

# JPMorgan China Growth & Income plc

Annual Report & Financial Statements  
for the year ended 30th September 2022



## Key Features

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### Objective

To provide long-term capital growth by investment in 'Greater China' companies.

### Investment Policies

- To invest in companies in 'Greater China' (China, Hong Kong and Taiwan) or which derive a substantial part of their revenues or profits from these territories. This includes companies which are listed or issue ADRs on other exchanges including the US.
- To use gearing up to a maximum level of 20% of shareholders' funds to increase potential returns to shareholders.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

### Dividend Policy

The dividend policy aims to pay, in the absence of unforeseen circumstances, an annual dividend equivalent to 4% of the Company's NAV on the last business day of the preceding financial year. The target dividend is announced at the start of each financial year and paid by way of four equal interim dividends on the first business day in December, March, June and September. These dividends are paid from a combination of revenue and capital reserves.

### Benchmark

MSCI China Index, with net dividends reinvested, in sterling terms.

### Risk

Investors should note that the Greater China markets can exhibit more volatility than developed markets and this should be taken into consideration when evaluating the suitability of the Company as a potential investment.

### Capital Structure

At 30th September 2022, the Company's issued share capital comprised 83,202,465 Ordinary shares of 25p each. No shares were held in Treasury. No shares have been repurchased or issued since the year-end.

### Continuation Vote

In accordance with the Company's Articles of Association, the Directors are required to propose a resolution that the Company continues as an investment trust at the forthcoming Annual General Meeting in February 2023 and every fifth year thereafter.

### Management Company and Company Secretary

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

### Environment, Social and Governance ('ESG') Considerations

ESG considerations are fully integrated into the stock selection process. JPMAM research teams compile proprietary ESG analyses on companies as well as using external vendor research to rank them. Following in-depth strategic and financial analysis, these ESG rankings and factors are taken into consideration as part of the investment case. In addition, the Manager, together with stewardship specialists, engages with investee companies on specific ESG issues. JPMAM is a United Nations Principles of Responsible Investment ('UN PRI') signatory and is rated A+. JPMAM endeavours to vote at all of the meetings called by companies in which your portfolio invests. The Manager reports to the Board on its ESG considerations on a regular basis and an ESG report is on pages 23 to 27.

### 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 issued by the Company can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust. The Company's Ordinary shares are not considered to be 'complex instruments' under the FCA's revised appropriateness criteria adopted in the implementation of MiFID II.

### Association of Investment Companies ('AIC')

The Company is a member of the AIC.

### Website

The Company's website, which can be found at [www.ipmchinagrowthandincome.co.uk](http://www.ipmchinagrowthandincome.co.uk), includes useful information on the Company, such as daily prices, factsheets and current and historic Half-Year and Annual Reports.

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## Financial Highlights

## Total returns (including dividends reinvested) to 30th September

	2022	2021	3 years	5 years
Return to shareholders <sup>1,A</sup>	<b>-38.5%</b>	<b>-2.9%</b>	<b>+9.0%</b>	<b>+23.7%</b>
Return on net assets <sup>2,A</sup>	<b>-36.7%</b>	<b>+4.1%</b>	<b>+9.4%</b>	<b>+25.0%</b>
Benchmark return <sup>3</sup>	<b>-22.0%</b>	<b>-11.2%</b>	<b>-11.7%</b>	<b>-9.7%</b>
Net asset return performance compared to benchmark return <sup>3,A</sup>	<b>-14.8%</b>	<b>+15.3%</b>	<b>+21.1%</b>	<b>+34.7%</b>
Annual dividend <sup>4</sup>	<b>22.8p</b>	<b>22.8p</b>		

<sup>1</sup> Source: Morningstar.<sup>2</sup> Source: Morningstar/J.P. Morgan, using net asset value per share.<sup>3</sup> Source: MSCI. The Company's benchmark is the MSCI China Index with net dividends reinvested, in sterling terms.<sup>4</sup> As of 1st April 2021, the Company adopted a new distribution policy. Further details can be found on page 30.<sup>A</sup> Alternative Performance Measure.

A glossary of terms and Alternative Performance Measures is provided on pages 96 to 98.

## Financial Highlights

### Summary of results

	2022	2021	% change
<b>Net asset value, share price and discount at 30th September</b>			
Shareholders' funds (£'000)	284,286	473,402	-39.9 <sup>1</sup>
Net asset value per share <sup>a</sup>	341.7p	569.0p	-39.9 <sup>1</sup>
Share price	302.0p	518.0p	-41.7 <sup>2</sup>
Share price discount to net asset value <sup>a</sup>	11.6%	9.0%	
Shares in issue (excluding shares held in Treasury)	83,202,465	83,202,465	
<b>Revenue for the year ended 30th September</b>			
Gross revenue attributable to shareholders (£'000)	4,186	3,612	+15.9
Net revenue attributable to shareholders (£'000)	2,251	1,563	+44.0
Revenue return per share	2.71p	1.97p	+37.6
Total (loss)/return per share	(204.49)p	3.03p	
Dividend per share	22.8p	22.8p	
<b>Gearing at 30th September<sup>a</sup></b>	<b>17.2%</b>	<b>10.2%</b>	
<b>Ongoing charges<sup>a</sup></b>	<b>1.09%</b>	<b>0.99%</b>	

<sup>1</sup> Excludes dividends reinvested. Including dividends reinvested, the return is -36.7%.

<sup>2</sup> Excludes dividends reinvested. Including dividends reinvested, the return is -38.5%.

<sup>a</sup> Alternative Performance Measure.

A glossary of terms and Alternative Performance Measures is provided on pages 96 to 98.

### Long-term performance for years ended 30th September 2022

<sup>1</sup> Source: Morningstar.

<sup>2</sup> Source: Morningstar/J.P. Morgan, using net asset value per share.

<sup>3</sup> Source: MSCI. The Company's benchmark is the MSCI China Index with net dividends reinvested, in sterling terms. Prior to 26th January 2016, the benchmark was the MSCI Dragon Index.

