the NAV of the remaining shares of that share class as and when market conditions are appropriate. This authority will expire 18 months after the passing of resolution 13. However, it is the Board's intention to seek renewal of the authority at the Annual General Meeting.

(iii) Approval of the proposed Contingent Purchase Contract (resolution 14)

The contingent purchase contract is part of the mechanism by which shareholders are entitled to require the Company to repurchase Managed Cash shares. This resolution gives the Company authority to buy its Managed Cash shares and Deferred shares arising on conversion of any of the Managed Growth, Managed Income or Managed Cash shares into other classes of share. This resolution follows the requirements of Section 694 of the Companies Act 2006. The Deferred shares are repurchased for nominal consideration (as they have no economic value) in order to keep the balance sheet manageable. By law, the Company can only purchase these shares off-market if such purchase is pursuant to a contract in the form approved at a general meeting of the Company.

(iv) Adoption of new articles of association (resolution 15)

Resolution 15, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the '**New Articles**') in order to update the Company's current Articles of Association (the '**Existing Articles**'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted and, most notably, include provisions enabling the Company to hold wholly virtual shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings).

The amendments reflect current best practice and are intended to relieve certain administrative burdens on the Company. A summary of the principal amendments being introduced in the New Articles is set out in the appendix to the AGM Notice (on page 111 of this document). Other amendments, which are of a minor, technical or clarificatory nature, have not been summarised in the appendix.

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

(v) Approval of dividend policy (resolution 16)

The Company pays interim dividends on its three share classes in order to provide shareholders with regular income. Consequently, it does not pay final dividends, which would otherwise be subject to shareholder approval at the AGM. Therefore, in accordance with best practice, the Directors will seek approval at the forthcoming AGM of the Company's dividend policy to continue to pay four quarterly interim dividends on the Company's Managed Growth and Managed Income shares and at least an annual dividend on the Company's Managed Cash shares.

Recommendation

The Board considers that resolutions 11 to 16 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, where voting rights are exercisable, in respect of their own beneficial holdings which amounted in aggregate to 275,622 Managed Growth and 54,940 Managed Income shares representing less than 1% of the voting rights of the Company as at the year end.

Corporate Governance Statement

Compliance

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

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

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

Role of the Board

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

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.

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

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

Board Composition

The Board, chaired by Steve Bates, currently consists of six non-executive Directors, following the appointment of Steve Bates and Davina Walter in October 2020. Alan Hodson stepped down from the Board in January 2021 following his retirement. All Directors are regarded by the Board as independent, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 49. There have been no changes to the Chairman's other significant commitments during the year under review.

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

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

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Subject to the

Corporate Governance Statement continued

performance evaluation carried out each year, the Board will agree whether it is appropriate for the Director to seek an additional term. The Board does not believe that the length of service in itself necessarily disqualifies a Director from seeking reappointment but when making a recommendation, the Board will take into account the requirements of the UK Code and AIC code, including the need to refresh the Board and its Committees.

The Company's Articles of Association require that Directors stand for reappointment at least every three years. However, the Board has taken a decision to adopt corporate governance best practice, resulting in annual reappointment for all Directors.

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

Induction and Training

On appointment, the Manager and Company Secretary provide all Directors with a formal and tailored induction. Thereafter regular briefings and training is 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 trust companies. Regular reviews of the Directors' training needs are carried out by the Chairman by means of the evaluation process described below.

Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on page 49. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long term success of the Company, are summarised below. All of the Directors will stand for reappointment at the forthcoming Annual General Meeting.

Resolution 4 is for the re-appointment of James Robinson. He joined the Board in April 2012 and has served as a Director and Audit Committee Chairman since then. He brings extensive industry knowledge and expertise to the Board having more than 39 years of investment experience.

For details of his current directorships, please refer to page 49 of the Report.

Resolution 5 is for the reappointment of Karl Sternberg. He joined the Board in December 2016 and has served as a Director since then. He is also the Senior Independent Director of the Company. Karl has in-depth knowledge and experience in UK equity investment management and of the investment trust sector in general.

For details of his current directorships, please refer to page 49 of the Report.

Resolution 6 is for the reappointment of Carla Stent. She joined the Board in April 2015 and has served as a Director since then. Carla has extensive international experience in banking, retail and travel industries, delivering significant business performance, particularly during periods of strategic change.

For details of her current directorships, please refer to page 49 of the Report.

Resolution 7 is for the reappointment of Rupert Dickinson. He joined the Board in December 2018 and has served as a Director since then. Rupert has extensive experience in the Wealth Management and Investment Platform industry.

For details of his current directorships, please refer to page 49 of the Report.

Resolution 8 is for the reappointment of Steve Bates. He joined the Board in October 2020 assuming the role of Chairman from the January 2021 AGM. He is an experienced director and brings strong leadership credentials to the position of Chairman.

For details of his current directorships, please refer to page 49 of the Report.

Resolution 9 is for the reappointment of Davina Walter. She joined the Board in October 2020 and has been a Director since then. Davina brings a wealth of investment management and investment trust industry experience to the Board.

For details of her current directorships, please refer to page 49 of the Report.

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

Meetings and Committees

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

The Board delegates certain responsibilities and functions to its Committees. Committee membership is detailed in the Directors' biographies on page 49. The table below details the number of formal Board and Committee meetings attended by each Director. During the year there were four full Board meetings, three Audit Committee meetings, two Nomination Committee meetings and one Management Engagement Committee meeting. These meetings were supplemented by additional meetings held to cover procedural matters and formal approvals. In addition, there is regular contact between the Directors, the Manager and Company Secretary throughout the year.

Meetings Attended

Director	Board	Audit Committee	Nomination Committee	Management Engagement Committee*
Alan Hodson[1]	2	2	1	0
Steve Bates[2]	4	3	1	1
James Robinson	4	3	2	1
Karl Sternberg	4	3	2	1
Rupert Dickinson	4	3	2	1
Carla Stent	4	3	2	1
Davina Walter[3]	4	3	1	1

* New committee formed during the year.

1 Alan Hodson retired from the Board on 20th January 2021.

2 Steve Bates joined the Board on 15th October 2020.

3 Davina Walter joined the Board on 15th October 2020.

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

Board Committees

Audit Committee

The Report of the Audit Committee is set out on pages 58 and 59.

Nomination Committee

Purpose and Responsibilities

The purpose of the Nomination Committee is to review the size, structure and composition of the Board, lead the process for Board appointments, review the adequacy of succession plans, oversee an annual performance evaluation of the Board, the Committees and each of the Directors and to make recommendations on the appropriateness of Directors' fees and the Board's policy on diversity. A full list of the Committee's responsibilities is detailed in the terms of reference, which can be found on the Company's website at www.www.jpmelect.co.uk

Composition, Skills and Experience

In line with the AIC Code, the Nomination Committee is chaired by Karl Sternberg and consists of all the Directors and meets at least annually. All members of the Nomination Committee are independent non-executive Directors.

During the course of the year, the Nomination Committee resolved to appoint Steve Bates, as Chairman elect, ahead of the retirement of Alan Hodson at the 2021 AGM. Mr Hodson was not part of this process which was overseen by the Senior Independent Director, Karl Sternberg. The Committee has a succession plan to refresh the Board in an orderly manner over time.

Effectiveness

The Committee conducts an annual performance evaluation of the Board, its Committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. This year, the Company used board evaluation questionnaires, drawn up by Lintstock, an independent advisory firm. The responses were collated and then discussed by the Committee. The evaluation of individual Directors is led by the Chairman, and the Senior Independent Director leads the evaluation of the Chairman's performance.

Independence

The Nomination Committee is responsible for the ongoing assessment of the independence of non-executive Directors, including the independence of the Chairman. In assessing independence, in particular independence from the Manager, the Committee considers whether a Director is independent in character and judgement and whether there are relationships or circumstances, including those contained in the UK Code, which are likely to affect, or could appear to affect, the Director's judgement. It does this with reference to the individual's performance and conduct in reaching decisions.

The Committee is satisfied that, throughout the year, all non-executive Directors, including the Chairman, who was independent on appointment, remained independent as to both character and judgement.

Management Engagement Committee

During the year the Board established a Management Engagement Committee. Although the new duties of the Management Engagement Committee were previously completed by the Board as a whole, the Committee was established to bring the Company in line with the AIC Code of Corporate Governance.

The Management Engagement Committee, chaired by Steve Bates, consists of all Directors and will meet at least annually. The Committee's remit is 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.

During the year, the Committee reviewed the investment management and company secretarial services provided to the Company by the Manager. This review which is conducted on an annual basis, included investment performance, risk management, administration, controls and compliance. The review concluded that the Manager's overall performance for the year was satisfactory. The Board therefore believes that the continuing appointment of the Manager for the provision of these services, on the terms agreed, continues to be in the best interests of shareholders as a whole.

Corporate Governance Statement continued

The Committee also carried out a review of its other key service providers.

Role of the Depositary

The Depositary is responsible for the safekeeping of all custodial assets of the Company, for verifying and maintaining a record of all other assets of the Company and for the collection of income that arises from those assets. The Board conducts an annual evaluation of the services provided to the Company by the Depositary.

Risk Management and Internal Control

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

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

Since investment management, depositary services, custody of assets and all administrative services are provided to the Company by the Manager, its associates and the Bank of New York Mellon (International) Limited, the Company's system of risk management and internal control mainly comprises the monitoring of their services 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 and Emerging Risks on pages 42 and 43). This process has been in place for the year under review and up to the date of the approval of the Annual Report and Financial Statements and it accords with the Financial Reporting Council's guidance. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Manager's internal audit department conducts regular and rigorous reviews of the various functions within its asset management business. Any significant findings that are relevant to the Company and/or the Manager's investment trust business are reported to the Board.

The key elements designed to provide effective risk management and internal control are as follows:

- **Financial Reporting**

  Regular and comprehensive review by the Audit Committee and 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 or depositary regulated by the Financial Conduct Authority (FCA), whose responsibilities are clearly defined in a written agreement.

- **Management Systems**

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

- **Investment Strategy**

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

  The Board, either directly or through one of it's Committees, keeps under review the effectiveness of the Company's system of risk management and internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

  - maintaining a risk matrix and reviewing the key risks to the Company at each Audit Committee meeting;
  - reviewing the terms of the management agreement and receives regular reports from the Manager's Compliance department;
  - receiving a report from the Depositary on the results of its monitoring of the Company's transactions;
  - reviewing the terms of the agreements and undertaking an evaluation of each service provider;
  - reviewing the reports on the risk management and internal controls and the operations of its custodian, JPMorgan Chase Bank, which is itself independently reviewed; and
  - reviewing every six months an independent report on the risk management and internal controls and the operations of the Manager.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended

31st August 2021, and to the date of approval of this Annual Report and Financial Statements.

During the course of its review of the system of risk management and internal control, the Board did not identify nor was it advised of any failings or weaknesses which it determined to be significant.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to the Manager. Set out below in italics is a summary of the policy statements of JPMAM on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included on page 41.

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

JPMAM believes effective investment stewardship can materially contribute to helping build stronger portfolios over the long term for our clients. At the heart of JPMAMs approach lies a close collaboration between our portfolio managers, research analysts and investment stewardship specialists to engage with the companies in which JPMAM invests. Regular engagement with JPMAMs investee companies through investment-led stewardship has been a vital component of JPMAMs active management heritage. JPMAM continues to exercise active ownership through regular and ad hoc meetings, and through its voting responsibilities. JPMAM's formal stewardship structure is designed to identify risks and understand its portfolio companies' activities, in order to enhance value and mitigate risks associated with them. JPMAM has identified five main investment stewardship priorities it believes have universal applicability and will stand the test of time:

- *governance;*
- *strategy alignment with the long term;*
- *human capital management;*
- *stakeholder engagement; and*
- *climate risk.*

Within each priority area, JPMAM identified related themes it is seeking to address over a shorter time frame. These themes will evolve as JPMAM engages with companies to understand issues and promote best practice. This combination of long-term priorities and evolving, shorter-term themes provides JPMAM with a structured and targeted framework to guide its investors and investment stewardship teams globally as JPMAM engages with investee companies around the world.

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

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

By order of the Board

Priyanka Vijay Anand, for and behalf of
JPMorgan Funds Limited
Company Secretary

18th November 2021

Audit Committee Report

I am pleased to present my formal report to Shareholders as Chairman of the Audit Committee, for the year ended 31st August 2021.

