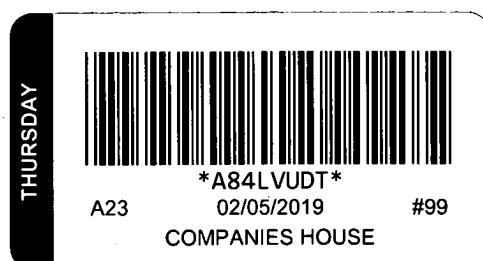


JPMorgan Asset Management Holdings (UK) Limited

Registered number: 02218729

Annual report for the year ended 31 December 2018



JPMorgan Asset Management Holdings (UK) Limited
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JPMorgan Asset Management Holdings (UK) Limited
Company information

Directors

S E Pond (appointed 23 March 2018)

N J Gartside (resigned 16 January 2019)

D J Watkins

M J O'Brien (resigned 30 May 2018)

Company Secretaries

B M Burrow (resigned 12 February 2019)

J.P. Morgan Secretaries (UK) Limited

Registered office

25 Bank Street
Canary Wharf
London
E14 5JP

Independent auditors

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

JPMorgan Asset Management Holdings (UK) Limited

Strategic report for the year ended 31 December 2018

Principal activities

JPMorgan Asset Management Holdings (UK) Limited (the "Company") acts as a holding company for companies engaged in the asset management business of the JPMorgan Asset Management International Limited Group. During the year the Company held principal investments and entered into hedging positions in relation to investments held either within the Company or by affiliated entities.

Review of business and key performance indicators (KPIs)

The principal subsidiary undertakings and their activities are set out in note 10 to the financial statements. The financial position of the Company remains satisfactory.

During the year principle investments held by JPMorgan Asset Management Holdings (UK) Limited were transferred to its parent, JPMorgan Asset Management International Limited. The directors have reasonable expectation that the Company has adequate resources to continue in its operational existence for the foreseeable future. However, the directors anticipate the Company will be placed into voluntary liquidation and as such, the directors have adopted a basis of preparation other than that of a going concern in the annual financial statements.

The directors monitor the financial performance and financial position of the Company which remains satisfactory, in the opinion of the Board:

	2018	2017
	£ 000	£ 000
Turnover	442,913	273,343
Profit before taxation	438,883	259,306

Principal risks and uncertainties

Whilst management of the Company's risks and uncertainties is integrated with that of JPMorgan Chase & Co. (the "Firm") and its associated subsidiaries (collectively, the "Group") of which the Company is part, the Company also manages its risks at a legal entity level.

The principal risks and uncertainties relating to the Group as a whole are discussed within the Group's annual report (which does not form part of this report). Those relating specifically to the Company itself are discussed in the financial risk management section of this report.

JPMorgan Asset Management Holdings (UK) Limited
Strategic report for the year ended 31 December 2018

Financial risk management

Risk management is an inherent part of the business activities of the Group, of which the Company is a part. The Company has adopted the same risk management policies and procedures as the Group as a whole. The Company's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its risks.

The Company exercises oversight through the Board of Directors (the "Board"). The Board delegates responsibility for the general conduct and day-to-day management of the Company's business to the CEO, with power for the CEO to sub-delegate to appropriate senior managers. The CEO has established a number of operating and risk committees to provide an appropriate forum for the discussion and consideration of relevant matters, and to make recommendations and otherwise assist him and his delegates in the discharge of his overall management responsibilities. Matters are escalated from the committees to the Board in order to allow the directors to oversee and review the conduct of the business. The CEO also reports to the Board on any matter considered appropriate or significant to the Company.

As of Q4 2018, the Board also delegates the oversight of certain items to two board committees: the JPMorgan Asset Management International Limited Remuneration Committee; and the JPMorgan Asset Management International Limited Audit, Risk and Compliance Committee. Both board committees are comprised of independent non-executive directors from within the Asset Management EMEA group. Following each quarterly meeting, the Board receive tailored reports from each board committee on any matters considered appropriate or significant to the Company.