## Chairman's Statement

Our Company has navigated several periods of extreme volatility during the 28 years since its launch. Unfortunately, the year ended 30th September 2022 has proved to be one of the most challenging of these periods, in terms of the Chinese economy, its stock markets and our Company. Market sentiment had already been shaken by concerns about China's slowing economic growth, its commitment to its 'zero-COVID' policy and heightened tensions between China and the US. It deteriorated further, amidst news of draconian localised COVID lockdowns and China's interventionist policies. At the same time, sentiment was buffeted by broader concerns about global challenges in the aftermath of the COVID pandemic and the Russian invasion of Ukraine, particularly in terms of inflation, interest rates, and global supply chains, as well as more local concerns about China's relationship with Taiwan. Against this backdrop, growth stocks, which dominate our portfolio, fell sharply out of favour.

Alexandra Mackesy  
Chairman

Faced with these challenges, the Company's total return on net assets fell -36.7% over the year, underperforming the MSCI China Index, which declined 22.0%. The Company delivered a return to Ordinary shareholders of -38.5%, reflecting a widening in the discount at which the shares traded over the 12 month period. While this short-term performance is disappointing, we are encouraged that over the longer term, our Company has made positive absolute returns, comfortably outperforming the benchmark over three, five and ten years. Our Company generated an annualised return of 10.7% in terms of net asset value over the last ten years. UK based shareholders may be interested to note that, over the same period, the FTSE All-Share Index generated an annualised return of 6.0%.

Full details of investment performance, changes to the portfolio and the outlook can be found in the Investment Managers' Report on pages 10 to 16.

The Board was unable to visit Asia this year because of COVID regulations, so once again we held a three day virtual China visit. We had detailed discussions with economists and political commentators, and with JP Morgan's analysts in Shanghai, Hong Kong and Taiwan covering key sectors of our portfolio. The Board expects to visit Asia in May 2023.

### Environment, Social and Governance ('ESG') considerations

Your Manager believes that sustainable companies are more attractive investments, able to deliver superior returns over time, so the consideration of ESG factors has long been a critical part of the investment process. The Investment Managers' Report on page 15 describes the developments in the ESG process that have taken place during the year together with examples of how these are implemented in practice. There is also a separate ESG section on pages 23 to 28 which explains JP Morgan's overall approach to ESG. We provide a standalone, comprehensive report covering ESG metrics in the Documents section on our website.

### Dividend

In line with the Company's dividend policy, for the year ended 30th September 2022, four quarterly dividends of 5.70 pence were paid to shareholders. For the year to 30th September 2023, in the absence of unforeseen circumstances, a quarterly dividend of 3.42 pence per share will be paid. This represents an annual dividend of 4% of the Company's NAV as at 30th September 2022.

### Gearing

In July 2021, the Company extended its £50 million loan facility (with an option to increase to £60 million) with Scotiabank for a further two years. In November 2021 the Board decided to exercise the accordion facility, thereby increasing the loan facility to £60 million. During the financial year the Company had to repay some of the commitment to avoid breach of loan covenants created by the decline in net assets, amidst periods of extreme market volatility.

At the year-end the Company was 17.2% geared, having averaged approximately 15.6% throughout the year and, at the time of writing, was 14.0%. The Investment Managers have the flexibility to manage the gearing facility within a range set by the Board of 10% net cash to 20% geared, subject to daily market movements.

### Share Issues and Repurchases

At last year's Annual General Meeting ('AGM'), shareholders granted the Directors authority to allot new shares and to repurchase the Company's shares for cancellation or to be held in Treasury. During the

## Chairman's Statement

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year, the Company did not repurchase or allot any shares. As in previous years, the Board's objective is to use share repurchase and share issuance authorities to help reduce the volatility in discounts and premiums by managing imbalances between supply and demand. We are therefore seeking approval from shareholders to renew the share issuance and repurchase authorities at the AGM.

### The Board

Following the retirement of John Misselbrook after the AGM in January 2022, the size of the Board returned to five Directors, who offer a diverse range of skills, experience, gender and ethnicity. In July 2022, the Board, through its Nomination Committee, carried out a comprehensive evaluation of the Board, its Committees, the individual Directors and the Chairman. Topics evaluated included the size and composition of the Board, Board information and processes, shareholder engagement, training and accountability. The evaluation confirmed the efficacy of the Board.

In accordance with good corporate governance, all Directors will stand for reappointment at the forthcoming AGM.

### Review of services provided by the Manager

During the year, the Board, through its Management Engagement Committee, carried out a thorough review of the investment management, secretarial and marketing services provided to the Company by the Manager, as well as the Depositary and Registration services provided to the Company by the outsourced service providers. Following this review, the Board has concluded that the continued appointment of the Manager and the outsourced service providers on the terms agreed is in the interests of the shareholders as a whole.

The Company's ongoing charges for the financial year, as a percentage of the average of the daily net assets during the year, were 1.09% (2021: 0.99%). This small increase reflected the decline in net assets during the period, combined with the relatively high proportion of fixed costs.

### Shareholder Engagement

Over the last five years, our Company's shareholder base has changed significantly, with retail investors now representing 84.0% of our register. The Board understands that retail investors hold their shares in different ways, direct, through wealth managers and on investment platforms and not all of these make it easy to participate through voting at the Annual General Meeting. We are actively trying to find ways to improve this. I would urge you all to ensure your voice is heard by ensuring your holding is voted at the AGM.

### Continuation of the Company

In accordance with the Company's Articles of Association, an ordinary resolution will be put to shareholders at the forthcoming AGM that the Company continues in existence as an investment trust for a further five-year period.

While all investment styles will deliver returns that vary over time, the Board believes that the Manager's approach remains appropriate for the Company and that JPMorgan Asset Management has the appropriate resources to continue to manage the Company successfully. Over the last five years, the Company's total return on net assets has increased +25.0%, significantly outperforming its benchmark, the MSCI China Index, which declined -9.7% during the same period. While short-term challenges remain, the Board believes that continued investment in China offers attractive long-term growth opportunities. The Investment Managers continue to find attractively priced, quality companies that offer long-term growth, consistent with the Company's investment strategy.

Accordingly, the Board believes that the continuation of the Company is in the best interests of all shareholders and strongly recommends that shareholders vote in favour of the resolution at the AGM on 6th February 2023 as the Directors intend to do so in respect of their own holdings. Given the importance of this resolution, shareholders are encouraged to vote, either in person at the AGM, or by completing a Form of Proxy/Voting Instruction Form.