Role and Responsibilities

The purpose of the Audit Committee is to monitor and review the principles, policies and practices adopted in the preparation and audit of the accounts of the Company and the integrity of the financial statements and any other announcement relating to the Company's financial performance. The Committee also monitors the effectiveness of the internal controls and the risk management framework, the external auditors' independence and objectivity, the effectiveness of the audit process, corporate governance standards and regulatory compliance and reports its findings to the Board. A full list of the Committee's responsibilities are detailed in the terms of reference, which can be found on our website at www.jpmelect.co.uk

Composition, Skills and Experience

All members of the Audit Committee, which includes the Chairman of the Board, are independent non-executive Directors and their details are set out on page 49. As a member of the Committee, Steve Bates provides a valuable contribution from his extensive knowledge and experience. This is permitted under the AIC Code as the Board Chairman was deemed to be independent on appointment. The Committee meets at least three times each year. In addition, the Audit Committee meets the Auditors at least annually, without any other person present, for a private discussion. The members of the Audit Committee consider that at least one member has recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which the Company operates.

Significant Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 31st August 2021, the Audit Committee considered the following significant issues, including those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1(b) to the accounts on page 80. Controls are in place to ensure that valuations are appropriate and existence is verified through Depositary and Custodian reconciliations. The Company has appointed The Bank of New York Mellon (International) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A. as the custodian. The audit includes the review of the valuation and existence of the investments.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 81. The Committee regularly reviews subjective elements of income such as special dividends and agrees their accounting treatment.
Compliance with Sections 1158 and 1159 Corporation Tax Act 2010	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st September 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.
Calculation of management fee	The management fee is calculated in accordance with the Investment Management Agreement and details of the allocation of rebates are reviewed by the Committee. These items are also subject to external audit.
Share capital	The conversions undertaken on a quarterly basis are calculated in accordance with the terms of the Company's Articles of Association and separately reviewed by the Company's auditor.

Going Concern

Having considered the Company's investment objective, risk management policies, capital management policies and procedures, the nature of the portfolio and revenue as well as expenditure projections, taking into account the impact of Covid-19 on the revenue expected from underlying investments in these projections, Directors believe 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. The Company's investments are in quoted securities which are readily realisable and exceed its liabilities significantly.

Gearing levels and compliance with loan covenants are reviewed by the Board on a regular basis. The Company's key third party suppliers, including its Manager are not experiencing any operational difficulties to adversely affect their services to the Company. In addition, and in particular, the Board has considered the impact of Covid-19 and believes that this will have a limited financial impact on the Company's operational resources and existence. For these reasons, the Directors consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements. They have not identified any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of these financial statements to 30th November 2022.

Auditor Objectivity and Independence

The Committee has implemented safeguards to ensure that the provision of non-audit services does not impair the external Auditors' objectivity or independence. All non-audit fees are approved by the Committee and an assessment of the safeguards is carried out on an annual basis. For the year ended 31st August 2021 the Auditor was paid £8,000 to perform a review of the share conversions.

Auditor Appointment and Tenure

Ernst & Young LLP have audited the Company's financial statements since 2000 and were reappointed following a tender exercise in 2013. The Company's current audit partner, Mike Gaylor has been the Company's audit partner since 2020. Under the Audit Regulations and Guidance effective from April 2017, the Company is required to appoint a new audit firm no later than 2023.

Assessment of the Effectiveness of the External Audit Process

The Audit Committee 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 and Financial Statements were considered and also engage with Directors as and when required.

Having considered the external Auditors' performance, including their technical competence, strategic knowledge, the quality of work, communications and reporting, the Committee was satisfied with the effectiveness of the external audit process and considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting.

Fair, Balanced and Understandable

Having taken all available information into consideration and having discussed the content of the Annual Report and Financial Statements with the Manager and other third party service providers, the Audit Committee has concluded that the Annual Report and Financial Statements for the year ended 31st August 2021 taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy, and has reported these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 65.

James Robinson
Chairman of the Audit Committee

18th November 2021

Directors' Remuneration Report

Image : Stone cottage house next to a river with Great Langdale mountains and valley in the background in the Lake District National Park in North West England, UK.

The Board presents the Directors' Remuneration Report for the year ended 31st August 2021, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 as amended.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in its report on pages 67 to 73.

As all of the Directors are non-executive, the Board has not established a Remuneration Committee. Instead, the Nomination Committee reviews Directors' fees on a regular basis and makes recommendations to the Board as and when appropriate.

Directors' Remuneration Policy

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

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

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

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

In the year under review, Directors' fees were paid at the following rates: Chairman £37,000; Chairman of the Audit Committee £31,500; and other Directors £26,000. Following a review, Directors' fees were increased with effect from 1st September 2021 to the following rates: Chairman £38,000; Audit Committee Chairman £32,500; and other Directors £27,000. The role of Senior Independent Director, Chair of the Nomination Committee and Chair of the Management Engagement Committee attract an additional fee of £1,000 per role.

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

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

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 53.

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report, which includes details of the Directors' remuneration policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 31st August 2020 and no changes are proposed for the year ending 31st August 2022.

At the Annual General Meeting held on 20th January 2021, of all votes cast on the Directors' Remuneration Policy (including those votes over which the Chairman was granted discretion) 99.91% were in favour whilst 0.09% were against. Of all votes cast on the Directors' Remuneration implementation report (including those votes over which the Chairman was granted discretion) 99.91% were in favour whilst 0.09% were against. Both resolutions received abstentions from less than 0.01% of all votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report for the forthcoming Annual General Meeting will be given in the Annual Report for the year ending 31st August 2022. The reporting is annually for both the advisory vote on the Directors' Remuneration Report and the binding vote on the Remuneration Policy.

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

Single total figure of remuneration

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

Single total figure table[1]

	2021			2020		
	Fees	Taxable expenses[2]	Total	Fees	Taxable expenses[2]	Total
Directors' Name	£	£	£	£	£	£
Alan Hodson[3]	14,389	–	14,389	37,000	–	37,000
James Robinson	31,500	–	31,500	31,500	215	31,715
Rupert Dickinson	26,000	–	26,000	26,000	1,260	27,260
Carla Stent	26,000	–	26,000	26,000	–	26,000
Karl Sternberg	26,000	–	26,000	26,000	–	26,000
Davina Walter[4]	22,185	–	22,185	–	–	–
Steve Bates[5]	27,074	–	27,074	–	–	–
Total	173,148	–	173,147	146,500	1,475	147,975

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

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

[3] Retired from the Board on 20th January 2021.

[4] Appointed to the Board on 15th October 2020.

[5] Appointed to the Board on 15th October 2020 and as a Board Chairman on 20th January 2021.

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 31st August 2021:

Directors' name	Percentage change on prior year
Alan Hodson[1]	n/a
James Robinson	0.0%
Rupert Dickinson	0.0%
Carla Stent	0.0%
Karl Sternberg	0.0%
Davina Walter[2]	n/a
Steve Bates[3]	n/a

[1] Retired from the Board on 20th January 2021.

[2] Appointed to the Board on 15th October 2020.

[3] Appointed to the Board on 15th October 2020 and as a Board Chairman on 20th January 2021.

A table showing the total remuneration for the Chairman over the five years ended 31st August 2021 is below:

Remuneration for the Chairman over the five years ended 31st August 2021

Year ended 31st August	Fees
2021	£37,000
2020	£37,000
2019	£36,500
2018	£36,000
2017	£34,500

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' shareholdings are detailed below. All shares are held beneficially.

	31st August 2021 or at date of appointment		
Directors	Managed Growth Shares	Managed Income Shares	Managed Cash Shares
Alan Hodson	10,000	25,000	–
James Robinson	5,000	–	–
Karl Sternberg	2,085	13,650	–
Carla Stent	4,919	–	–
Rupert Dickinson	1,522	12,790	–
Steve Bates[2]	250,596	–	–
Davina Walter[2]	1,500	3,500	–
Total	275,622	54,940	–

[1] Audited information.

[2] Appointed on 15th October 2020.

	31st August 2020 or at date of appointment		
Directors	Managed Growth Shares	Managed Income Shares	Managed Cash Shares
Alan Hodson	10,000	25,000	–
James Robinson	5,000	–	–
Karl Sternberg	2,085	13,650	–
Carla Stent	4,919	–	–
Rupert Dickinson	1,522	12,790	–
Steve Bates[2]	250,596	–	–
Davina Walter[2]	1,500	3,500	–
Total	275,622	54,940	–

[1] Audited information.

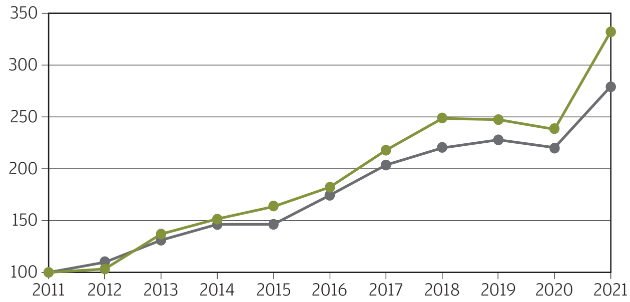
[2] Appointed on 15th October 2020.

As at the latest practicable date before the publication of this document, there have been no changes to the Directors' shareholdings. The Directors have no other share interests or share options in the Company and no share schemes are available.

In accordance with the Companies Act 2006, graphs showing the total return of the Managed Growth and Managed Income share classes compared with their respective benchmarks over the last ten years is shown below. (The benchmarks are a composite comprising 50% FTSE All-Share Index and 50% FTSE World Index (ex-UK) for Managed Growth and the FTSE All-Share Index for Managed Income.) Because these benchmarks are the adopted benchmarks for Managed Growth and Managed Income, they are deemed by the Board to be the most representative comparators for these share classes.

Managed Growth:

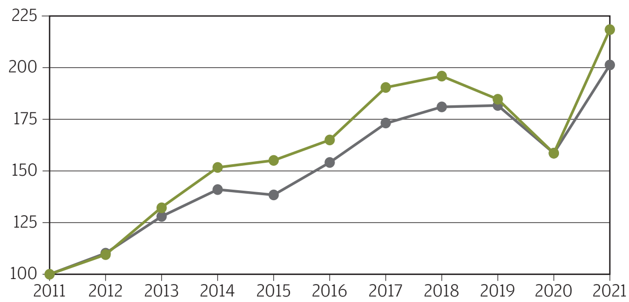
Ten Year Share Price and Benchmark Total Return to 31st August 2021



Source: Morningstar.
Total return to shareholders.
Benchmark total return.

Managed Income:

Ten Year Share Price and Benchmark Total Return[1] to 31st August 2021



Source: Morningstar.
Total return to shareholders.
Benchmark total return.

[1] Source: J.P.Morgan/Bloomberg. The Company's benchmark is the FTSE All-Share Index (total return). Prior to 1st March 2018, the benchmark was a composite comprising 85% FTSE All-Share Index and 15% Bloomberg Barclays Capital Global Corporate Bond Index (hedged) in sterling terms (all total return). Prior to 28th February 2009, the benchmark was a composite comprising 85% FTSE 350 High Yield Index and 15% Merrill Lynch 5-10 year Sterling Corporate Bond Index.

Although the Managed Cash share class has not adopted a benchmark, it is a requirement of the Companies Act 2006 to provide a benchmark against which to measure performance for the purposes of the Directors' Remuneration Report. The Board's main objective is to protect investors' capital and so the Managed Cash share price is measured relative to a benchmark of 100p. The Managed Cash share price traded in the range of 98.50p to 103.50p in the ten year period ended 31st August 2021.

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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 31st August	
	2021 **£**	**2020** **£**
Remuneration paid to all Directors	£173,147	£147,975
Distribution to shareholders		
- by way of dividends paid	£8,473,000	£8,675,000
- by way of share repurchases	£20,092,000	£14,827,000

By order of the Board
Steve Bates
Chairman

18th November 2021

Statement of Directors’ Responsibilities

Image: Bagh Steinigidh on the Isle of Harris in Scotland.

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law. Under company law, the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, the annual report and accounts are fair, balanced and understandable, provide the information necessary for shareholders to assess the Company's performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

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

and the Directors confirm that they have done so.

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

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

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

Each of the Directors, whose names and functions are listed on page 49, 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 true and fair view of the assets, liabilities, financial position and return of the Company; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Board confirms that it is satisfied that the Annual Report and Financial Statements 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
Steve Bates
Chairman

18th November 2021

Independent Auditor’s Report

Image: Lake District National Park, Cumbria, Uk.UNESCO world heritage side.