JPMorgan Asset Management Holdings (UK) Limited
Strategic report for the year ended 31 December 2018

Credit risk

The Company complies with Group policies which require monthly monitoring and reporting of exposures to all financial institutions. These exposures are subject to a Group concentration limit and are reviewed annually by the relevant Group risk committees.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. To monitor and control operating risk, the Group and the Company maintain a system of comprehensive policies and a control framework designed to provide a well controlled operational environment and to monitor and record any control failures.

Market risk

The Company held seed capital investments in Europe for the JPMorgan Asset Management International Limited Group. During the year these investments were transferred to JPMorgan Asset Management International Limited. The Company complies with the JPMorgan Asset Management International Limited Group policies on seed capital investments that require monthly monitoring and reporting.

The Company uses futures contracts to hedge the Group's seed capital investments against market risk.

Foreign exchange risk

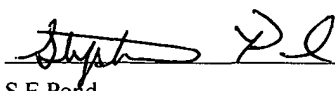
The Company uses financial instruments (derivatives) and intercompany service level agreements to manage foreign currency exposures in respect of its balance sheet, adhering to specific guidelines on the circumstances where it would be appropriate to use derivatives to manage these exposures.

From the perspective of the Company, the principal risks and uncertainties are integrated within the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed within the Group's annual report which does not form part of this report.

Interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest rate risk arises from investments in liquidity funds, cash holdings and seed capital investments. This is monitored at EMEA group level.

Approved by the Board on 26 April 2019 and signed on its behalf by:


S E Pond
Director
26 April 2019

JPMorgan Asset Management Holdings (UK) Limited

Directors' report for the year ended 31 December 2018

The directors present their report and the audited financial statements of JPMorgan Asset Management Holdings (UK) Limited for the year ended 31 December 2018.

Results and dividends

The profit before taxation for the financial year was £438,883,000 (2017: £259,306,000) and the profit for the financial year was £438,883,000 (2017: £259,306,000).

Interim dividends totalling £1,033,126,000 were paid during the year (2017: £nil). The directors do not recommend a final dividend for the year (2017: £nil).

Going Concern

During the year principle investments held by JPMorgan Asset Management Holdings (UK) Limited were transferred to its parent, JPMorgan Asset Management International Limited. The directors have reasonable expectation that the Company has adequate resources to continue in its operational existence for the foreseeable future. However, the directors anticipate the Company will be placed into voluntary liquidation and as such, the directors have adopted a basis of preparation other than that of a going concern in the annual financial statements.

Statement of directors' responsibilities

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 prepared financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing 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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Directors of the Company

The names of the directors who were in office during the year and up to the date of signing the financial statements are listed on page 1.

JPMorgan Asset Management Holdings (UK) Limited

Directors' report for the year ended 31 December 2018

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and

(2) each director 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 and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Liability insurance for directors

As permitted by Section 233 of the Companies Act 2006, the directors of the Company are covered for insurance purposes by the Group's overall insurance maintained at a consolidated level.

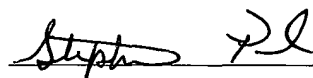
Third party indemnities

An indemnity is provided to the directors of the Company under the by-laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity remains in force at the date of these financial statements and a copy of the by-laws of JPMorgan Chase & Co. is kept at the registered office of the Company.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

Approved by the Board on 26 April 2019 and signed on its behalf by:



S E Pond

Director

26 April 2019

Independent auditors' report to the members of JPMorgan Asset Management Holdings (UK) Limited

Report on the financial statements

Our opinion

In our opinion, JPMorgan Asset Management Holdings (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Independent auditors' report to the members of JPMorgan Asset Management Holdings (UK) Limited

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements.