## Chairman's Statement

Following the continuation vote at the AGM in January 2018, to confirm the Board's continuing commitment to its objective of long-term capital growth by investment in 'Greater China' companies, the Board agreed an obligation to put forward proposals for a tender offer for up to 15% of the Company's issued share capital at a price equal to the net asset value ('NAV') less costs, if, over the five years (from 1st October 2017) the Company's NAV underperforms its benchmark. As the Company's NAV outperformed its benchmark significantly during this period, this tender offer has not been triggered.

### Annual General Meeting

We are delighted that this year we are able to invite shareholders to join us in person for the Company's twenty-eighth AGM to be held on Monday, 6th February 2023 at 11.30 a.m. at 60 Victoria Embankment, London EC4Y 0JP. The Board hopes to welcome as many shareholders as possible.

As with previous years, you will have the opportunity to hear from the Investment Managers. Their presentation will be followed by a question and answer session. There will also be refreshments afterwards, when shareholders will be able to meet members of the Board. Shareholders wishing to follow the AGM proceedings but choosing not to attend will be able to view them live and ask questions through conferencing software. Details on how to register together with access details can be found on the Company's website: [www.jpchinagrowthandincome.co.uk](http://www.jpchinagrowthandincome.co.uk), or by contacting the Company Secretary at [invtrusts.cosec@jpmorgan.com](mailto:invtrusts.cosec@jpmorgan.com).

In accordance with 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 submit their proxy votes in advance of the meeting, so that they are registered and recorded at the AGM. Proxy votes can be lodged in advance of the AGM either by post or electronically; detailed instructions are included in the Notes to the Notice of Annual General Meeting in the Annual Report. In addition, 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.

If there are any changes to the above AGM arrangements, the Company will update shareholders through its website and, as appropriate, through an announcement on the London Stock Exchange.

### Outlook

After hitting lows in October 2022, Chinese stock markets have made up some lost ground, following President Xi's meeting with President Biden at the G20 session, indications of a gradual relaxation of China's 'zero-COVID' policy, and China's easing of its monetary and fiscal policies. Since the year-end, as at 8th December 2022, the Company's total return on net assets increased +9.6% over the period, outperforming the MSCI China Index, which rose +3.9%. In addition, the Company's return to Ordinary shareholders increased +13.4%, reflecting a narrowing in the discount at which the shares traded over since the year-end. As a Board, we believe markets are likely to remain volatile, as long as China's 'zero-COVID' policy is in place, and risks remain of increased COVID cases once this policy ends. Other challenges, ranging from the uncertainties in the Chinese property market and the financial health of the nation's regional governments to global supply chains and China's relations with Taiwan and the US, may also impact short-term performance.

Nevertheless, we share our Investment Managers' optimism about the long-term prospects for the Chinese economy, and the opportunities that this will provide the patient investor, and we believe our Company deserves a place within any fully diversified global portfolio. Over the years, our disciplined Investment Managers have demonstrated their skills in navigating turbulent markets by focusing on investing in attractively priced, quality companies that offer sustainable long-term growth. We remain confident that our investment strategy, combined with the skills and experience of our well resourced investment team, will enable our Company to deliver superior returns over the longer term.

Alexandra Mackesy  
Chairman



December 2022



# Investment Managers' Report

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## Introduction

During the financial year ended 30 September 2022, the Company's net assets declined 36.7% (in sterling terms) compared to a benchmark decline of 22.0%. This performance is a disappointment to us, but we remind shareholders that it is not unusual for the Company to experience volatility in performance over short periods. In our view, it is more meaningful to assess performance over longer timeframes. On this basis, the Company has made positive absolute returns and outperformed the benchmark over three, five and ten years. Over the ten years to end September 2022, it generated an annualised return of 10.7%, in NAV terms, and 10.9% on a share price basis, compared to a market return of 6.3%.

Rebecca Jiang  
Investment Manager

## Setting the scene

The past year has been an especially challenging one for global equity markets for several reasons. Inflation pressures kindled by the COVID-19 pandemic, including supply shortages of electronic components essential to the production of electric vehicles and a wide range of consumer goods, were fuelled by Russia's invasion of Ukraine, which drove up energy and other commodity prices. The determination of the US Federal Reserve and other central banks to quash inflation with a series of aggressive interest rate increases and hawkish forward guidance raised the spectre of recession and global equity markets fell sharply. The valuations of long-term growth – so-called long duration – stocks in the technology and related sectors were hit especially hard.

Howard Wang  
Investment Manager

The Chinese markets were not immune to these developments, but investor sentiment was further damaged by several other adverse developments unique to China. Key amongst these was the sharp deterioration in China's growth outlook. China's GDP is now expected to rise by only 3% in 2022, less than half its growth rate over the past few years, due partially to the government's pursuit of its 'zero-COVID' policy. Unlike most countries, which have opted to live with the virus now vaccines are widely available, China has persevered with strict prevention measures, including lockdowns, to eliminate outbreaks. These actions severely curtailed economic activity in many regions during the review period. More recently, however, the government has relaxed its COVID policies, which should lead to more normalisation in 2023.

Shumin Huang  
Head of Research

The review period has also seen a significant correction in China's residential property market, sparked by government restrictions on borrowing by developers and home buyers. New home sales have fallen 30% in the past year. This sector accounts for about a quarter of China's economic output, so this sharp decline is also weighing on near-term growth prospects.

Uncertainties about growth and the near-term prospects of the property sector have been exacerbated by mounting geo-political tensions between China and the West, and by questions about the implications of the expected appointment of President Xi to an unprecedented third term in office. As a result, even though Chinese inflation pressures have been limited, and the authorities are now easing both monetary and fiscal policy, China's stock market sustained heavy losses over the review period.

## Performance commentary

This sell-off hit portfolio performance. The Company had an average gearing of 15.6% throughout the financial year and this additional exposure to the declining market was the single largest source of performance detractor, after stock selection.