To the Members Of JPMorgan Elect plc

Opinion

We have audited the financial statements of JPMorgan Elect plc for the year ended 31st August 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31st August 2021 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- Confirmation of our understanding of the Company's going concern assessment process and engagement with the Directors and the Company Secretary to determine if all key factors were considered in their assessment.
- Inspection of the Directors' assessment of going concern, including the revenue forecast, for the period to 30th November 2022 which is at least 12 months from the date these financial statements were authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- Review of the factors and assumptions, including the impact of the Covid-19 pandemic, as applied to the revenue forecast and the Directors' liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- In relation to the Company's borrowing arrangements, our inspection of the Directors' assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We recalculated the Company's compliance with debt covenants in the scenarios assessed by the Directors and reviewed the Directors' reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.
- Consideration of the mitigating factors included in the revenue forecast and covenant calculations that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments to cover the working capital requirements should revenue decline significantly.
- Review of the Company's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 30th November 2022, which is at least 12 months from when the financial statements are authorised for issue.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income; and • Risk of incorrect valuation or ownership of the investment portfolio.
Materiality	• Overall materiality of £4.03 million (2020: £3.29 million) which represents 1% (2020: 1%) of shareholders' funds.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income (as described on page 58 in the Audit Committee's Report and as per the accounting policy set out on page 81). The total revenue for the year to 31st August 2021 was £9.05 million (2020: £9.17 million), consisting primarily of dividend income from listed investments. In total, the Company received 13 special dividends. Out of 13, 12 amounting to £0.38 million (2020: £0.18 million) were classified as revenue and one amounting to £0.31 million (2020: £0.01 million was classified as capital. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply the appropriate accounting treatment. In addition to the above, the Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of Comprehensive Income.	**We performed the following procedures:** We obtained an understanding of the processes and controls in relation to revenue recognition by performing walkthrough procedures. For all dividends received and accrued we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data source. For a sample of dividends received and all dividends accrued we agreed amounts to bank statements and where applicable, agreed the exchange rates to an external source. On a sample basis, we recalculated interest income on liquidity stocks held as investments in the managed cash portfolio. For dividends accrued, we reviewed the investee Company announcements to assess whether the dividend obligations arose prior to 31st August 2021.	The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	To test completeness of recorded income, we tested that expected dividends for each investee Company held during the year had been recorded as income with reference to investee Company announcements obtained from an independent data vendor. For all investments held during the year, we reviewed the type of dividends paid with reference to an external data source to identify those which were 'special'. We confirmed 13 special dividends, amounting to £0.69 million, were received during the year. We have tested four special dividends, amounting to £0.61 million, by recalculating the amount received and assessing the appropriateness of classification as revenue or capital.	
Incorrect valuation or ownership of the investment portfolio (as described on page 58 in the Audit Committee's Report and as per the accounting policy set out on page 80). The valuation of the investment portfolio at 31st August 2021 was £400.00 million (2020: £324.67 million) consisting mainly of listed investments. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Inappropriate investment pricing, or a failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined by reference to stock exchange listed market bid prices at close of business on the reporting date. With respect to the Company's investment in Open Ended Investment Companies ('OEICs'), the fair value is based on the available market price at the close of business.	We performed the following procedures: We obtained an understanding of the processes and controls surrounding investment title and the pricing of listed securities by performing our walkthrough procedures. For all investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year-end. We inspected the stale pricing reports produced by the Administrator to identify prices that have not changed around the year end and verified whether the listed and quoted prices are valid fair values through review of trading activity. We agreed the Company's investments to the independent confirmations received from the Company's Custodian and Depositary at 31st August 2021.	The results of our procedures identified no material misstatement in relation to risk of incorrect valuation or ownership of the investment portfolio

In the prior year, our auditor's report included a key audit matter in relation to the impact of Covid-19. The impact of Covid-19 on going concern continued to be relevant to our audit of the Company and we considered this as part of our overall work on going concern which is set out under 'Conclusions relating to going concern'. The other elements of the prior year key audit matter have not been included as a separate key audit matter as it was determined that they did not have a significant impact on our audit strategy for this year's audit.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £4.03 million (2020: £3.29 million), which is 1% (2020: 1%) of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measure of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2020: 75%) of our planning materiality, namely £3.02 million (2020: £2.47 million). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £0.40 million (2020: £0.40 million) being 5% of revenue return before taxation (2020: being 5% of the revenue return before taxation).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.20 million (2020: £0.16 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' reports have been prepared in accordance with applicable legal requirements;

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Corporate Governance Statement

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

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

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 58;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 44;
- Directors' statement on fair, balanced and understandable set out on page 59;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 42;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 56; and;
- The section describing the work of the Audit Committee set out on pages 58 and 59.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 65, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, UK Corporate Governance Code, the Association of Investment Companies' Code and Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary, and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Statement of Comprehensive Income. Further discussion of our approach is set out in the key audit matter above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the Company Secretary's reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

Other matters we are required to address

- We were appointed as auditors by the Company and signed an engagement letter prior to our audit of the financial statements for the period ending 31st August 2000 and subsequent financial periods. Our appointment was subsequently ratified at the first annual general meeting of the Company held on 6th December 2000.

  The period of total uninterrupted engagement is twenty-two years, covering the years ending 31st August 2000 to 31st August 2021.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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

Mike Gaylor *(Senior Statutory Auditor)*
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London

18th November 2021

Notes:

1. The maintenance and integrity of the JPMorgan Elect plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Company Financial Statements

Image: The old harbour and salt marshes at Thornham on the north coast of Norfolk

FOR THE YEAR ENDED 31ST AUGUST 2021

		2021			2020		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	3	–	95,722	95,722	–	(16,083)	(16,083)
Net foreign currency gains		–	7	7	–	48	48
Income from investments	4	9,026	–	9,026	9,127	–	9,127
Interest receivable and similar income	4	28	–	28	42	–	42
Gross return/(loss)		**9,054**	**95,729**	**104,783**	**9,169**	**(16,035)**	**(6,866)**
Management fee	5	(527)	(1,092)	(1,619)	(480)	(938)	(1,418)
Other administrative expenses	6	(524)	–	(524)	(612)	(251)	(863)
Net return/(loss) before finance costs and taxation		**8,003**	**94,637**	**102,640**	**8,077**	**(17,224)**	**(9,147)**
Finance costs	7	(67)	(82)	(149)	(84)	(87)	(171)
Net return/(loss) before taxation		**7,936**	**94,555**	**102,491**	**7,993**	**(17,311)**	**(9,318)**
Taxation (charge)/credit	8	(18)	–	(18)	(14)	3	(11)
Net return/(loss) after taxation		**7,918**	**94,555**	**102,473**	**7,979**	**(17,308)**	**(9,329)**
Return/(loss) per share:	9						
Managed Growth		**15.56p**	**266.15p**	**281.71p**	**16.56p**	**(14.35)p**	**2.21p**
Managed Income		**4.44p**	**23.99p**	**28.43p**	**3.53p**	**(15.50)p**	**(11.97)p**
Managed Cash		**0.55p**	**(0.44)p**	**0.11p**	**0.40p**	**0.29p**	**0.69p**

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

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

The notes on pages 80 to 100 form an integral part of these financial statements.

FOR THE YEAR ENDED 31ST AUGUST 2021

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves[1] £'000	Revenue reserve[1] £'000	Total £'000
At 31st August 2019	16	166,765	8	188,252	7,269	362,310
Repurchase and cancellation of the Company's own shares	–	–	–	(949)	–	(949)
Repurchase of shares into Treasury	–	–	–	(13,878)	–	(13,878)
Share conversions during the year	–	7,188	–	(7,188)	–	–
Project costs in relation to shares as a result of Company rollover	–	(373)	–	–	–	(373)
Net (loss)/return	–	–	–	(17,308)	7,979	(9,329)
Dividends paid in the year (note 10)	–	–	–	–	(8,675)	(8,675)
At 31st August 2020	16	173,580	8	148,929	6,573	329,106
Repurchase and cancellation of the Company's own shares	–	–	–	(605)	–	(605)
Repurchase of shares into Treasury	–	–	–	(19,487)	–	(19,487)
Share conversions during the year	–	4,608	–	(4,608)	–	–
Project costs in relation to shares as a result of Company rollover	–	(10)	–	–	–	(10)
Net return	–	–	–	94,555	7,918	102,473
Dividends paid in the year (note 10)	–	–	–	–	(8,473)	(8,473)
At 31st August 2021	16	178,178	8	218,784	6,018	403,004

[1]These reserves form the distributable reserves of the Company and may be used to fund distributions to investors.

The notes on pages 80 to 100 form an integral part of these financial statements.

AT 31ST AUGUST 2021

	Notes	2021 Managed Growth £'000	Managed Income £'000	Managed Cash £'000	Total £'000
Fixed assets					
Investments held at fair value through profit or loss	11	**303,829**	**88,368**	**7,798**	**399,995**
Current assets					
Derivative financial assets	12	77	–	–	77
Debtors	12	625	1,092	134	1,851
Cash and cash equivalents		6,475	2,132	2	8,609
		7,177	3,224	136	10,537
Current liabilities					
Creditors: amounts falling due within one year	13	(265)	(7,116)	(53)	(7,434)
Derivative financial liabilities	13	(94)	–	–	(94)
Net current assets/(liabilities)		**6,818**	**(3,892)**	**83**	**3,009**
Total assets less current liabilities		**310,647**	**84,476**	**7,881**	**403,004**
Net assets		**310,647**	**84,476**	**7,881**	**403,004**
Capital and reserves					
Called up share capital	15	15	1	–	16
Share premium	15	51,849	93,147	33,182	178,178
Capital redemption reserve	15	3	3	2	8
Other reserve	15	25,819	(5,572)	(20,247)	–
Capital reserves	15	230,946	(7,036)	(5,126)	218,784
Revenue reserve	15	2,015	3,933	70	6,018
Total shareholders' funds		**310,647**	**84,476**	**7,881**	**403,004**

	Note	31st August 2021 Net asset value per share (pence)	Net assets attributable £'000
Managed Growth	16	1,119.1	310,647
Managed Income	16	111.6	84,476
Managed Cash	16	103.2	7,881

The financial statements on pages 75 to 79 were approved and authorised for issue by the Directors on 18th November 2021 and are signed on their behalf by:

James Robinson
Director

The notes on pages 80 to 100 form an integral part of these financial statements.

Company registration number: 3845060

AT 31ST AUGUST 2020

	Notes	2020 Managed Growth £'000	Managed Income £'000	Managed Cash £'000	Total £'000
Fixed assets					
Investments held at fair value through profit or loss	11	**244,721**	**74,463**	**5,484**	**324,668**
Current assets					
Derivative financial assets	12	71	–	–	71
Debtors	12	4,478	669	–	5,147
Cash and cash equivalents		7,489	1,026	889	9,404
		12,038	1,695	889	14,622
Current liabilities					
Creditors: amounts falling due within one year	13	(3,916)	(5,834)	(201)	(9,951)
Derivative financial liabilities	13	(233)	–	–	(233)
Net current assets/(liabilities)		**7,889**	**(4,139)**	**688**	**4,438**
Total assets less current liabilities		**252,610**	**70,324**	**6,172**	**329,106**
Net assets		**252,610**	**70,324**	**6,172**	**329,106**
Capital and reserves					
Called up share capital	15	15	1	–	16
Share premium	15	50,681	92,519	30,380	173,580
Capital redemption reserve	15	3	3	2	8
Other reserve	15	25,819	(5,572)	(20,247)	–
Capital reserves	15	173,796	(20,823)	(4,044)	148,929
Revenue reserve	15	2,296	4,196	81	6,573
Total shareholders' funds		**252,610**	**70,324**	**6,172**	**329,106**

	Note	31st August 2020 Net asset value per share (pence)	Net assets attributable £'000
Managed Growth	16	851.9	252,610
Managed Income	16	87.6	70,324
Managed Cash	16	103.8	6,172

FOR THE YEAR ENDED 31ST AUGUST 2021

	Notes	2021 £'000	2020 £'000
Net cash outflow from operations before dividends and interest	17	(2,147)	(2,190)
Dividends received		8,670	9,674
Interest received		50	64
Interest paid		(162)	(166)
Net cash inflow from operating activities		**6,411**	**7,382**
Purchases of investments and derivatives		(62,307)	(47,244)
Sales of investments and derivatives		81,417	66,163
Settlement of futures contracts		1,158	761
Settlement of forward currency contracts		(4)	20
Net cash inflow from investing activities		**20,264**	**19,700**
Dividends paid	10a	(8,473)	(8,675)
Repurchase of shares into Treasury		(19,486)	(13,977)
Repurchase and cancellation of the Company's own shares		(763)	(2,343)
Drawdown of bank loan		2,000	5,000
Repayment of bank loan		–	(5,000)
Utilisation of bank overdraft		(739)	648
Project costs in relation to shares issued as a result of Company rollover		(10)	(373)
Net cash outflow from financing activities		**(27,471)**	**(24,720)**
(Decrease)/increase in cash and cash equivalents		**(796)**	**2,362**
Cash and cash equivalents at start of year		9,404	7,061
Exchange movements		1	(19)
Cash and cash equivalents at end of year		8,609	9,404
(Decrease)/increase in cash and cash equivalents		**(796)**	**2,362**
Cash and cash equivalents consist of:			
Cash held in JPMorgan Sterling Liquidity Fund		6,906	1,192
Cash and short term deposits		1,703	8,212
Total		**8,609**	**9,404**

RECONCILIATION OF NET DEBT

	As at 31st August 2020 £'000	Cash flows £'000	Exchange movements £'000	As at 31st August 2021 £'000
Cash and cash equivalents				
Cash	8,212	(6,510)	1	1,703
Cash equivalents	1,192	5,714	–	6,906
	9,404	(796)	1	8,609
Borrowings				
Overdrafts	(739)	739	–	–
Debt due within one year	(5,000)	(2,000)	–	(7,000)
	(5,739)	(1,261)	–	(7,000)
Total	**3,665**	**(2,057)**	**1**	**1,609**

The notes on pages 80 to 100 form an integral part of these financial statements.