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

Independent auditors' report to the members of JPMorgan Asset Management Holdings (UK) Limited

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



.....
Jonathan Wiseman (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London

Date: 7 April 2019

JPMorgan Asset Management Holdings (UK) Limited**Statement of comprehensive income for the year ended 31 December 2018**

	Note	2018 £ 000	2017 £ 000
Turnover	2	442,913	273,343
Administrative expenses	3	(63)	(7)
Other operating expenses	4	<u>(4,100)</u>	<u>(21,448)</u>
Operating profit		438,750	251,888
Interest receivable and similar income	5	245	33
Reversal of impairments	10	-	7,524
Interest payable and similar expenses	6	<u>(112)</u>	<u>(139)</u>
Profit before taxation		438,883	259,306
Tax on profit	9	<u>-</u>	<u>-</u>
Profit for the financial year and total comprehensive income for the year	18	<u><u>438,883</u></u>	<u><u>259,306</u></u>

All amounts relate to continuing operations.

JPMorgan Asset Management Holdings (UK) Limited

Balance sheet as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Investments in subsidiary undertakings	10	-	222,915
Financial assets	11	-	33,179
Other investments	13	-	1
		<u>-</u>	<u>256,095</u>
Current assets			
Investments in subsidiary undertakings	10	220,132	-
Financial assets	11	35,772	-
Other investments	13	1	-
Investments	12	-	493,267
Debtors	14	15,914	14,830
Cash at bank and in hand		<u>101,773</u>	<u>172,598</u>
		373,592	680,695
Creditors: amounts falling due within one year	16	<u>(36,145)</u>	<u>(5,100)</u>
Net current assets		<u>337,447</u>	<u>675,595</u>
Net assets		<u>337,447</u>	<u>931,690</u>
Capital and reserves			
Called up share capital	17	5	5
Capital contribution reserve	18	222,358	222,358
Profit and loss account	18	<u>115,084</u>	<u>709,327</u>
Total shareholder's funds		<u>337,447</u>	<u>931,690</u>

The financial statements on pages 10 to 27 were approved by the board of directors on 26 April 2019 and signed on its behalf by:



S E pond
Director

26 April 2019

Company registered number: 02218729

The notes on pages 13 to 27 form an integral part of these financial statements.

JPMorgan Asset Management Holdings (UK) Limited**Statement of changes in equity for the year ended 31 December 2018**

	Called up share capital	Capital contribution reserve	Profit and loss account	Total shareholder's funds
	£ 000	£ 000	£ 000	£ 000
At 1 January 2017	5	222,358	450,021	672,384
Profit for the financial year and total comprehensive income for the year	-	-	259,306	259,306
At 31 December 2017	5	222,358	709,327	931,690
Profit for the financial year and total comprehensive income for the year	-	-	438,883	438,883
Dividends paid	-	-	(1,033,126)	(1,033,126)
At 31 December 2018	<u>5</u>	<u>222,358</u>	<u>115,084</u>	<u>337,447</u>

The following describes the nature and purpose of each reserve within equity:

- Called up share capital - nominal value of share capital subscribed for.
- Capital contribution reserve - additional capital provided by the immediate parent entity.
- Profit and loss account - all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

JPMorgan Asset Management Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2018

1 Accounting policies

The Company is a private company and is incorporated and domiciled in the UK. The address of its registered office is 25 Bank Street, Canary Wharf, London, E14 5JP.

Basis of preparation

The financial statements have been prepared in accordance with UK Financial Reporting Standard 100 "Application of Financial Reporting Requirements" and Financial Reporting Standard 101 "Reduced Disclosure Framework".

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments, and in accordance with the Companies Act 2006. The functional and presentational currency used is sterling and amounts have been presented in round thousands ("£ 000s").

Disclosure exemptions adopted:

In preparing these financial statements the Company has taken advantage of disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by JPMorgan Chase & Co.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of JP Morgan Chase & Co. These financial statements do not include certain disclosures in respect of:

- financial instruments; and
- fair value measurement.

The financial statements of JPMorgan Chase & Co. can be obtained as described in note 20.