The Company's large exposure to growth sectors and stocks, particularly **Health Care**, **Technology**, and **Communication** companies, was a key drag on performance, as was the structural underweight position in low-growth sectors, in particular **Energy** and **Financials**, as these sectors outperformed over the period.

## Investment Managers' Report

## Performance attribution

Year ended 30th September 2022

	%	%
<b>Contributions to total returns</b>		
<b>Benchmark return</b>		<b>-22.0</b>
Sector allocation	3.6	
Stock selection	-10.9	
Currency	-1.7	
Gearing/net cash	-5.1	
<b>Investment Manager contribution</b>		<b>-14.1</b>
Dividend/residual		0.5
<b>Portfolio total return</b>		<b>-35.6</b>
Management fee/Other expenses		-1.1
<b>Net asset value total return</b>		<b>-36.7</b>
<b>Ordinary share price total return</b>		<b>-38.5</b>

Source: Factset, JPMAM, Morningstar.

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

A glossary of terms and APMs is provided on pages 96 to 98.

By sector, the Company's overweight exposure to **Health Care** detracted from performance. **WuXi Biologics**, a contract research company, was negatively affected by supply chain disruption resulting from increasing geopolitical headwinds. In addition, **Broncus Holding Corp** and **Venus Medtech**, producers of medical devices, were negatively affected by pricing pressure from the Chinese government's procurement programme. We have trimmed our positions in **WuXi Biologics** during the year, but it remains a top 10 holding given its continued competitiveness and the current valuation.

**Technology** is another sector that hurt performance. Key detractors over the period included **Silergy Corp**, a semiconductor manufacturer, **Sunny Optical Technology**, a producer of optical products and scientific instruments, and **Kingdee International Software Group**, which provides business software. However, we have largely maintained our positions in these names due to their positive long-term prospects, which are supported by increasing import substitution and market share gains.

Within **Communication**, the Company's position in **Bilibili**, a gaming and multimedia company, was a key performance detractor. It was hit by delays to approvals for new on-line games and by a slower than expected advertising business ramp-up, due to weak macro-economic conditions. We therefore reduced our exposure.

Although we remain underweight in **Real Estate**, an overweight position in **Country Garden Services**, a property management company, detracted from returns due to concerns about slower new property sales and the solvency of its parent company, Country Garden.

**Financials** also detracted from performance. We have avoided exposure to large state-owned banks such as **China Construction Bank Corporation** and **Bank of China** because their long-term growth prospects are not promising. However, these names tend to trade more defensively than the overall market, given their undemanding valuations and dividend support, and this helped their relative performance over the review period.

## Investment Managers' Report

Top 10 Detractors	Company description	Relative weight (%)	Stock return (%)	Impact (%)
Country Garden Services	Residential property management company	1.8	-77.2	-1.3
Bilibili	Video sharing platform that is also involved in mobile gaming, e-commerce and live broadcasting	1.9	-70.2	-1.3
WuXi Biologics (Cayman)	Leading contract development and manufacturing organisation in the biologics space	2.5	-55.0	-0.9
Broncus Holding	Medical device company that focuses on the development of interventional pulmonology products	0.5	-85.1	-0.7
Kingdee International Software	Leading enterprise software provider specialising in finance, accounting and broader ERP solutions	2.1	-52.8	-0.6
China Construction Bank	One of the largest banks in China	-2.9	4.6	-0.6
Venus Medtech (Hangzhou)	Leading medical device maker involved in transcatheter structural heart valvular therapies in China	0.8	-72.7	-0.6
Silergy	Manufacturer of power management integrated circuits	1.4	-56.3	-0.5
Asymchem Laboratories	One of the largest China-based contract development and manufacturing companies providing fully integrated solutions in the chemical-pharmaceutical and biologic sectors	0.9	-58.8	-0.5
Bank of China	One of the largest banks in China	-1.3	20.5	-0.4

Positioning decisions that enhanced returns over the period included our significant overweight positions in **Renewable Energy**. **Tongwei**, a producer of polysilicon used in solar panels, and **Suzhou Maxwell**, a solar cell manufacturing equipment maker, were amongst key performance contributors thanks to strong demand and technology innovation in the sector.

Two **Consumer** businesses, **Pinduoduo**, an ecommerce platform, and **Meituan**, China's largest food delivery service provider, also contributed positively thanks to their improved profitability, despite the tough market environment.

The Company exited **Alibaba** on the view that the company is unlikely to return to its previous high growth territory, due to some tightening in the sector's regulatory environment. This underweight position contributed to performance over the year.

Top 10 Positive Contributors	Company description	Relative weight (%)	Stock return (%)	Impact (%)
Alibaba	Leading e-commerce company that offers a comprehensive digital infrastructure to empower digitalisation	-7.3	-28.9	0.7
Tongwei	Largest producer of polysilicon and cells used in solar panels	2.4	2.3	0.6
Suzhou Maxwell Technologies	Solar equipment manufacturer with a focus on heterojunction solar cell technology	0.7	52.4	0.4
Leader Harmonious Drive Systems	Industrial robot equipment manufacturer	0.5	83.9	0.4
Xiaomi	Leading Chinese smartphone maker offering various hardware and software products	-1.2	-49.7	0.4
NetEase	Leading provider of self-developed mobile and PC games along with multimedia services	1.5	10.4	0.4
Montage Technology	Niche analog IC design company supplying high-speed server DRAM modules	1.4	-3.5	0.3
ENN Energy	One of the largest private energy groups in China involved in distribution of natural gas	1.5	0.1	0.3
Zhejiang Supcon Technology	One of the largest process automation control system providers in China	1.0	1.9	0.3
Shenzhen Inovance Technology	Engages in production of electric control industrial automations	1.5	-0.3	0.2

## Investment Managers' Report

## Transactions and sector allocation

Despite the challenging macro environment and geopolitical uncertainties, we continue to focus on identifying bottom-up stock opportunities that can provide the Company's shareholders long-term growth and return.

The most noteworthy increase in exposure over the past year has been to **Industrial** names. The portfolio's overweight exposure to this sector has almost doubled to around 13% as we expect it to benefit from China's push to upgrade its manufacturing performance and realise its ambitions to achieve carbon neutrality and self-sufficiency. We initiated new positions in several industrial companies, including **Suzhou Maxwell**, as mentioned on page 12, **ZhuZhou CRRC Times**, a manufacturer of railway equipment, **Beijing Haufeng Test & Control**, a semiconductor testing equipment producer, and **DBAPP Security**, a supplier of cybersecurity software and solutions.