FOR THE YEAR ENDED 31ST AUGUST 2021

1. Accounting policies

(a) Basis of accounting

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

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

The financial statements for the Company comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the 'Total' column of the Statement of Financial Position, the Statement of Cash Flows, and the 'Total' column within the Notes to the financial statements.

The Managed Growth, Managed Income and Managed Cash Statement of Financial Position, together with the notes to those statements are not required under UK GAAP, and have not been audited but have been disclosed to assist shareholders' understanding of the net assets and liabilities, and income and expenses of the different share classes.

The financial statements have been prepared on a going concern basis following an assessment of the appropriateness of the going concern basis up to 30th November 2022. In forming this opinion, the directors have considered any potential impact of the Covid-19 pandemic on the going concern and viability of the Company. They have considered the potential impact of Covid-19 and the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience particularly in light of Covid-19. The Directors have reviewed the compliance with debt covenants in assessing the going concern and viability of the Company. The Directors have reviewed income and expense projections and the liquidity of the investment portfolio in making their assessment.

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

(b) Investments

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

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth.

Upon initial recognition the investments are classified by the Company as 'held at fair value through profit or loss'. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and net asset values based on the latest management accounts. With respect to holdings in Open Ended Investment Companies ('OEICs') or Société d'Investissement à capital variable ('SICAV'), prices are available daily. There are no adjustments or valuation techniques required.

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

(c) Accounting for reserves

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

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

(d) Income

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

Overseas dividends are included gross of any withholding tax.

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

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

Underwriting commission and deposit interest are recognised in revenue on an accruals basis.

Stock lending income is taken to revenue on an accruals basis.

Dividends from Real Estate Investment Trusts ('REITs') are taken to revenue on an accruals basis. UK REIT dividends can be Property Income Distribution ('PID') or non-PID for tax purposes; the exact split is provided by the underlying company within the official dividend announcement. PID revenue is taxable whereas non-PID revenue is treated in the same way as dividends from UK companies.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to revenue except for items in (i) to (iii) below.

(i) The management fee on the Managed Growth pool of assets is allocated 25% to revenue and 75% to capital in line with the Board's expected split of the revenue and capital return from the Managed Growth investment portfolio.

(ii) The management fee on the Managed Income pool of assets is allocated 50% to revenue and 50% to capital in line with the Board's expected split of the revenue and capital return from the Managed Income investment portfolio.

(iii) Expenses incidental to the purchase of an investment are charged to capital and those incidental to the sale are deducted from the sales proceeds and then recognised in capital alongside the realised gain or loss on the investment. These expenses are commonly referred to as transaction costs and include items such as stamp duty and brokerage commissions.

0.25% of the total costs of the Company as a whole, excluding savings scheme costs, are allocated to Managed Cash. Expenses charged to the Company, common to Managed Growth and Managed Income are apportioned to the revenue account of each pool in the same proportion as their net assets on a quarterly basis. Expenses charged to the Company in relation to a specific pool are allocated directly to that pool, with the other two pools remaining unaffected.

(f) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method and are allocated to revenue and capital in line with the management fee.

(g) Financial instruments

Cash and cash equivalents may comprise cash including short term deposits. Cash equivalents are short term and highly liquid assets, which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. For the Managed Growth and Managed Income pools liquidity funds are considered cash equivalents as they are held for cash management purposes as an alternative to cash.

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

Bank loans are recorded initially at the proceeds received net of direct issue costs. Loans are subsequently recorded at amortised cost using the effective interest method.

Derivative financial instruments, including futures contracts are based on their quoted price on the futures exchange and are included in current assets or current liabilities. Any profits or losses on the closure or revaluation of positions are recognised in the Statement of Comprehensive Income and taken to capital reserves. Derivative financial instruments are initially recognised and de-recognised on a trade date basis.

1. Accounting policies *continued*

(h) Taxation

Tax expense represents the sum of tax currently payable and deferred tax. Any tax payable is based on taxable profit for the period.

Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

For the Company, any allocation of tax relief to capital is based on the marginal basis, such that tax allowable capital expenses are offset against taxable income.

As an investment trust which has received approval under the appropriate tax regulations, the Company is not liable for taxation on capital gains.

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

Tax is computed for each pool of assets separately. Where unrelieved expenses in one pool are utilised in another pool, a credit is made in the donor pool and a charge in the recipient pool, based on half the value of these expenses to the Company as a whole.

(i) Value Added Tax ('VAT')

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

(j) Functional currency

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

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

(k) Dividends

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

(l) Repurchase of Ordinary shares to hold in Treasury

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

Should shares held in Treasury be reissued, the sale proceeds will be treated as recognised in 'Other reserves' at the value of the original purchase price of those shares. The excess of the sale proceeds over the purchase price will be credited to share premium.

(m) Share issue costs

The costs of issuing shares are charged against any premium received on those shares. If no premium is receivable, the costs are charged to capital reserves.

(n) Operating segments

The Company is engaged in a single segment of business, being that of an investment trust company, consequently no business segmental analysis is provided.

2. Significant accounting judgments, estimates and assumptions

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

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

3. Gains/(losses) on investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Realised gains on sales of investments	22,300	11,093
Net change in unrealised gains and losses on investments	72,130	(28,021)
Net realised gains on close out of futures contracts	1,158	761
Unrealised gains on futures contracts	145	98
Other capital charges	(11)	(14)
Total capital gains/(losses) on investments held at fair value through profit or loss	**95,722**	**(16,083)**

4. Income

	Managed Growth 2021 £'000	Managed Income 2021 £'000	Managed Cash 2021 £'000	Total 2021 £'000	Total 2020 £'000
Income from investments					
UK dividends	4,944	3,626	–	8,570	8,832
Income from OEICs	164	–	–	164	149
Overseas dividends	–	216	–	216	120
Property income distribution from UK REITs	–	31	–	31	–
Income from JPM Sterling Managed Reserves Fund	–	–	45	45	26
	5,108	**3,873**	**45**	**9,026**	**9,127**
Interest receivable and similar income					
Liquidity and deposit interest	4	1	–	5	33
Securities lending income	22	1	–	23	9
	26	**2**	**–**	**28**	**42**
Total income	**5,134**	**3,875**	**45**	**9,054**	**9,169**

5. Management fee

	Managed Growth 2021 £'000	Managed Income 2021 £'000	Managed Cash 2021 £'000	Total 2021 £'000	Total 2020 £'000
Charged to revenue	283	244	–	527	480
Charged to capital	848	244	–	1,092	938
	1,131	**488**	**–**	**1,619**	**1,418**

The management fees are included net of rebates. Details of the management fee of each share class are given in the Directors' Report on page 50.

6. Other administrative expenses

	Managed Growth 2021 £'000	Managed Income 2021 £'000	Managed Cash 2021 £'000	Total 2021 £'000	Total 2020 £'000
Administration expenses	183	57	1	241	363
Directors' fees[1]	138	35	–	173	148
Depositary fees[2]	41	11	–	52	50
Fees paid to the Company's Auditors for the audit of the financial statements[3]	38	10	–	48	41
Fees paid to the Company's Auditors for non-audit related assurance services[4]	7	3	–	10	10
Total charged to revenue	**407**	**116**	**1**	**524**	**612**
Legal fees[5]	–	–	–	–	182
Stock exchange fees[6]	–	–	–	–	69
Total charged to capital	**–**	**–**	**–**	**–**	**251**
Total	**407**	**116**	**1**	**524**	**863**

[1] Full disclosure is given in the Directors' Remuneration Report on pages 61 to 63.

[2] Includes £9,000 (2020: £8,000) irrecoverable VAT.

[3] Includes £8,000 (2020: £7,000) irrecoverable VAT.

[4] Review of quarterly conversion calculations, includes £1,600 (2020: £1,600) irrecoverable VAT.

[5] Includes £nil (2020: £30,000) irrecoverable VAT.

[6] Includes £nil (2020: £11,000) irrecoverable VAT.

Further details on how expenses are apportioned between each portfolio are given in note 1(e) on page 81.

7. Finance costs

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Interest on bank loans and overdrafts	67	68	135	84	87	171
Finance costs	–	14	14	–	–	–
	67	**82**	**149**	**84**	**87**	**171**

8. Taxation

(a) Analysis of tax charge for the year

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Overseas withholding tax	18	–	18	11	–	11
Tax relief on expenses charged to capital	–	–	–	3	(3)	–
Total tax charge/(credit) for the year	**18**	**–**	**18**	**14**	**(3)**	**11**

(b) Factors affecting total tax charge for the year

The tax charge for the year is lower (2020: higher) than the Company's applicable rate of corporation tax for the year of 19% (2020: 19%).

The factors affecting the total tax charge for the year are as follows:

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Net return/(loss) before taxation	7,936	94,555	102,491	7,993	(17,311)	(9,318)
Net return/(loss) before taxation multiplied by the applicable rate of corporation tax of 19% (2020: 19%)	1,507	17,965	19,472	1,519	(3,289)	(1,770)
Effects of:						
Non taxable capital (gains)/losses	–	(18,189)	(18,189)	–	3,046	3,046
Non taxable UK dividends	(1,628)	–	(1,628)	(1,678)	–	(1,678)
Non taxable overseas dividends	(72)	–	(72)	(51)	–	(51)
Unutilised expenses	193	224	417	210	243	453
Overseas withholding tax	18	–	18	11	–	11
Tax relief on expenses charged to capital	–	–	–	3	(3)	–
Total tax charge/(credit) for the year	**18**	**–**	**18**	**14**	**(3)**	**11**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £4,457,000 (2020: £2,938,000) based on a prospective corporation tax rate of 25% (2020: 19%). In the March 2021 Budget, the Chancellor announced an increase to the main rate of corporation tax to 25% from 1st April 2023. This increase in the standard rate of corporation tax was substantively enacted on 24th May 2021 and became effective from 2nd June 2021. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

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

9. Return/(loss) per share

	2021 £'000	2020 £'000
Managed Growth		
Return per Managed Growth share is based on the following:		
Revenue return	4,446	5,002
Capital return/(loss)	76,039	(4,337)
Total return	**80,485**	**665**
Weighted average number of shares in issue during the year	28,570,509	30,220,043
Revenue return per share	15.56p	16.56p
Capital return/(loss) per share	266.15p	(14.35)p
Total return per share	**281.71p**	**2.21p**

	2021 £'000	2020 £'000
Managed Income		
Return/(loss) per Managed Income share is based on the following:		
Revenue return	3,432	2,956
Capital return/(loss)	18,548	(12,986)
Total return/(loss)	**21,980**	**(10,030)**
Weighted average number of shares in issue during the year	77,305,109	83,811,388
Revenue return per share	4.44p	3.53p
Capital return/(loss) per share	23.99p	(15.50)p
Total return/(loss) per share	**28.43p**	**(11.97)p**

	2021 £'000	2020 £'000
Managed Cash		
Return per Managed Cash share is based on the following:		
Revenue return	40	21
Capital (loss)/return	(32)	15
Total return	**8**	**36**
Weighted average number of shares in issue during the year	7,163,795	5,231,111
Revenue return per share	0.55p	0.40p
Capital (loss)/return per share	(0.44)p	0.29p
Total return per share	**0.11p**	**0.69p**

10. Dividends

(a) Dividends paid

	2021 £'000	2020 £'000
Managed Growth shares 2020 4th interim dividend paid of 4.75p (2019: 3.49p)	1,409	1,080
Managed Growth shares 2021 1st interim dividend paid of 3.10p (2020: 3.50p)	908	1,069
Managed Growth shares 2021 2nd interim dividend paid of 5.45p (2020: 5.45p)	1,569	1,652
Managed Growth shares 2021 3rd interim dividend paid of 3.00p (2020: 3.00p)	841	900
Managed Income shares 2020 4th interim dividend paid of 1.40p (2019: 1.35p)	1,138	1,167
Managed Income shares 2021 1st interim dividend paid of 1.10p (2020: 1.10p)	866	946
Managed Income shares 2021 2nd interim dividend paid of 1.10p (2020: 1.10p)	856	924
Managed Income shares 2021 3rd interim dividend paid of 1.10p (2020: 1.10p)	835	909
Managed Cash shares 2020 4th interim dividend paid of 0.40p (2019: 0.40p)	21	28
Managed Cash shares 2021 2nd interim dividend paid of 0.40p (2020: nil)	30	–
Total dividends paid in the year	**8,473**	**8,675**

In respect of dividends paid during the year ended 31st August 2021:

The 2020 4th interim dividends were paid on 21st September 2020 to shareholders on the register as at the close of business on 14th August 2020.