Going Concern

During the year principle investments held by JPMorgan Asset Management Holdings (UK) Limited were transferred to its parent, JPMorgan Asset Management International Limited. The directors have reasonable expectation that the Company has adequate resources to continue in its operational existence for the foreseeable future. However, the directors anticipate the Company will be placed into voluntary liquidation and as such, the directors have adopted a basis of preparation other than that of a going concern in the annual financial statements.

Adjustments were made in these financial statements to reclassify fixed assets to current assets. No adjustments were needed in these financial statements to reduce assets to their realisable values or provide for liabilities arising from this decision.

JPMorgan Asset Management Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2018

Group financial statements

The financial statements contain information about JPMorgan Asset Management Holdings (UK) Limited as an individual company. The Company has taken advantage of the exemption conferred by Section 401 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the consolidated financial statements of a larger non-EEA group.

Judgements and key areas of estimation uncertainty

Due to the nature of business undertaken by the Company, no significant accounting estimates or judgements were required in preparation of these financial statements.

Changes in accounting policy

During the year the Company has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. There were no reclassifications or adjustments arising from their adoption.

Adoption of IFRS 9

Effective 1 January 2018, the Company adopted IFRS 9 Financial instruments, which superseded IAS 39 Financial Instruments Recognition and Measurement. The adoption of IFRS 9 did not result to in any changes to the classification and measurement of financial assets. Refer to note 'Financial Instruments' for more information about the Company's accounting policies.

Adoption of IFRS 15

Effective 1 January 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers (IFRS 15). IFRS 15 requires that revenue from contracts with customers be recognised upon transfer of control of a good or service in the amount of consideration expected to be received. IFRS 15 also changes the accounting for certain contract costs, including whether they may be offset against revenue in the income statement, and requires additional disclosures about revenue and contract costs.

IFRS 15 permits adoption using a full retrospective approach or a modified, cumulative effect approach wherein the guidance is applied only to existing contracts as of the date of adoption, and to new contracts transacted after that date. The Company adopted IFRS 15 using the full retrospective method.

The adoption of IFRS 15 did not result in any material changes in the timing of recognition or in the presentation of the Company's revenue because the Company has no contracts with customers.

JPMorgan Asset Management Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2018

Financial instruments

(i) Financial assets and liabilities

The Company recognises financial instruments from the trade date, and continues to recognise them until, in the case of assets, the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership, or in the case of liabilities, until the liability has been settled, extinguished or has expired.

Investments are classified as financial assets at fair value through profit or loss. Investments are designated under this category upon initial recognition and this is consistent with the Group's risk management framework.

Realised and recognised gains or losses arising from changes in fair value are included in the profit and loss account of the period in which they arise.

(ii) Impairment of financial assets

The Company's approach to measuring expected credit losses ("ECLs") depends on the type of instrument.

Fee receivables

For fee receivables arising from contracts with customers (e.g. investment management fee receivables), the Company applies a provision matrix as a practical expedient for calculating expected credit losses. The matrix provides that in the case of institutional customers, a receivable is considered to have had a significant increase in credit risk ("SICR") if it is 90 days past due and credit-impaired, if it is 180 days past due at which point an ECL for 100% of the amount owned is recognised. In the case of non-institutional customers, a receivable is considered to have had a SICR if it is 30 days past due and credit-impaired and if it is 90 days past due at which point an ECL for 100% of the amount owned is recognised.

Other financial instruments

The Company has determined that ECLs on other financial instruments are immaterial due to: the existence of credit risk mitigants such as the credit quality (e.g. investment-grade); and/or the short-term nature of the instrument. Similarly the Company has determined that these other financial instruments are without SICR due to the credit quality and/or the short-term nature of the instrument.

For inter-company loans and receivables, the Company evaluates the counterparty based on the Firm's resolution and recovery plan, tenor of the loan/receivable, and any collateral received. The Company has not experienced any losses on inter-company loans and receivables.

The Company continues to monitor its financial instruments to ensure the described framework is appropriate and its exposure to credit risk and ECLs on these instruments are adequately reflected in the allowance for credit losses.