The market volatility over the past year has not been entirely bad news, as it has created opportunities for us to purchase other companies across various sectors where we see structural growth opportunities at particularly attractive levels. Examples include e-commerce operator **JD.com**, which is now a top 10 holding, **ZTO Express**, a freight and logistics company, and **Trip.com**, an accommodation and travel services provider. We also took advantage of low valuations to top up existing holdings in a number of companies we favour, including software supplier **Beijing Kingsoft Office**, **Kanzhun Ltd**, a staffing and employment services company, **Zhejiang Supcon Technology**, which provides automation and IT products, and **Advanced Micro-Fabrication**, a producer of semiconductor equipment and materials.

In terms of sales, in addition to reducing the sizes of several holdings mentioned above, we sold our entire positions in companies that are likely to be adversely impacted by China's growth slowdown. In addition to the entire sale of our stake in Alibaba (page 12), other disposals included restaurant owner **Jiumaojiu**, auto manufacturer **Nio** and toy maker **Pop Mart International**, all of which are likely to feel the effects of weaker consumer spending. However, the portfolio's overall underweight to the consumer discretionary sector remained broadly unchanged over the year. The challenging outlook for the real estate sector also prompted exits from **Xinyi Glass** and **Skshu Paint Co**.

In addition, we sold the Company's holdings in IT infrastructure company **Sangfor Technologies**, and electronic components manufacturer **BOE Technology Group**. The Company also exited several health care names, including **Everest Medicines**, a biotech company, and **Suzhou Basecare Medical**, a medical devices company. The portfolio's overweight positions in **Information Technology** and **Health Care** remain, although they are less significant than previously. We have maintained the portfolio's substantial underweight to financials and its smaller underweight to **Communications Services**.

The portfolio continues to have no exposure to traditional **Energy** producers, reflecting both our concerns about ESG factors and these companies' poor long-term growth prospects. However, we increased our exposure to utilities modestly, in part via a new position in hydropower company **China Yangtze Power**, because of its stable operations and the expected asset injection that is earnings accretive.

These portfolio adjustments have resulted in some changes to the Company's top 10 holdings over the past year. **Tencent** remains our largest holding, comprising 8.4% of our portfolio at 30th September 2022. This positioning is underpinned by our belief that the company's core competitiveness in social media and gaming remains unchanged despite regulatory and macroeconomic challenges. On-line retailers **Meituan** and **Pinduoduo**, along with **WuXi Biologics** and **China Merchants Bank**, also continue to feature amongst our largest holdings, but there are several new names. In addition to **JD.com** and **Suzhou Maxwell**, mentioned above, the Company's top 10 holdings now include **NetEase**, a gaming and multimedia company, and **Beijing Kingsoft Office Software**, a leading software and Internet services company.

## Investment Managers' Report

### Ten largest investments

As at 30th September

Company	Description of Activities	2022		2021	
		Valuation £'000	% <sup>1</sup>	Valuation £'000	% <sup>1</sup>
Tencent	Tencent is a Chinese technology company focusing on internet services. It is the world's largest video game vendor. It owns WeChat, among the largest Chinese and therefore global, social media apps as well as a number of music, media and payment service providers. Its venture capital arm has holdings in over 600 companies with a focus on technology start-ups across Asia.	28,091	8.4	46,411	8.9
Meituan	Meituan is an e-commerce company that offers services like food, dining and delivery among others on its platform throughout China.	20,417	6.1	20,561	4.0
Pinduoduo	Founded in 2015, it started as an online fresh produce vendor before expanding into a leading social commerce platform serving close to 900 million users. Pinduoduo pioneered 'Team Purchase' and 'C2M' (consumer to manufacturer) processes to aggregate user demand and share the information with manufacturers to tailor make products according to users' preferences.	13,325	4.0	17,451	3.4
JD.com	JD.com is China's leading one-stop e-commerce platform, providing 588.3 million active customers with direct access to a wide selection of products to tap into China's fast-growing e-commerce market through its mobile applications and websites.	11,940	3.6	—	—
NetEase	NetEase is a leading China-based technology company involved in developing and operating online games. Its online gaming services cover both mobile and personal computer games.	8,921	2.7	10,848	2.1
WuXi Biologics (Cayman)	Founded in 2010, WuXi Biologics has become a leading global Contract Research, Development and Manufacturing Organization (CRDMO) offering end-to-end solutions that enable partners to discover, develop and manufacture biologics from concept to commercialisation.	8,281	2.5	25,758	4.9
China Merchants Bank	CMB is China's first joint-stock commercial bank wholly owned by corporate legal entities and the first pilot bank as China promoted reform in the banking industry with endeavors outside the government. Since its inception, CMB has been leading the trends of China's banking industry through a series of pioneering efforts.	7,766	2.4	11,760	2.3
Shanghai Baosight Software	Shanghai Baosight Software provides information technology services. Founded 40 years ago, Baosight is now China's leading provider of industrial solutions. So far, Baosight has long been committed to the combination of information and industrialisation, with the purpose of assisting iron & steel enterprises in achieving intelligent manufacturing. The Company develops automation and information computer software for metallurgy, transportation, electric power generation, banking, and other industries.	7,485	2.3	12,262	2.30
Suzhou Maxwell	Suzhou Maxwell Technologies is principally engaged in the design, development, production and sales of intelligent manufacturing equipment. One of the Company's main products are solar cell screen printing equipment. The Company distributes its products domestically and overseas.	6,976	2.1	—	—
Beijing Kingsoft Office Software	Kingsoft is a leading software and Internet services company based in China and listed in Hong Kong. Its two subsidiaries Season and Kingsoft Office develop and distribute office and anti virus software. With more than 5,000 employees worldwide and R&D centres in Beijing, Zhuhai, Wuhan, Chengdu, Dalian and Hong Kong, the Company enjoys a large market share in China.	6,241	1.8	—	—
<b>Ten Largest Investments</b>		<b>119,443</b>	<b>35.9</b>		

<sup>1</sup> Based on total investments of £333.2m (30th September 2021: £521.6m). Top ten investments at September 2021 comprised £292.8m with 36.7% of total investments.