The 1st interim dividends were paid on 23rd December 2020 to shareholders on the register as at the close of business on 20th November 2020.

The 2nd interim dividends were paid on 19th March 2021 to shareholders on the register as at the close of business on 12th February 2021.

The 3rd interim dividends were paid on 18th June 2021 to shareholders on the register as at the close of business on 14th May 2021.

(b) Dividends declared

	2021 £'000	2020 £'000
Managed Growth shares 2021 4th interim dividend of 4.45p (2020: 4.75p)	1,238	1,409
Managed Income shares 2021 4th interim dividend of 1.45p (2020: 1.40p)	1,099	1,138
Managed Cash shares 2021 interim dividend of nil (2020: 0.40p)	–	21
Total dividends declared	**2,337**	**2,568**

In respect of the dividends declared, but not paid, during the year ended 31st August 2021, the dividends were paid on 20th September 2021 to shareholders on the register as at the close of business on 13th August 2021.

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

10. Dividends *continued*

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

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

	2021 £'000	2020 £'000
Managed Growth shares 2021 1st interim dividend paid of 3.10p (2020: 3.50p)	908	1,069
Managed Growth shares 2021 2nd interim dividend paid of 5.45p (2020: 5.45p)	1,569	1,652
Managed Growth shares 2021 3rd interim dividend paid of 3.00p (2020: 3.00p)	841	900
Managed Growth shares 2021 4th interim dividend declared of 4.45p (2020: 4.75p)	1,238	1,409
Managed Income shares 2021 1st interim dividend paid of 1.10p (2020: 1.10p)	866	946
Managed Income shares 2021 2nd interim dividend paid of 1.10p (2020: 1.10p)	856	924
Managed Income shares 2021 3rd interim dividend paid of 1.10p (2020: 1.10p)	835	909
Managed Income shares 2021 4th interim dividend declared of 1.45p (2020: 1.40p)	1,099	1,138
Managed Cash shares 2021 2nd interim dividend paid of 0.40p (2020: nil)	30	21
Total dividends for Section 1158 purposes	**8,242**	**8,968**

The revenue available for distribution by way of dividend for the year is £7,918,000 (2020: £7,979,000). The revenue reserve after payment of the 4th interim dividends will amount to £3,681,000 (2020: £4,005,000).

11. Investments

	2021 £'000	2020 £'000
Investments listed on a recognised stock exchange	312,039	251,049
Unlisted investments[1]	87,956	73,619
Total investments held at fair value through profit or loss	**399,995**	**324,668**

[1] Unlisted investments comprise investments in mutual funds, bond funds and liquidity funds.

	2021 Listed £'000	2021 Unlisted £'000	2021 Total £'000	2020 Listed £'000	2020 Unlisted £'000	2020 Total £'000
Opening book cost	187,322	58,545	245,867	191,100	60,062	251,162
Opening investment holding gains	63,727	15,074	78,801	84,328	22,494	106,822
Opening valuation	251,049	73,619	324,668	275,428	82,556	357,984
Movement in the year:						
Purchases at cost	43,253	15,244	58,497	46,548	4,413	50,961
Sales proceeds	(59,130)	(18,470)	(77,600)	(55,906)	(11,443)	(67,349)
Gains/(losses) on investments	76,867	17,563	94,430	(15,021)	(1,907)	(16,928)
	312,039	87,956	399,995	251,049	73,619	324,668
Closing book cost	182,994	66,070	249,064	187,322	58,545	245,867
Closing investment holding gains	129,045	21,886	150,931	63,727	15,074	78,801
Total investments held at fair value through profit or loss	**312,039**	**87,956**	**399,995**	**251,049**	**73,619**	**324,668**

The company received £77,600,000 (2020: £67,349,000) from investments sold in the year. The book cost of these investments when they were purchased was £55,300,000 (2020: £56,256,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs on purchases during the year amounted to £241,000 (2020: £254,000) and on sales during the year amounted to £40,000 (2020: £42,000). These costs comprise mainly stamp duty.

12. Current assets

	2021 £'000	2020 £'000
Derivative financial assets		
Futures contracts[1]	77	71
Total	**77**	**71**

[1] Long S&P 500 Emini Index futures at a contract cost of £2,375,000 and a market value of £2,443,000 giving an unrealised asset of £68,000 and Long FTSE 100 Index futures at a contract cost of £7,513,000 and a market value of £7,522,000 giving an unrealised asset of £9,000. The settlement dates for these contracts was 17th September 2021. (2020: Long S&P 500 Emini Index futures at a contract cost of £481,000 and a market value of £552,000 giving an unrealised asset of £71,000. The settlement date of this contract was 18th September 2020).

	2021 £'000	2020 £'000
Debtors		
Dividends and interest receivable	1,565	1,303
Issue of Company's own shares awaiting settlement	234	–
Overseas tax recoverable	35	5
Other debtors	17	16
Securities sold awaiting settlement	–	3,823
Total	**1,851**	**5,147**

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

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, short term deposits and, for Managed Growth and Managed Income, investments in liquidity funds. The carrying amount of these represents their fair value.

13. Current liabilities

	2021 £'000	2020 £'000
Creditors: amounts falling due within one year		
Bank loan	7,000	5,000
Repurchase of the Company's own shares awaiting settlement	277	200
Other creditors and accruals	115	147
Loan interest payable	32	39
Loan non-utilisation fees	10	16
Bank overdraft	–	739
Securities purchased awaiting settlement	–	3,810
	7,434	9,951

On 7th June 2021, the Company arranged a new £15 million one year floating rate multicurrency revolving credit facility with Scotiabank which expires on 6th June 2022. Interest on the loan is payable with an interest rate of SONIA, plus a margin of 0.94% plus the 'mandatory cost' rate, which is the lenders cost of complying with certain regulatory requirements. Sterling Overnight Index Average ('SONIA') is administered by the Bank of England and is the preferred replacement to LIBOR.

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

	2021 £'000	2020 £'000
Derivative financial liabilities		
Futures contracts[1]	94	233
	94	233

[1] Short Euro Stoxx 50 Index Futures at a contract value of £3,096,000 and a market value of £3,173,000 giving an unrealised liability of £77,000 and Short MSCI Emerging market Index Futures at a contract value of £1,062,000 and a market value of £1,079,000 giving an unrealised liability of £17,000. The settlement date for these contracts was 17th September 2021. (2020: Long FTSE 100 Index fixtures at a contract value of £5,658,000 and a market value of £5,425,000 giving an unrealised liability of £233,000. The settlement date for this contract was 18th September 2020).

14. Called up share capital

	2021 Number of shares	2020 Number of shares
Managed Growth[1]		
Shares in issue at the beginning of the year	29,653,205	30,852,899
Net share conversion decrease	(188,282)	(61,003)
Shares repurchased into Treasury	(1,705,041)	(1,138,691)
Closing balance of shares in issue (excluding Treasury shares)	**27,759,882**	**29,653,205**
Shares held in Treasury at the beginning of the year	8,636,237	7,497,546
Shares repurchased into Treasury	1,705,041	1,138,691
Cancellation of Treasury shares	(7,425,546)	–
Closing balance of shares held in Treasury	**2,915,732**	**8,636,237**
Closing balance of shares in issue (including Treasury shares)	**30,675,614**	**38,289,442**
Managed Income[2]		
Shares in issue at the beginning of the year	80,253,693	86,483,880
Net share conversion decrease	(652,997)	(1,202,274)
Shares repurchased into Treasury	(3,918,209)	(5,027,913)
Closing balance of shares in issue (excluding Treasury shares)	**75,682,487**	**80,253,693**
Shares held in Treasury at the beginning of the year	17,243,111	12,215,198
Shares repurchased into Treasury	3,918,209	5,027,913
Cancellation of Treasury shares	(13,312,607)	–
Closing balance of shares held in Treasury	**7,848,713**	**17,243,111**
Closing balance of shares in issue (including Treasury shares)	**83,531,200**	**97,496,804**
Managed Cash[3]		
Shares in issue at the beginning of the year	5,946,758	5,303,472
Net share conversion increase	2,275,607	1,558,492
Shares redeemed	(584,507)	(815,206)
Shares repurchased for cancellation	–	(100,000)
Closing balance of shares in issue	**7,637,858**	**5,946,758**
Founder Shares[4]		
Shares of £1 each (25p partly paid) in issue at the beginning and end of the year	**50,000**	**50,000**

[1] Fully paid ordinary shares, which have a par value of 0.00410736p each as at the date of these financial statements, carry 11.191 votes per share (2020: 8.519 votes per share) and carry the right to receive dividends.

[2] Fully paid ordinary shares, which have a par value of 0.001p each, carry 1.116 votes per share (2020: 0.876 votes per share) and carry the right to receive dividends.

[3] Fully paid ordinary shares, which have a par value of 0.001p each, carry 1.032 votes per share (2020: 1.038 votes per share) and carry the right to receive dividends.

[4] Partly paid as to 25p each Founder Share, which have a par value of £1 each, carry no voting rights and carry the right to receive a fixed dividend at the rate of 0.01% of their nominal value. However, the holders have waived the right to receive such dividends.

During the year, 1,705,041 (2020: 1,138,691) Managed Growth shares, 3,918,209 (2020: 5,027,913) Managed Income shares and nil (2020: nil) Managed Cash shares were repurchased into Treasury for a total consideration of £19,487,000 (2020: £13,878,000). The reason for these purchases was 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 net asset value per share at which those shares trade.

During the year, 7,425,546 (2020: nil) Managed Growth shares, 13,312,607 (2020: nil) Managed Income shares and nil (2020: nil) Managed Cash shares were cancelled from Treasury.

During the year, nil Managed Growth shares, nil Managed Income shares and nil (2020: 100,000) Managed Cash shares were repurchased for cancellation for an aggregate consideration of £nil (2020: £112,000).

14. Called up share capital *continued*

Shareholders of Managed Growth, Managed Income and Managed Cash shares are entitled to convert some or all of their holdings in any of these share classes into one or more of the other two share classes on 28th February, 31st May, 31st August and 30th November each year (or, if such days are not business days, the next business day). During the year, 34,735 (2020: 191,321) Managed Growth shares were converted to Managed Income shares, 271,078 (2020: 233,243) Managed Growth shares were converted to Managed Cash shares, 1,033,692 (2020: 2,718,935) Managed Income shares were converted to Managed Growth shares, 242,044 (2020: 263,494) Managed Income shares were converted to Managed Cash shares, 173,123 (2020: 544,523) Managed Cash shares were converted to Managed Growth shares and 260,850 (2020: 109,732) Managed Cash shares were converted to Managed Income shares.

Managed Cash shareholders can also request to have all or part of their holding of such shares repurchased by the Company for cash at the net asset value on each conversion date. During the year, the holders of 584,507 (2020: 815,206) Managed Cash shares had their requests to have those holdings repurchased by the Company in these conversion opportunities granted by the Company for a total consideration of £601,000 (2020: £837,000).

The Founder shares are non-voting and carry the right to receive a fixed dividend at the rate of 0.01% on their nominal value, but the holders have waived the right to receive such dividends.