JPMorgan Asset Management Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2018

Derivative financial instruments

Derivative contracts held as economic hedges are held at fair value. These comprise forward foreign exchange ("FFX") contracts which are held to hedge exposures to some foreign currency denominated assets and index, duration and commodity future contracts, held to hedge exposures in investment holdings. Fair values are calculated based on market forward foreign exchange rates at the balance sheet date and listed future prices respectively.

The foreign currency denominated exposures are translated into sterling at rates of exchange ruling on the balance sheet date. Any realised or unrealised foreign exchange gain or loss resulting from FFX contracts and foreign currency denominated exposures are taken to the profit and loss account.

Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into sterling at market rates prevailing at the balance sheet date, and resulting gains and losses are taken to the profit and loss account. Foreign currency income and expense items are translated at the rate prevailing at the transaction date.

Investments in subsidiary undertakings

Investments in subsidiary undertakings and joint ventures are included at cost less any impairment in value that may have occurred. Realised gains and losses arising on disposal of subsidiaries are calculated as the difference between net sales proceeds and the carrying value.

Income and expenditure

Income and expenditure are included on an accruals basis.

Cash and cash equivalents

This includes deposits held on demand with banks with a maturity of less than 30 days and cash in hand.

Dividend recognition

Dividend distributions are recognised in the period in which they are approved.

2 Turnover

Turnover represents dividends received from activities in the United Kingdom, fair value changes in hedging instruments and the realised and unrealised changes in market value of investments that are held by the Company.

	2018	2017
	£ 000	£ 000
Dividends received	415,572	261,948
Realised gain/(loss) on futures transactions	27,858	(19,901)
Unrealised gain/(loss) on futures transactions	4,749	(3,951)
Realised (loss)/gain on sale of financial assets	(9,870)	4,696
Unrealised gain on financial assets designated at fair value through profit and loss	4,604	30,551
	<u>442,913</u>	<u>273,343</u>

JPMorgan Asset Management Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2018

3 Administrative expenses

Amounts receivable by the Company's auditors in respect of the audit of the financial statements was £21,000 (2017: £28,000). The audit remuneration costs are borne by a fellow subsidiary.

4 Other operating expense

	2018 £ 000	2017 £ 000
Management fee rebate	4	53
Commission expense	(44)	(28)
Unrealised gain/(loss) on foreign exchange transactions	18,519	(21,036)
Realised loss on foreign exchange transactions	<u>(22,579)</u>	<u>(437)</u>
	<u>(4,100)</u>	<u>(21,448)</u>

5 Interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest receivable on amounts held with Group undertakings	245	24
Other interest receivable	-	9
	<u>245</u>	<u>33</u>

6 Interest payable and similar expenses

	2018 £ 000	2017 £ 000
Interest on loans from group undertakings	<u>112</u>	<u>139</u>
	<u>112</u>	<u>139</u>

7 Employee information

The employment contracts for all staff are with fellow Group undertakings. The staff costs are borne by a fellow subsidiary.

JPMorgan Asset Management Holdings (UK) Limited**Notes to the financial statements for the year ended 31 December 2018****8 Directors' remuneration**

	2018	2017
	£ 000	£ 000
Aggregate emoluments*	2,725	6,347
Total defined contribution pension payments for all directors	20	29
Aggregate amounts receivable (excluding shares) under Long Term Incentive Plans (LTIPs)	1,054	920
	2018	2017
	No.	No.
Number of directors who exercised share options	1	-
Number of directors to whom defined contribution pension rights accrued	2	3
Number of directors with shares received or receivable under (LTIPs)	4	2
Number of directors	4	4
	2018	2017
	£ 000	£ 000
Emoluments of highest paid director (excluding pension contributions)	1,556	3,833
The highest paid director did (Yes) or did not (No) exercise any share options during the year	No	No
The highest paid director did (Yes) or did not (No) have shares received or receivable under LTIPs	No	No

*The amounts shown above in respect of emoluments paid to directors exclude amounts paid or due to directors under long-term incentive plans, the value of share options granted or exercised and benefits to which directors are entitled under any pension schemes.