## Investment Managers' Report

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### Gearing

In terms of gearing, attractive valuations and the opportunities they represented in some sectors led us to increase portfolio gearing to 17.2% at the end of the period, up from 10.2% a year ago. The valuation of Chinese equities became more attractive over the period, on both traditional valuation metrics such as price-to-book (P/B) and Price Earnings (P/E), as well as our internal valuation signal with an average five year expected return surpassing 20%. We have taken the opportunities of distressed valuation in some areas, such as Chinese internet, and used gearing to increase positions in names including **Meituan**, **Pinduoduo**, and **JD.com**. We have also used the gearing to increase positioning and add new names in structural growth areas such as high-end manufacturing, renewable energy, and national security.

### ESG Engagement over the year

Our investment philosophy centres on identifying quality companies with sustainable growth potential. We have a strong conviction that Environmental, Social and Governance (ESG) considerations (particularly Governance) should be the foundation of any long-term investment process. In our view, corporate policies at odds with such considerations are not sustainable over time. We therefore believe that integrating ESG factors into the investment process is critical to its success. To this end, we work closely with JPMAM's dedicated Sustainable Investment (SI) team, which pro-actively engages with existing portfolio names on ESG matters.

Examples of how we have worked with the SI team over the past year to address ESG issues in our portfolio companies and information regarding how ESG matters are integrated into our investment process are detailed in the ESG Report on pages 23 to 28 of this report. This report includes case studies relating to our ESG engagement with **NetEase**, **China Merchants Bank** and **Meituan** (pages 24 and 25) and our engagement with **NetEase**, **WuXi Biologics** and **ENN Energy** about proxy voting (pages 26 and 27).

### Outlook

We expect a lot of the macro headwinds discussed above, in particular the property sector slowdown and the government's 'zero-COVID' policy, to linger in the short term. However, the Chinese authorities are likely to continue loosening monetary and fiscal policy in an effort to ease pressures on the property sector and to counter the disruptions caused by their stringent COVID policies. These measures will take time to feed through to the real economy, as consumer and business confidence, and activity, will not recover until the COVID restrictions are terminated and some level of normality returns to daily life across the country.

Despite the negative developments over the past year, we remain optimistic about the long-term prospects for the Chinese economy, which will continue to be bolstered by the strong entrepreneurial ethos of China's private businesses and by growing demand from the country's burgeoning middle class. Furthermore, the government remains determined to ensure the continued upgrade of *Made in China*, a government initiative intended to make the manufacturing industry more advanced. It will also continue its pursuit of carbon neutrality and greater self-sufficiency, as mentioned above. These efforts should underpin sustainable growth and productivity improvements over the medium term. As such, in our view, Chinese equities demand a meaningful allocation within any fully diversified global portfolio.

Current depressed valuations suggest to us that the deterioration in China's economic outlook and other potential risks and uncertainties discussed above are now fully discounted by the market. So now may be a particularly good time to invest in this market in order to benefit from the country's still positive long-term growth prospects. This view is supported by valuation metrics. Our proprietary, five-year expected return model, as well as familiar measures such as price-to-book (P/B) and Price Earnings (P/E) ratios, have all reached historical lows, suggesting that a sustained recovery in Chinese equity prices is likely soon.

## Investment Managers' Report

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We believe that the Company's long track record of outright gains and outperformance of the market attests both to the advantages of being on the ground here in China and to the effectiveness of our bottom-up investment process. We are confident that our approach will ensure we are in the vanguard of any recovery in the Chinese equity market, seeking out the investment opportunities best placed to benefit from China's secular trends and continuing to deliver capital gains and reliable and rising income to patient investors willing to ride out near-term volatility.

Thank you for your ongoing support.

**Rebecca Jiang**  
**Howard Wang**  
**Shumin Huang**  
Investment Managers

13th December 2022

## Portfolio Information

## Investment activity

During the year ended 30th September 2022

	Value at 30th September 2021		Change in classification <sup>1</sup> £	Purchases £'000	Sales £'000	Changes in value £'000	Value at 30th September 2022	
	£'000	% of portfolio					£'000	% of portfolio
China HK listed	241,455	46.3%	2,874	83,073	(81,791)	(94,137)	151,474	45.4%
China A Shares	196,082	37.6%	0	123,202	(141,273)	(31,444)	146,567	44.0%
China US listed	55,824	10.7%	0	21,329	(29,998)	(19,931)	27,224	8.2%
<b>China Total</b>	<b>493,361</b>	<b>94.6%</b>	<b>2,874</b>	<b>227,604</b>	<b>(253,062)</b>	<b>(145,512)</b>	<b>325,265</b>	<b>97.6%</b>
Hong Kong	21,615	4.1%	(2,874)	5,506	(9,566)	(9,828)	4,853	1.5%
Taiwan	6,658	1.3%	0	567	(554)	(3,583)	3,088	0.9%
<b>Total Portfolio</b>	<b>521,634</b>	<b>100.0%</b>	<b>0</b>	<b>233,677</b>	<b>(263,182)</b>	<b>(158,923)</b>	<b>333,206</b>	<b>100.0%</b>

<sup>1</sup> During the year the classification of two stocks, Angelalign Technology and Xpeng, was corrected from Hong Kong to China HK Listed using the 30th September 2021 market valuations.

## Geographical analysis

	30th September 2022		30th September 2021	
	Portfolio % <sup>1</sup>	Benchmark %	Portfolio % <sup>1</sup>	Benchmark %
China HK listed	45.4	73.0	46.3	70.0
China A Shares	44.0	17.3	37.6	14.6
China US listed	8.2	9.4	10.7	15.2
China B Shares	—	0.3	—	0.1
<b>China Total</b>	<b>97.6</b>	<b>100.0</b>	<b>94.6</b>	<b>99.9</b>
Hong Kong	1.5	—	4.1	0.1
Taiwan	0.9	—	1.3	—
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £333.2m (2021: £521.6m).