15. Reserves

				Capital reserves[1]			
	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	16	173,580	8	70,281	78,648	6,573	329,106
Realised foreign currency gains on cash and cash equivalents	–	–	–	7	–	–	7
Realised gains on sale of investments	–	–	–	22,300	–	–	22,300
Net change in unrealised gains and losses on investments	–	–	–	–	72,130	–	72,130
Realised gains on close out of futures	–	–	–	1,320	–	–	1,320
Unrealised losses on futures from prior period now realised	–	–	–	(162)	162	–	–
Unrealised losses on futures	–	–	–	–	(17)	–	(17)
Repurchase of ordinary shares into Treasury	–	–	–	(19,487)	–	–	(19,487)
Repurchase of ordinary shares for cancellation	–	–	–	(4)	–	–	(4)
Shares redeemed during the year (at Conversion point)	–	–	–	(601)	–	–	(601)
Project costs in relation to shares as a result of Company rollover	–	(10)	–	–	–	–	(10)
Issue proceeds arising from ordinary share conversion	–	4,608	–	–	–	–	4,608
Repurchase of ordinary shares for cancellation arising from share conversion	–	–	–	(4,608)	–	–	(4,608)
Management fee and finance costs charged to capital	–	–	–	(1,174)	–	–	(1,174)
Other capital charges	–	–	–	(11)	–	–	(11)
Dividends paid in the year	–	–	–	–	–	(8,473)	(8,473)
Net revenue return for the year	–	–	–	–	–	7,918	7,918
Closing balance	**16**	**178,178**	**8**	**67,861**	**150,923**	**6,018**	**403,004**

[1] These reserves form the distributable reserves of the Company and may be used to fund distributions to investors.

16. Net asset value per share

The net asset values per share are calculated as follows:

	2021 Managed Growth	2021 Managed Income	2021 Managed Cash	2020 Managed Growth	2020 Managed Income	2020 Managed Cash
Net assets (£'000)	310,647	84,476	7,881	252,610	70,324	6,172
Number of shares in issue (excluding shares held in Treasury)	27,759,882	75,682,487	7,637,858	29,653,205	80,253,693	5,946,758
Net asset value per share	**1,119.1p**	**111.6p**	**103.2p**	**851.9p**	**87.6p**	**103.8p**

17. Reconciliation of total gain/(loss) before taxation to net cash outflow before dividends and interest

	2021 £'000	2020 £'000
Net gain/(loss) before finance costs and taxation	102,640	(9,147)
(Less capital return)/add capital loss before finance costs and taxation	(94,637)	17,224
(Increase)/decrease in accrued income	(263)	595
(Decrease)/increase in accrued expenses	(37)	29
Management fee charged to capital	(1,092)	(938)
Other expenses charged to capital	–	(251)
Overseas withholding tax	(48)	(11)
Dividends received	(8,670)	(9,674)
Interest received	(50)	(64)
Realised gain on foreign exchange transactions	10	47
Net cash outflow from operations before dividends and interest	**(2,147)**	**(2,190)**

18. Contingent liabilities and capital commitments

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

19. Transactions with the Manager and related parties

Details of the management contract is set out in the Directors' Report on page 50. The total amount payable to the Manager for the year in respect of these contracts was £1,619,000 (2020: £1,418,000) net of rebates, of which £nil (2020: £nil) was outstanding at the year end.

Included in other administration expenses in note 6 on page 84 are safe custody fees amounting to £4,000 (2020: £4,000) payable to JPMorgan Chase of which £3,000 (2020: £1,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. Commission amounting to £4,000 (2020: £21,000) was payable to JPMorgan Securities Limited for the year of which £nil (2020: £nil) was outstanding at the year end.

The Company holds investments in funds managed by JPMAM. At 31st August 2021 these were valued at £208.9 million (2020: £167.2 million) and represented 52.2% (2020: 51.5%) of the Company's investment portfolio. During the year the Company made £11.8 million purchases of such investments (2020: £6.4 million) and sales with a total value of £25.3 million (2020: £28.6 million). Income amounting to £2.8 million (2020: £3.7 million) was receivable from these investments during the year of which £460,000 (2020: £564,000) was outstanding at the year end.

19. Transactions with the Manager and related parties *continued*

The Managed Growth and Income pools also hold cash in JPM Sterling Liquidity Fund, managed by JPMorgan. At the year end this was valued at £6.9 million (2020: £1.2 million). Interest amounting to £5,000 (2020: £31,000) was receivable during the year of which £nil (2020: £nil) was outstanding at the year end.

Stock lending income amounting to £23,000 (2020: £9,000) was receivable by the Company during the year. JPMAM commissions in respect of such transactions amounted to £2,000 (2020: £1,000).

Handling charges on dealing transactions amounting to £11,000 (2020: £14,000) were payable to JPMorgan Chase during the year of which £7,000 (2020: £2,000) was outstanding at the year end.

At the year end, total net cash of £634,000 (2020: £6,524,000) was held with JPMorgan Chase. A net amount of interest of £nil (2020: £3,000) was receivable by the Company during the year from JPMorgan Chase of which £nil (2020: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 62.

20. Disclosures regarding financial instruments held at fair value

The Company's financial instruments within the scope of FRS 102.34.22 that are held at fair value comprise its investment portfolio and derivative financial instruments.

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

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

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

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

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 80.

The following table sets out the fair value measurements using the FRS 102 hierarchy at 31st August.

	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 – investments	319,837	–	256,533	–
Level 2[1] – investments	80,158	–	68,135	–
Total investments	399,995	–	324,668	–
Level 1 – futures contracts	77	(94)	71	(233)
Total	**400,072**	**(94)**	**324,739**	**(233)**

[1] Includes investments in Open Ended Investment Schemes (OEIC's) and Société d'investissement à Capital Variable (SICAV).

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

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

These financial risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company Secretary, in close cooperation with the Board and the Manager, coordinates the Company's risk management policy.

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

The Company's financial instruments may comprise the following:

- investments in investment trusts, equities, investment companies, open ended investment companies, bond funds and sterling liquidity funds;
- derivative financial instruments including futures contracts and forward currency contracts;
- short term debtors, creditors and cash arising directly from its operations; and
- loan facilities, the purpose of which are to finance the Company's operations.

(a) Market risk

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

(i) Currency risk

The Company has no direct material exposure to foreign currencies. The Company's investments and other financial assets are almost entirely denominated in sterling (the Company's functional currency and the currency in which it reports). As a result, movements in exchange rates will have no direct material effect on the value of those items. The investments in the Managed Cash pool of assets comprise sterling liquidity funds and consequently there is no foreign currency exposure. The investments in the Managed Growth and Managed Income pools of assets are almost entirely priced in sterling. However, there is some indirect exposure to foreign currencies, particularly in the Managed Growth portfolio which includes holdings in investment trusts and open ended investment companies which invest in overseas markets.

(ii) Interest rate risk

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

Management of interest rate risk

The Company does not normally hold significant cash balances. Short term borrowings are used where permitted and 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 floating rate loan facility. However, amounts drawn down on this facility are for short term periods and therefore there is limited exposure to interest rate risk.

Derivatives are not used to hedge against the exposure to interest rate risk.

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

(a) Market risk *continued*

(ii) Interest rate risk *continued*

Interest rate exposure

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

	2021				2020			
	Managed Growth £'000	Managed Income £'000	Managed Cash £'000	Total £'000	Managed Growth £'000	Managed Income £'000	Managed Cash £'000	Total £'000
Exposure to floating interest rates:								
Cash and short-term deposit equivalents	1,347	354	2	1,703	7,303	20	889	8,212
Bank overdraft	–	–	–	–	–	(739)	–	(739)
Investments in liquidity funds	5,128	1,778	–	6,906	186	1,006	–	1,192
Floating rate loan facility	–	(7,000)	–	(7,000)	–	(5,000)	–	(5,000)
Total exposure	**6,475**	**(4,868)**	**2**	**1,609**	**7,489**	**(4,713)**	**889**	**3,665**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2020: same). The liquidity funds generally aim to produce a yield comparable to the seven day sterling London Interbank Bid Rate.

Details of the bank loan are given in note 13 on page 90.

Interest rate sensitivity

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

A 1% increase in interest rates would have the following effect:

	2021				2020			
	Managed Growth £'000	Managed Income £'000	Managed Cash £'000	Total £'000	Managed Growth £'000	Managed Income £'000	Managed Cash £'000	Total £'000
Statement of Comprehensive Income – return after taxation								
Revenue return[1]	65	(14)	–	51	75	(22)	9	62
Capital return	–	(35)	–	(35)	–	(25)	–	(25)
Net assets	**65**	**(49)**	**–**	**16**	**75**	**(47)**	**9**	**37**

[1] Movement in the sensitivity for Managed Income has changed due to changes in interest rate exposure from bank overdraft in 2020 to holding cash and short-term deposits and investments in liquidity funds in 2021.

In the event of a 1% decrease in interest rates, the interest receivable on cash balances and liquidity funds would fall to zero, as the interest earned on these balances is currently less than 1%.

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

(iii) Other price risk

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

Management of other price risk

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

Other price risk exposure

The Company's exposure to changes in market prices at the year end comprises its holdings in equity investments, OEIC funds, bond funds and futures contracts as follows. Holdings in liquidity funds are not deemed to be exposed to other price risk.

	2021				2020			
	Managed Growth £'000	Managed Income £'000	Managed Cash £'000	Total £'000	Managed Growth £'000	Managed Income £'000	Managed Cash £'000	Total £'000
Investments held at fair value through profit or loss[1]	303,829	88,368	7,798	399,995	244,721	74,463	5,484	324,668
Derivative instruments – futures contracts	(17)	–	–	(17)	(162)	–	–	(162)
	303,812	88,368	7,798	399,978	244,559	74,463	5,484	324,506

[1] Includes investments in OEIC funds shown on page 18.

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

Concentration of exposure to other price risk

A list of investments in the Managed Growth and Managed Income portfolios is given on pages 18 and 27. This shows that the Managed Growth portfolio comprises investments with a broad geographical exposure through investment in UK listed investment trusts and open-ended funds, with no concentration of exposure to any one country with the exception of the UK and North America. A substantial proportion of the Managed Income portfolio is invested in UK equities and accordingly there is a concentration of exposure. However it should be noted that an investment may not necessarily be wholly exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets to an increase or decrease of 10% (2020: 10%) in the fair value of equity investments, bond funds and futures contracts held in the Managed Growth and Managed Income portfolios. 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 investments and adjusting for a change in the management fee, but with all other variables held constant.

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

(a) Market risk *continued*

(iii) Other price risk *continued*

Other price risk sensitivity *continued*

A 10% increase in fair values would have the following effect:

	2021				2020			
	Managed Growth £'000	Managed Income £'000	Managed Cash £'000	Total £'000	Managed Growth £'000	Managed Income £'000	Managed Cash £'000	Total £'000
Statement of Comprehensive Income – return after taxation:								
Revenue return	(31)	(27)	–	(58)	(25)	(22)	–	(47)
Capital return	30,860	8,810	780	40,450	24,990	7,424	548	32,962
Total return after taxation	30,829	8,783	780	40,392	24,965	7,402	548	32,915
Net assets	**30,829**	**8,783**	**780**	**40,392**	**24,965**	**7,402**	**548**	**32,915**

A 10% decrease in fair values would have the following effect:

	2021				2020			
	Managed Growth £'000	Managed Income £'000	Managed Cash £'000	Total £'000	Managed Growth £'000	Managed Income £'000	Managed Cash £'000	Total £'000
Statement of Comprehensive Income – return after taxation:								
Revenue return	31	27	–	58	25	22	–	47
Capital return	(30,860)	(8,810)	(780)	(40,450)	(24,990)	(7,424)	(548)	(32,962)
Total return after taxation	(30,829)	(8,783)	(780)	(40,392)	(24,965)	(7,402)	(548)	(32,915)
Net assets	**(30,829)**	**(8,783)**	**(780)**	**(40,392)**	**(24,965)**	**(7,402)**	**(548)**	**(32,915)**

(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 mainly readily realisable securities, which can be sold to meet funding requirements if necessary. The Board would expect to be fully invested in normal market conditions but to retain sufficient cash balances to settle short term liabilities. The Company has no fixed term borrowings.