In accordance with the Companies Act 2006, the directors' emoluments above represent the proportion paid or payable in respect of qualifying services only. Directors also receive emoluments for non-qualifying services, which are not required to be disclosed.

JPMorgan Asset Management Holdings (UK) Limited**Notes to the financial statements for the year ended 31 December 2018****9 Tax on profit**

	2018 £ 000	2017 £ 000
Total current tax	-	-

Factors affecting tax charge for year

The tax charge for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19.00% (2017: 19.25%) as the tax charge for the year is nil. The differences are explained below:

	2018 £ 000	2017 £ 000
Profit before taxation	438,883	259,306
Profit before taxation multiplied by effective rate of corporation tax in the UK 19.00% (2017: 19.25%)	83,388	49,907
Effect of		
Non taxable income	(79,828)	(52,602)
Non deductible expenditure	-	348
Group relief	(3,596)	1,731
Chargeable gains	36	616
Total tax charge for year	-	-

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

JPMorgan Asset Management Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2018

10 Investments in subsidiary undertakings

	2018 £ 000	2017 £ 000
Cost at 1 January	222,915	230,303
Return of capital	(2,783)	(15,000)
Additions	-	88
Reversal of impairments	-	7,524
Cost at 31 December	<u>220,132</u>	<u>222,915</u>

At 31 December 2017 a review of carrying values of subsidiaries identified that the value of JP Morgan Investments had previously been over impaired. This has resulted in income in the profit and loss account of £7,524,000.

The return on capital is from JPMorgan Investments Ltd which liquidated during the year.

The Company holds direct and indirect investments in the following companies:

Subsidiary undertakings	Activity	Country of incorporation and registration	Class	%
JPMorgan Asset Management (UK) Limited	Investment management	England and Wales	Ordinary shares	100
JPMorgan Life Limited	Insurance	England and Wales	Ordinary shares	100
JPMorgan Asset Management Marketing Limited	Investment management	England and Wales	Ordinary shares	100
JPMorgan Asset Management Services Limited	Cost recharge	England and Wales	Ordinary shares	100
JPMAM Coral 1 UK Investor GP Limited	General partner	England and Wales	Ordinary shares	100
JPMorgan Asset Management Holdings (Luxembourg) Sarl	Holding company	Luxembourg	Ordinary shares	100
JPMorgan Asset Management Luxembourg S.A.	Holding company	Luxembourg	Ordinary shares	100
JPMorgan Asset Management (Europe) Sarl	Investment management	Luxembourg	Ordinary shares	100
JPMAM Coral 2 UK Investor GP Limited	General partner	England and Wales	Ordinary shares	100
JPMAM RE GP 3 (Scots) Limited	General partner	Scotland	Ordinary shares	100
J.P. Morgan EO III UK GP Limited	General partner	Scotland	Ordinary shares	100
J.P. Morgan Trustee & Administration Services Limited	Investment management	England and Wales	Ordinary shares	100

JPMorgan Asset Management Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2018