## Portfolio Information

### Sector analysis

	30th September 2022		30th September 2021	
	Portfolio % <sup>1</sup>	Benchmark %	Portfolio % <sup>1</sup>	Benchmark %
Consumer Discretionary	23.3	30.7	22.2	31.4
Information Technology	19.1	5.3	21.5	6.8
Communication Services	13.6	17.5	14.0	17.6
Industrials	13.1	5.8	7.4	5.1
Health Care	12.2	5.7	17.7	8.3
Consumer Staples	6.3	6.3	5.6	5.1
Financials	4.4	15.7	4.4	13.9
Utilities	4.0	2.7	1.7	2.6
Real Estate	2.8	3.9	3.3	4.4
Materials	1.2	3.7	2.2	3.2
Energy	—	2.7	—	1.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £333.2m (2021: £521.6m).

## Portfolio Information

## List of investments

As at 30th September 2022

Company	Sector	2022 Valuation		2021 Valuation	
		£'000	% <sup>1</sup>	£'000	% <sup>1</sup>
Tencent <sup>4</sup>	Communication Services	28,091	8.4	46,411	8.9
Meituan <sup>4</sup>	Consumer Discretionary	20,417	6.1	20,561	4.0
Pinduoduo <sup>2,5</sup>	Consumer Discretionary	13,325	4.0	17,451	3.4
JD.com <sup>4</sup>	Consumer Discretionary	11,940	3.6	—	—
NetEase <sup>4</sup>	Communication Services	8,921	2.7	10,848	2.1
WuXi Biologics (Cayman) <sup>4</sup>	Health Care	8,281	2.5	25,758	4.9
China Merchants Bank <sup>4</sup>	Financials	7,766	2.4	11,760	2.3
Shanghai Baosight Software <sup>3,6</sup>	Information Technology	7,485	2.3	12,262	2.3
Suzhou Maxwell Technologies <sup>6</sup>	Industrials	6,976	2.1	—	—
Beijing Kingsoft Office Software <sup>8</sup>	Information Technology	6,241	1.8	5,990	1.1
<b>Ten Largest Investments</b>		<b>119,443</b>	<b>35.9</b>		
Tongwei <sup>5</sup>	Consumer Staples	6,091	1.8	8,275	1.6
ENN Energy <sup>4</sup>	Utilities	6,055	1.8	8,684	1.7
Kanzhun <sup>2,5</sup>	Communication Services	5,934	1.8	2,328	0.4
Shenzhen Inovance Technology <sup>6</sup>	Industrials	5,729	1.7	4,886	0.9
Zhejiang Supcon Technology <sup>3,6</sup>	Information Technology	5,370	1.6	2,802	0.6
Shenzhen Mindray Bio-Medical Electronics <sup>8</sup>	Health Care	4,940	1.5	9,603	1.9
Trip.com Group <sup>2,5,6</sup>	Consumer Discretionary	4,829	1.4	—	—
China Resources Mixc Lifestyle Services <sup>4,8</sup>	Real Estate	4,528	1.4	5,506	1.1
Kingdee International Software <sup>4</sup>	Information Technology	4,327	1.3	10,671	2.0
NARI Technology <sup>6</sup>	Industrials	4,201	1.3	—	—
Advanced Micro-Fabrication Equipment <sup>6</sup>	Information Technology	4,200	1.3	3,364	0.6
Contemporary Amperex Technology <sup>6</sup>	Industrials	4,180	1.2	13,759	2.6
Changzhou Xingyu Automotive Lighting Systems <sup>6</sup>	Consumer Discretionary	4,054	1.2	3,166	0.6
Yunnan Energy New Material <sup>6</sup>	Materials	4,037	1.2	9,078	1.7
StarPower Semiconductor <sup>3,6</sup>	Information Technology	3,957	1.2	8,492	1.6
Foshan Haitian Flavouring & Food <sup>8</sup>	Consumer Staples	3,922	1.2	7,061	1.4
China Yangtze Power <sup>6</sup>	Utilities	3,920	1.2	—	—
BeiGene <sup>2,4,5</sup>	Health Care	3,864	1.2	5,198	1.0
ZTO Express Cayman <sup>4</sup>	Industrials	3,707	1.1	—	—
Aier Eye Hospital <sup>6</sup>	Health Care	3,691	1.1	4,391	0.8
Anjoy Foods <sup>6</sup>	Consumer Staples	3,627	1.1	4,223	0.8
H World Group <sup>2,4,5</sup>	Consumer Discretionary	3,617	1.1	5,333	1.1
Hundsun Technologies <sup>6</sup>	Information Technology	3,588	1.1	—	—
Jiangsu Hengli Hydraulic <sup>6</sup>	Industrials	3,434	1.0	4,160	0.8
Haier Smart Home <sup>4</sup>	Consumer Discretionary	3,348	1.0	4,926	0.9
Fuyao Glass Industry <sup>4</sup>	Consumer Discretionary	3,315	1.0	5,821	1.1
Xinyi Solar <sup>4</sup>	Information Technology	3,289	1.0	7,462	1.4
DBAPP Security <sup>3,6</sup>	Information Technology	3,262	1.0	—	—
China Longyuan Power <sup>4</sup>	Utilities	3,255	1.0	—	—
Asymchem Laboratories Tianjin <sup>4,6</sup>	Health Care	3,244	1.0	—	—
OPT Machine Vision <sup>3,6</sup>	Information Technology	3,228	0.9	6,077	1.2
Montage Technology <sup>6</sup>	Information Technology	3,158	0.9	5,928	1.1
Shenzhou International <sup>4</sup>	Consumer Discretionary	3,142	0.9	6,035	1.2
Silergy <sup>7</sup>	Information Technology	3,088	0.9	6,658	1.3
ANTA Sports Products <sup>4</sup>	Consumer Discretionary	2,981	0.9	7,612	1.5
Zhuzhou CRRC Times Electric <sup>4</sup>	Industrials	2,940	0.9	—	—
Beijing Huafeng Test & Control Technology <sup>6</sup>	Information Technology	2,937	0.9	—	—