Liquidity risk exposure

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

	2021				2020			
	Three months or less £'000	More than three months but less than 12 months £'000	More than one year £'000	Total £'000	Three months or less £'000	More than three months but less than 12 months £'000	More than one year £'000	Total £'000
Creditors:								
Securities purchased awaiting settlement	–	–	–	–	3,810	–	–	3,810
Repurchase of the Company's own shares awaiting settlement	277	–	–	277	200	–	–	200
Bank overdraft	–	–	–	–	739	–	–	739
Other creditors and accruals	115	–	–	115	147	–	–	147
Derivative financial liabilities – futures contracts	94	–	–	94	233	–	–	233
Bank loan, including interest	66	7,050	–	7,116	55	5,003	–	5,058
	552	7,050	–	7,602	5,184	5,003	–	10,187

(c) Credit risk

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

Management of credit risk

Portfolio dealing

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

Cash and cash equivalents

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

Exposure to JPMorgan Chase

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

Credit risk exposure

The Company's investments in liquidity funds and the amounts shown in the Statement of Financial Position under current assets represent the maximum exposure to credit risk at the current and comparative year ends. None of these are past due or impaired.

The aggregate value of securities on loan at 31st August 2021 amounted to £0.5 million and the maximum value of stock on loan during the year amounted to £17.6 million. Collateral is obtained by the security lending agent and is called in on a daily basis to a value of 102% of the value of the securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% if it is denominated in a different currency. Further details are disclosed within pages 103 and 104.

22. Capital management policies and procedures

The Company's capital is divided into three share classes, each with distinct objectives and investment policies. The capital of the three share classes is as disclosed in the Statement of Financial Position and is managed on a basis consistent with the investment objectives and policies disclosed in the Investment Objective, Policies and Guidelines on pages 37 to 41.

The Company's capital structure is as detailed in note 14 on pages 91 and 92. The Managed Income share class has the ability to use short-term borrowings and its policy is to operate within a range of 85% to 112.5% invested.

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

- the need to buy back equity shares, either for cancellation or to be held in Treasury, which takes into account the share price discount or premium; and the need for issues of new shares;
- the opportunity for issues of new shares, including from Treasury; and
- the level of dividend distribution in excess of that which is required to be distributed.

23. Subsequent events

The Directors have evaluated the period since the year end and have not noted any subsequent events deemed necessary to report.

Regulatory Disclosures

Image: Slains Castle near Peterhead on the east coast of Scotland.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (‘AIFMD’) DISCLOSURES (UNAUDITED)

Leverage

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

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD, as at 31st August 2021, which gives the following figures:

	Gross Method	Commitment Method
Managed Growth		
Maximum limit	200%	200%
Actual	114%	114%
Managed Income		
Maximum limit	200%	200%
Actual	108%	108%
Managed Cash		
Maximum limit	200%	200%
Actual	100%	100%

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

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

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

Remuneration Policy

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

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

The Board reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. The Board last reviewed and adopted the Remuneration Policy in June 2018 with no material changes and was satisfied with its implementation.

Quantitative Disclosures

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

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 30 Alternative Investment Funds (with 5 sub-funds) and 2 UCITS (with 40 sub-funds) as at 31st December 2020, with a combined AUM as at that date of £21.4 billion and £22.5 billion respectively.

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

The aggregate 2020 total remuneration paid to AIFMD Identified Staff (some of whom are not staff of the management company) was USD $63,330,000, of which USD $5,620,000 relates to Senior Management and USD $57,710,000 relates to other Identified Staff[1].

[1] Since 2017, the AIFMD identified staff (some of whom are not staff of the management company) disclosures includes employees of the companies to which portfolio management has been formally delegated in line with the latest ESMA guidance.

SECURITIES FINANCING TRANSACTIONS REGULATIONS ('SFTR') DISCLOSURES (UNAUDITED)

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to SFTR for the accounting period ended 31st August 2021 are detailed below.

Global Data

Amount of securities on loan

The total value of securities on loan as a proportion of the Company's total lendable assets, as at the balance sheet date, is 0.15%. Total lendable assets represents the aggregate value of asset types forming part of the Company's securities lending programme.

Amount of assets engaged in securities lending

The following table represents the total value of assets engaged in securities lending:

	Value £'000	% of AUM
Securities lending	468	0.12%

Concentration and Aggregate Transaction Data

Counterparties

The following table provides details of the counterparties (based on gross volume of outstanding transactions with exposure on a gross absolute basis) in respect of securities lending as at the balance sheet date:

Counterparty	Country of Incorporation	Value £'000
Morgan Stanley	United States of America	291
JP Morgan	United States of America	106
Merrill Lynch	United States of America	71
		468

Maturity tenure of security lending transactions

The Company's securities lending transactions have open maturity.

Collateral Issuers

The following table lists the issuers by value of non-cash collateral received by the Company by way of title transfer collateral arrangement across securities lending transactions, as at the balance sheet date:

Issuer	Collateral Value £'000
United Kingdom	280
Total	**280**

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

Type, quality and currency of collateral

The following table provides an analysis of the type, quality and currency of collateral received by the Company in respect of securities lending transactions as at the balance sheet date.

Type	Quality	Currency	Value £'000
Sovereign Debt	Investment Grade	GBP	280
Total			**280**

Maturity tenure of collateral

The following table provides an analysis of the maturity tenure of collateral received in relation to securities lending transactions as at the balance sheet date.

Maturity	Value £'000
1 day to 1 week	–
1 week to 1 month	–
1 to 3 months	–
3 to 12 months	–
more than 1 year	280
	280

Settlement and clearing

The Company's securities lending transactions including related collaterals are settled and cleared either bi-laterally, tri-party or through a central counterparty.

Re-use of collateral

Share of collateral received that is reused and reinvestment return

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

Cash collateral received in the context of securities lending transactions may be reused in accordance with the provisions contained within the Prospectus, however the Company does not currently reinvest cash collateral received in respect of securities lending transactions.

Safekeeping of collateral

All collateral received (£494,000) by the Company in respect of securities lending transactions as at the balance sheet date is held by the Depository.

Return and cost

JPMorgan Chase Bank, N.A (JPMCB), the lending agent, receives a fee of 10% of the gross revenue for its services related to the Stock Lending Transactions. The remainder of the revenue, 90%, is received by the Company i.e. for the benefit of Shareholders.

Shareholder Information

Image : Clare Bridge over the River Cam in Cambridge, UK.

CAPITAL STRUCTURE AND CONVERSION BETWEEN SHARE CLASSES

The name JPMorgan Elect plc reflects the capital structure and the investment flexibility the Company offers to shareholders.

Capital Structure

- **Managed Growth Shares**
  Designed to provide long term capital growth by investing in a range of closed and open-ended funds managed principally by JPMAM.
- **Managed Income Shares**
  Designed to provide a growing income together with the potential for long term capital growth by investing in UK equities.
- **Managed Cash Shares**
  Designed to achieve a return in excess of sterling money markets by investing primarily in GBP denominated short-term debt securities.

Investing in Managed Cash Shares

Based on its return characteristics and the costs incurred in transacting in its shares, an investment in Managed Cash should only be considered by existing holders of Managed Growth and/or Managed Income who wish to switch into Managed Cash on the designated quarterly conversion dates.

Repurchase of Managed Cash Shares

In order to mitigate the impact of the market spread on the Managed Cash shares it is possible for holders of Managed Cash shares to elect to have all or part of their holding of such shares repurchased by the Company for cash at a price close to net asset value on each conversion date (set out below).

The amount payable per Managed Cash share on repurchase is the net asset value of a Managed Cash share at the date of the relevant conversion calculation, less the applicable stamp duty at a rate of 0.5%.

Conversion Opportunities

Shareholders in any of the three share classes are able to convert some or all of their shares into shares of the other classes on a quarterly basis without such conversion being treated, under current law, as a disposal for UK capital gains tax purposes.

The conversion mechanism allows shareholders to alter their investment profile to match their changing investment needs in a tax-efficient manner. Conversion dates arise every three months on 28th/29th February, 31st May, 31st August and 30th November (if such a date is not a business day, then the conversion date will move to the next business day). The Company, or its Manager, will make no administrative charge for any of the above conversions.

Conversion Between the Share Classes

Instructions for CREST holders can be found at www.jpmelect.co.uk Those who hold shares in certificated form must complete the conversion notice printed on the reverse of their share certificate and send it to the Company's Registrars at the following address:

Equiniti Limited
Repayments Team
Corporate Actions
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Instructions must be received no earlier than 45 and no later than 14 calendar days before the chosen conversion date.

The number of shares that will arise upon conversion will be determined on the basis of the relative net asset values of each share class, taking into account the costs of the conversion process. Conversion will not affect the net asset value per share of those shares held by any shareholder who does not convert.

Shareholders who hold shares in certificated form or in electronic form through CREST may convert a minimum of 1,000 shares or, if lower, their entire holding.

More details concerning conversion dates and conversion instruction forms can be found on the Company's website: www.jpmelect.co.uk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of JPMorgan Elect plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Wednesday, 26th January 2022 at 12.30 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Financial Statements and the Auditor's Report for the year ended 31st August 2021.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st August 2021.
4. To reappoint James Robinson as a Non-Executive Director of the Company.
5. To reappoint Karl Sternberg as a Non-Executive Director of the Company.
6. To reappoint Carla Stent as a Non-Executive Director of the Company.
7. To reappoint Rupert Dickinson as a Non-Executive Director of the Company.
8. To reappoint Steve Bates as a Non-Executive Director of the Company.
9. To reappoint Davina Walter as a Non-Executive Director of the Company.
10. To reappoint Ernst & Young LLP as the Auditor of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot relevant securities – Ordinary Resolution

11. THAT the Board be and is hereby generally and unconditionally authorised (in substitution of any authorities previously granted to the Directors) pursuant to and in accordance with Section 551 of the Companies Act 2006, to exercise all the powers of the Company to allot relevant securities in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company, up to 3,067,561 Managed Growth Shares, 8,353,120 Managed Income Shares and 763,786 Managed Cash Shares or, if different, the aggregate amount representing approximately 10% of the issued share capital of each share class of the Company as at the date of this document provided that this authority shall expire at the conclusion of the next Annual General Meeting 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, or rights to be granted, after such expiry and so that the Directors of the Company may allot relevant securities, and grant rights, 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 are hereby empowered pursuant to Sections 570 and 573 of the Companies Act 2006 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 Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to:

    (a) the allotment of equity securities in the Company by way of rights issue, open offer or otherwise to holders of Managed Growth shares, Managed Income shares and Managed Cash shares where the equity securities respectively attributable to the interest of all Managed Growth shares, Managed Income shares and Managed Cash shares are proportionate to the respective numbers of Managed Growth shares, Managed Income shares and Managed Cash shares held by them subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange or any territory or otherwise howsoever; and/or

    (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities for cash or by way of a sale of Treasury shares up to 3,067,561 Managed Growth Shares, 8,353,120 Managed Income Shares and 763,786 Managed Cash Shares or, if different, the aggregate amount representing approximately 10% of the issued share capital of each share class of the Company as at the date of this document at a price 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 the Board may allot equity securities in pursuance of such offers, agreements or arrangements 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 to make market purchases (within the meaning of Section 693 of the Companies Act 2006) of its issued Managed Growth shares, Managed Income shares and Managed Cash shares (all being classes of ordinary shares in the capital of the Company), on such terms and in such manner as the Directors may from time to time determine.

    PROVIDED ALWAYS THAT:

    (i) the maximum number of Managed Growth, Managed Income and Managed Cash shares hereby authorised to be purchased shall be that number of Managed Growth, Managed Income and Managed Cash shares which is equal to 14.99% of the issued share capital of the relevant share class as at the date of the passing of this resolution;

    (ii) the minimum price which may be paid for a Managed Growth, Managed Income and Managed Cash share shall be the nominal value of each share class respectively;

    (iii) the maximum price which may be paid for a share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for the 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; (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 by this resolution shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, or on the date immediately preceeding the date which is 18 months after the passing of this resolution, whichever is the earlier; and

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

Authority to make off-market purchases – Special Resolution

14. THAT the proposed Contingent Purchase contract between Winterflood Securities Limited and JPMorgan Elect plc to enable the Company to make off-market purchases of its own securities pursuant to Section 694 of the Companies Act 2006 in the form produced at the meeting and initialled by the Chairman, be and is hereby approved and the Company be and is hereby authorised to enter into and perform such contract, but so that the approval and authority conferred by this resolution shall expire on the day immediately preceding the date which is 18 months after the passing of this resolution or, if earlier, the next Annual General Meeting of the Company.

Adoption of new articles of association – Special Resolution

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

Approval of dividend policy – Ordinary Resolution

16. THAT shareholders approve the Company's dividend policy to continue to pay four quarterly interim dividends on the Company's Managed Growth and Managed Income shares and at least an annual dividend on the Company's Managed Cash shares.