JPMorgan Funds Limited	Investment management	Scotland	Ordinary shares	100
J.P. Morgan 8CS Investments (GP) Limited	General partner	England and Wales	Ordinary shares	100
JPMorgan ISA Nominees Limited	Investment management	England and Wales	Ordinary shares	100
J.P. Morgan RE Luxembourg Management Company S.A.	Investment management	Luxembourg	Ordinary shares	100
J.P. Morgan G1 (GP) Limited	General partner	England and Wales	Ordinary shares	100
J.P. Morgan G1 (GP Scots) Limited	General partner	Scotland	Ordinary shares	100
JPMAM RE Property GP Limited	General partner	England and Wales	Ordinary shares	100
JPMAM RE GP 2 Limited	General partner	Scotland	Ordinary shares	100
JPMAM RE GP 4 Limited	General partner	England and Wales	Ordinary shares	100
JPMAM RE GP 4 (Scots) Limited	General partner	Scotland	Ordinary shares	100
J.P. Morgan G2 (Scots) Limited	General partner	Scotland	Ordinary shares	100
J.P. Morgan G2 GP Limited	General partner	England and Wales	Ordinary shares	100
JPMIM Mezz GP (Lux) S.a r.l.	General partner	Luxembourg	Ordinary shares	100
JPMAM RE CIP 2 L.P.	Investment management	Scotland	Partnership interest	-
JPMAM G1 CIP L.P.	Investment management	Cayman Islands	Partnership interest	-
Joint ventures				
China International Fund Management Co., Limited	Investment management	China	Ordinary shares	49
Associates				
BSAM Capital Investments Limited	Dormant	England and Wales	Ordinary shares	21

JPMorgan Asset Management Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2018

The directors are of the opinion that the value of the investments in direct subsidiaries at the year end is not less than the value at which they are stated in the balance sheet.

The address of the registered office of those subsidiary undertakings incorporated in England and Wales is 25 Bank Street, Canary Wharf, London, United Kingdom, E14 5JP, with the exception of JPMAM Coral 1 UK Investor GP Limited and JPMAM Coral 2 UK Investor GP Limited, the address of which is 11th Floor 200 Aldersgate Street, London, United Kingdom, EC1A 4HD.

The address of the registered office of those subsidiary undertakings incorporated in Scotland is 50 Lothian Road, Festival Square, Edinburgh, United Kingdom, EH3 9WJ, with the exception of JPMorgan Funds Limited, the address of which is 3 Lochside View, Edinburgh Park, Edinburgh, United Kingdom, EH12 9DH.

The address of the registered office of those subsidiary undertakings incorporated in Luxembourg is 6, route de Treves, Senningerberg, L-2633, Luxembourg.

The address of the registered office of China International Fund Management Co. Limited is 25th Floor, Zhendan Mansion, 99 Fucheng Road, Shanghai, 200120, China.

The address of the registered office of JPMAM G1 CIP L.P. is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

JPMorgan Asset Management Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2018

11 Financial assets

	2018	2017
	£ 000	£ 000
Financial assets designated at fair value through profit and loss	<u>35,772</u>	<u>33,179</u>
	2018	2017
	£ 000	£ 000
Book cost at 1 January	29,133	19,071
Additions	3,602	14,000
Disposals	(7,480)	(3,938)
Closing book cost at 31 December	<u>25,255</u>	<u>29,133</u>
Revaluation at 1 January	4,046	7,027
Current year unrealised gain	7,954	1,263
Reversal of unrealised gain on disposal	(3,220)	(4,336)
Foreign exchange adjustments	1,737	92
Closing revaluation at 31 December	<u>10,517</u>	<u>4,046</u>
Carrying value at 31 December	<u>35,772</u>	<u>33,179</u>

These assets are included at fair value at the balance sheet date.

JPMorgan Asset Management Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2018

12 Investments

	Money market funds	Other	Total
	£ 000	£ 000	£ 000
Book cost 1 January 2017	9,054	317,522	326,576
Additions	12	272,358	272,370
Disposals	(9,066)	(140,902)	(149,968)
Closing book cost at 31 December 2017	<u>-</u>	<u>448,978</u>	<u>448,978</u>
Revaluation at 1 January 2017	-	26,760	26,760
Current year unrealised gain	-	34,178	34,178
Reversal of unrealised gain on disposal	-	(3,637)	(3,637)
Foreign exchange adjustments	-	(13,012)	(13,012)
Closing revaluation at 31 December 2017	<u>-</u>	<u>44,289</u>	<u>44,289</u>
Carrying value at 31 December 2017	<u>-</u>	<u>493,267</u>	<u>493,267</u>
Book cost 1 January 2018	-	448,978	448,978
Additions	-	406,467	406,467
Disposals	-	(855,445)	(855,445)
Closing book cost at 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>
Revaluation at 1 January 2018	-	44,289	44,289
Current year unrealised loss	-	(7,314)	(7,314)
Reversal of unrealised gain on disposal	-	(59,506)	(59,506)
Foreign exchange adjustments	-	22,531	22,531
Closing revaluation at 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>
Carrying value at 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>

JPMorgan Asset Management Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2018

During the year the seed capital investments were transferred to its parent, JPMorgan Asset Management International Limited. The money market fund investments were holdings in J.P. Morgan Liquidity Funds which were fully redeemed in 2017.

13 Other investments

In 2004 the Company purchased one share of €1,000 in JPMorgan RE Luxembourg Management Company S.A. This company is a subsidiary of JPMorgan Asset Management Holdings (Luxembourg) Sarl, one of the subsidiaries of the Company.

14 Debtors

	2018	2017
	£ 000	£ 000
Amounts owed by Group undertakings	7,941	461
Trade debtors	3,213	12,226
Other debtors	11	2
Derivative financial instruments (note 15)	4,749	2,141
	<u>15,914</u>	<u>14,830</u>

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

15 Derivative financial instruments

The net fair value loss at 31 December 2018 on open derivative contracts is £976,000 (2017: £1,985,000).

16 Creditors: amounts falling due within one year

	2018	2017
	£ 000	£ 000
Derivative financial instruments	5,725	4,127
Amounts owed to Group undertakings	25,402	96
Trade creditors	<u>5,018</u>	<u>877</u>
	<u>36,145</u>	<u>5,100</u>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

JPMorgan Asset Management Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2018

17 Called up share capital

	2018 £ 000	2017 £ 000
Authorised, allotted and fully paid		
5,000 (2017: 5,000) ordinary shares of £1 each	<u>5</u>	<u>5</u>

18 Reserves

	Capital contribution reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2018	222,358	709,327	931,685
Profit for financial year and total comprehensive income for the year	-	438,883	438,883
Dividends paid	-	(1,033,126)	(1,033,126)
At 31 December 2018	<u>222,358</u>	<u>115,084</u>	<u>337,442</u>

19 Commitments

The Company has committed capital/funds to the JPMAM RE CIP 2 L.P., up to a limit of €25,002,000. At year end, the Company had invested a total of €6,250,000.

The Company has committed capital/funds to the JPMAM Coral 1 UK Investor GP Limited, up to a limit of \$255,000. At year end, the Company had invested a total of \$213,000.

The Company has committed capital/funds to the Gavea Investment Fund V G L.P., up to a limit of \$1,448,000. At year end, the Company had invested a total of \$1,218,000.

The Company has committed capital/funds to the European Opportunistic Property Fund III Master L.P., up to a limit of €16,921,000. At year end, the Company had invested a total of €13,719,000.

The Company has committed capital/funds to the J.P. Morgan G1 (GP) Limited, up to a limit of \$14,091,000. At year end, the Company had invested a total of \$6,351,000.

The Company has committed capital/funds to the EPF FCP Sub Fund C, up to a limit of €25,000,000. At year end, the Company had invested a total of €25,000,000.

The Company has committed capital/funds to the European Opportunistic Property Fund IV Master LP, up to a limit of €27,130,000. At year end, the Company had invested a total of €2,713.

The Company has committed capital/funds to the Lynstone Special Situations Fund (Lux) SCSp, up to a limit of \$28,000,000. At year end, the Company had invested a total of \$nil.

JPMorgan Asset Management Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2018

20 Ultimate parent undertaking

The immediate parent undertaking is JPMorgan Asset Management International Limited.

The parent company of the largest group for which consolidated financial statements are prepared, and whom the directors regard as the ultimate holding company, is JPMorgan Chase & Co. which is incorporated in the United States of America.

The consolidated financial statements of JPMorgan Chase & Co. are available to the public and may be obtained from the Company's registered office at:

The Company Secretary
25 Bank Street
London
E14 5JP