By order of the Board
Priyanka Vijay Anand for and on behalf of
JPMorgan Funds Limited,
Company Secretary

18th November 2021

Notes

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

1. If law or Government guidance so requires at the time of the Meeting, the Chairman of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the Meeting. In addition, the Company may still impose entry restrictions on certain persons wishing to attend the AGM in order to secure the orderly and proper conduct of the Meeting.

2. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. However, please note that, in the light of the ongoing Covid-19 pandemic and associated Government guidance, it may be the case that your vote will not be counted where a proxy other than the Chairman of the Meeting is appointed as additional third parties may not be permitted entry to the meeting.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.

4. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.

5. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

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

7. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement. However, please note the terms of Note 1.

8. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. However, please note that, in the light of the Covid-19 pandemic and associated Government guidance, including the rules on physical distancing and limitations on public gatherings, it is unlikely that your vote will be counted where a representative other than the Chairman of the Meeting is appointed as additional third parties are unlikely to be permitted entry to the meeting.

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

9. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting ('AGM'); or (b) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.

10. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.

11. Under Sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
12. A copy of this Notice of Meeting has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
13. In accordance with Section 311A of the Companies Act 2006, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice of Meeting will be available on the Company's website www.jpmelect.co.uk.
14. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the AGM. No Director has any contract of service with the Company.
15. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
16. As an alternative to completing a hard copy Form of Proxy/Voting Direction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
17. As at 16th November 2021 (being the latest business day prior to the publication of this Notice of Meeting), the Company's issued share capital excluding Treasury shares consists of 27,585,080 Managed Growth shares, 74,217,430 Managed Income shares and 7,637,858 Managed Cash shares. Voting rights are calculated by reference to the Share Voting numbers which, as at 31st August 2021, were 11.191 (Managed Growth), 1.116 (Managed Income) and 1.032 (Managed Cash). Therefore the total voting rights in the Company as at 16th November 2021 was 399,413,552 .
18. A copy of the proposed new articles of association of the Company, together with a copy showing all of the proposed changes to the existing articles of association, will be available for inspection on the Company's website, www.jpmelect.co.uk, and at the offices of J.P. Morgan Asset Management, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00am and 5.00pm (Saturdays, Sundays and public holidays excepted), from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

Electronic appointment – CREST members

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

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

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

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

Virtual and hybrid shareholder meetings

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

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

Minor amendments

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles, including (i) providing the Directors with the ability to postpone a general meeting of the Company if an unforeseen event arises before the meeting is held; (ii) the inclusion of a procedure in the event an insufficient number of Directors being re-elected at an annual general meeting of the Company; (iii) clarifying that the consideration (if any) received by the Company upon the sale of any share which is forfeited by a shareholder in accordance with the New Articles will belong to the Company; (iv) simplifying the procedure in relation to dealing with untraced shareholders by removing the requirement for the Company to publish newspaper advertisements and clarifying that the consideration (if any) received by the Company upon the sale of any share pursuant to the untraced shareholder provisions will belong to the Company; (v) allowing the Company to retain cash payments where bank details are not provided by a shareholder for the purpose of receiving such payments; (vi) the inclusion of provisions in response to the requirements of the Alternative Investment Fund Managers Directive as implemented in the UK, including a requirement on the Company to calculate and publish its net asset value per share at least annually and to publish certain prescribed investor disclosure information; (vii) ensuring that the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, the Common Reporting Standard or other international tax compliance regime, as such liability would be to the detriment of shareholders as a whole; and (viii) the inclusion of provisions which enable the Company to require shareholders to co-operate with it in respect of the exchange of information in order to comply with the Company's international tax reporting obligations. These changes reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

An Alternative Performance Measure, 'APM', is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements. The calculations shown in this section are for the years ended 31st August 2021 and 2020. The APMs listed here are widely used in reporting within the investment company sector and consequently aid comparability.

Return to Shareholders (APM)

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

Total return calculation	Page	Year ended 31st August 2021	Year ended 31st August 2020	
Managed Growth				
Opening share price (p)	10	790.00	837.50	(a)
Closing share price (p)	10	1085.00	790.00	(b)
Total dividend adjustment factor[1]		1.016695	1.020298	(c)
Adjusted closing share price (d = b x c)		1103.11	806.04	(d)
Total return to shareholders (e = (d / a) – 1)		**39.6%**	**–3.8%**	**(e)**
Managed Income				
Opening share price (p)	12	82.00	100.50	(a)
Closing share price (p)	12	107.50	82.00	(b)
Total dividend adjustment factor[1]		1.050475	1.052223	(c)
Adjusted closing share price (d = b x c)		112.93	86.28	(d)
Total return to shareholders (e = (d / a) – 1)		**37.7%**	**–14.1%**	**(e)**
Managed Cash				
Opening share price (p)	13	102.50	102.50	(a)
Closing share price (p)	13	102.50	102.50	(b)
Total dividend adjustment factor[1]		1.003902	1.003902	(c)
Adjusted closing share price (d = b x c)		102.90	102.90	(d)
Total return to shareholders (e = (d / a) – 1)		**0.4%**	**0.4%**	**(e)**

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

NAV Return with Debt at Par Value (APM)

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

Total return calculation	Page	Year ended 31st August 2021	Year ended 31st August 2020	
Managed Growth				
Opening cum-income NAV per share (p)		851.90	863.80	
(–) the 4th interim dividend declared but not paid pre year-end date		(4.75)	(3.49)	
Adjusted opening cum-income NAV per share (p)		847.15	860.31	(a)
Closing cum-income NAV per share (p)	10	1119.10	851.90	
(–) the 4th interim dividend declared but not paid pre year-end date		(4.45)	(4.75)	
Adjusted closing cum-income NAV per share (p)		1114.65	847.15	(b)
Total dividend adjustment factor[1]		1.015807	1.019640	(c)
Adjusted closing cum-income NAV per share (d = b x c)		1132.27	863.79	(d)
NAV return (e = (d / a) – 1)		**33.7%**	**0.4%**	**(e)**

Total return calculation	Page	Year ended 31st August 2021	Year ended 31st August 2020	
Managed Income				
Opening cum-income NAV per share (p)		87.60	104.40	
(–) the 4th interim dividend declared but not paid pre year-end date		(1.40)	(1.35)	
Adjusted opening cum-income NAV per share (p)		86.20	103.05	(a)
Closing cum-income NAV per share (p)	12	111.60	87.60	
(–) the 4th interim dividend declared but not paid pre year-end date		(1.45)	(1.40)	
Adjusted closing cum-income NAV per share (p)		110.15	86.20	(b)
Total dividend adjustment factor[1]		1.047777	1.050342	(c)
Adjusted closing cum-income NAV per share (d = b x c)		115.41	90.54	(d)
NAV return (e = (d / a) – 1)		**33.9%**	**–12.1%**	**(e)**
Managed Cash				
Opening cum-income NAV per share (p)		103.80	103.70	
(–) the final dividend declared but not paid pre year-end date		(0.40)	(0.40)	
Adjusted opening cum-income NAV per share with debt at par value (p)		103.40	103.30	(a)
Closing cum-income NAV per share (p)	13	103.20	103.80	
(–) the final dividend declared but not paid pre year-end date		–	(0.40)	
Adjusted closing cum-income NAV per share with debt at par value (p)		103.20	103.40	(b)
Total dividend adjustment factor[1]		1.003877	1.003869	(c)
Adjusted closing cum-income NAV per share (d = b x c)		103.60	103.80	(d)
NAV return (e = (d / a) – 1)		**0.2%**	**0.5%**	**(e)**

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

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

Benchmark total return

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

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

Borrowing/(Net Cash) (APM)

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

Borrowing calculation	Page	31st August 2021 £'000	31st August 2020 £'000	
Managed Growth				
Investments held at fair value through profit or loss	20	303,829	244,721	(a)
Net assets	20	310,647	252,610	(b)
Borrowing/(Net cash) (c = (a / b) – 1)		**(2.2)%**	**(3.1)%**	**(c)**

Gearing calculation	Page	31st August 2021 £’000	31st August 2020 £’000	
Managed Income				
Investments held at fair value through profit or loss	29	88,368	74,463	(a)
Net assets	29	84,476	70,324	(b)
Gearing/(Net cash) (c = (a / b) – 1)		**4.6%**	**5.9%**	**(c)**
Managed Cash				
Investments held at fair value through profit or loss	33	7,798	5,484	(a)
Net assets		7,881	6,172	(b)
Gearing/(Net cash) (c = (a / b) – 1)		**(1.1)%**	**(11.1)%**	**(c)**

Ongoing Charges (APM)

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

Ongoing charges calculation	Page	31st August 2021 £’000	31st August 2020 £’000	
Managed Growth				
Management Fee	20	1,131	916	
Other administrative expenses	20	407	651	
less: one-off expenses		–	(197)	
Total management fee and other administrative expenses		1,538	1,370	(a)
Average daily cum-income net assets		282,656	253,854	(b)
Ongoing charges (c = a / b)		**0.54%**	**0.54%**	**(c)**
Managed Income				
Management Fee	29	488	502	
Other administrative expenses	29	116	197	
less: one-off expenses		–	(40)	
Total management fee and other administrative expenses		604	659	(a)
Average daily cum-income net assets		76,485	81,924	(b)
Ongoing charges (c = a / b)		**0.79%**	**0.80%**	**(c)**
Managed Cash				
Management Fee	33	–	–	
Other administrative expenses	33	1	15	
less: one-off expenses		–	(14)	
Total management fee and other administrative expenses		1	1	(a)
Average daily cum-income net assets		7,394	5,401	(b)
Ongoing charges (c = a / b)		**0.01%**	**0.01%**[1]	**(c)**

[1] There is a rounding difference between the absolute figures and the rounded figures shown in the table. The ongoing charge shown is based on absolute figures.

Share Price Discount/Premium to Net Asset Value (‘NAV’) per Share (APM)
If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share.

The opposite of a discount is a premium. It is more common for an investment trust company’s shares to trade at a discount than at a premium.

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

Performance Attribution Definitions:

Country allocation
Measures the impact of allocating assets differently from those in the benchmark, via the portfolio’s weighting in different countries or asset types.

Stock 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.

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

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

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

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

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

1. Via a third party provider

Third party providers include:

AJ Bell You Invest	Halifax Share Dealing
Barclays Smart Investor	Hargreaves Lansdown
Charles Stanley Direct	Interactive Investor
Fidelity FundsNetwork	Selftrade

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

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

2. Through a professional adviser

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

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

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

FINANCIAL CALENDAR

Financial year end	31st August
Final results announced	November
Half year end	28th February
Half year results announced	May
Dividends payable (if any)	March, June, September and December
Annual General Meeting	January

History

The Company was incorporated on 16th September 1999 and launched as an investment trust on 24th November 1999 with assets of £28 million, registered in England and Wales. The Company changed its name to JPMorgan Fleming Managed Growth plc on 5th December 2002. The Company's name was changed to JPMorgan Fleming Elect plc on 14th January 2004 following the capital reorganisation and combination of JPMorgan Fleming Managed Growth plc and JPMorgan Fleming Managed Income plc. The Company adopted its present name on 2nd February 2006.

There are three share classes, each with distinct investment policies, objectives and underlying investment portfolios. Each share class is listed separately and traded on the London Stock Exchange. This capital structure means that shareholders may benefit from greater investment flexibility in a tax-efficient manner.

Company Numbers

Company registration number: 3845060
London Stock Exchange Sedol numbers:
Managed Growth: 0852814, Managed Income: 3408021,
Managed Cash: 3408009

ISIN:

Managed Growth:	GB0008528142
Managed Income:	GB0034080217
Managed Cash:	GB0034080092

Bloomberg Codes:

Managed Growth:	JPE LN
Managed Income:	JPEI LN
Managed Cash:	JPEC LN

LEI: 549300FIUYKKL39ILD07

Market Information

Net asset values per share for each share class are published daily via the London Stock Exchange. The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times and on the JPMorgan internet site at www.jpmelect.co.uk, where the share prices are updated every 15 minutes during trading hours.

Website

www.jpmelect.co.uk

aic
The Association of
Investment Companies

A member of the AIC

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

For company secretarial and administrative matters, please contact Priyanka Vijay Anand at the above address.

Depositary

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

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

Registrars

Equiniti Limited
Reference 2018
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0371 384 2530

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

Notifications of changes of address and enquiries regarding share certificates or dividend payments should be made in writing to the Registrar quoting reference 2018. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

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Brokers

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