## Portfolio Information

### List of investments

As at 30th September 2022

Company	Sector	2022 Value		2021 Value	
		£'000	% <sup>1</sup>	£'000	% <sup>1</sup>
Proya Cosmetics <sup>a</sup>	Consumer Staples	2,789	0.8	—	—
Country Garden Services <sup>a</sup>	Real Estate	2,747	0.8	11,559	2.2
Bank of Ningbo <sup>a</sup>	Financials	2,684	0.8	3,974	0.8
Haier <sup>a,6</sup>	Health Care	2,621	0.8	—	—
Chongqing Brewery <sup>a</sup>	Consumer Staples	2,615	0.8	—	—
Full Truck Alliance <sup>2,5</sup>	Industrials	2,596	0.8	—	—
LONGi Green Energy Technology <sup>a</sup>	Information Technology	2,546	0.8	8,729	1.7
Acrobiosystems <sup>3,6</sup>	Health Care	2,401	0.7	—	—
Bilibili <sup>a</sup>	Communication Services	2,348	0.7	5,146	1.0
Oppein Home <sup>a</sup>	Consumer Discretionary	2,341	0.7	3,578	0.7
Sunny Optical Technology <sup>a</sup>	Information Technology	2,307	0.7	10,017	1.9
XPeng <sup>4,5</sup>	Consumer Discretionary	2,307	0.7	4,113	0.8
Glodon <sup>a</sup>	Information Technology	2,301	0.7	3,892	0.7
Hangzhou Tigermed Consulting <sup>a</sup>	Health Care	2,269	0.7	5,716	1.1
Hong Kong Exchanges & Clearing <sup>a</sup>	Financials	2,152	0.6	6,522	1.3
Amoy Diagnostics <sup>3,6</sup>	Health Care	2,097	0.6	2,458	0.5
Ping An Bank <sup>a</sup>	Financials	2,072	0.6	—	—
Wuliangye Yibin <sup>a</sup>	Consumer Staples	2,042	0.6	6,177	1.2
Kangji Medical <sup>a</sup>	Health Care	2,018	0.6	4,429	0.8
Sungrow Power Supply <sup>a</sup>	Industrials	2,014	0.6	—	—
Onewo <sup>a</sup>	Real Estate	1,964	0.6	—	—
JS Global Lifestyle <sup>a</sup>	Consumer Discretionary	1,950	0.6	3,494	0.7
Hefei Meiya Optoelectronic Technology <sup>a</sup>	Industrials	1,944	0.6	2,258	0.4
Maxscend Microelectronics <sup>a</sup>	Information Technology	1,738	0.5	5,646	1.1
Guangzhou Kingmed Diagnostics <sup>a</sup>	Health Care	1,736	0.5	4,257	0.8
JD Logistics <sup>a</sup>	Industrials	1,666	0.5	3,068	0.6
Zhejiang Dingli Machinery <sup>a</sup>	Industrials	1,638	0.5	2,691	0.5
Bestechnic <sup>3,6</sup>	Information Technology	1,619	0.5	—	—
ZWSOFT <sup>3,6</sup>	Information Technology	1,571	0.5	3,601	0.7
Angelalign Technology <sup>a</sup>	Health Care	1,511	0.5	2,447	0.5
Venus MedTech Hangzhou <sup>a</sup>	Health Care	1,419	0.4	5,751	1.1
Broncus <sup>a</sup>	Health Care	751	0.2	5,695	1.1
<b>Total Investments</b>		<b>333,206</b>	<b>100.0</b>		

<sup>1</sup> Based on total investments of £333.2m (30th September 2021: £521.6m). Top ten investments at September 2021 comprised £292.8m with 36.7% of total investments.

<sup>2</sup> Includes investments in American Depositary Receipts (ADRs).

<sup>3</sup> Includes investments in Participatory Notes.

<sup>4</sup> China HK Listed.

<sup>5</sup> China US Listed.

<sup>6</sup> China A Shares.

<sup>7</sup> Taiwan.

<sup>8</sup> Hong Kong.

## Ten Year Record

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### Ten Year Performance

Figures have been rebased to 100 at 30th September 2012

<sup>1</sup> Source: Morningstar.

<sup>2</sup> Source: Morningstar/J.P.Morgan, using net asset value per share.

<sup>3</sup> Source: MSCI.

### Ten Year Performance relative to Benchmark

Figures have been rebased to 100 at 30th September 2012

<sup>1</sup> Source: Morningstar.

<sup>2</sup> Morningstar/J.P.Morgan, using net asset value per share.

<sup>3</sup> Source: MSCI.

## Ten Year Record

At 30th September	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Shareholders' funds (£'m)	112.2	128.9	137.8	135.9	179.8	226.0	221.0	253.1	411.0	473.4	284.3
Net asset value per share (p) <sup>^</sup>	146.4	170.7	182.4	181.2	242.7	309.8	303.9	348.1	565.3	569.0	341.7
Share price (p)	128.0	147.5	163.5	150.8	205.8	278.3	263.0	309.5	552.0	518.0	302.0
Share price discount to net asset value per share (%) <sup>^</sup>	12.6	13.6	10.4	16.8	15.2	10.2	13.5	11.1	2.4	9.0	11.6
Gearing (%) <sup>^</sup>	9.9	11.1	8.8	13.9	8.5	9.3	17.9	9.8	10.6	10.2	17.2

### Year ended 30th September

Net revenue attributable to shareholders (£'000)	1,313	1,241	1,281	1,701	1,335	850	3,152	1,788	2,146	1,563	2,251
Revenue return per share (p)	1.69	1.63	1.70	2.25	1.79	1.16	4.32	2.46	2.95	1.97	2.71
Dividend per share (p) <sup>1</sup>	1.6	1.6	1.6	1.8	1.6	1.6	3.5	2.5	7.4	22.8	22.8
Ongoing Charges (%) (including performance fee payable) <sup>2,^</sup>	1.41	2.42	1.78	1.46	1.44	1.38	1.34	1.26	1.00	0.99	1.09

### Rebased to 100 at 30th September 2012

Total return to shareholders <sup>3,^</sup>	100.0	116.5	130.5	121.4	167.5	228.4	217.0	259.0	473.1	459.3	282.5
Total return on net assets <sup>4,^</sup>	100.0	117.8	127.0	127.2	172.0	221.1	217.9	252.7	419.5	436.8	276.3
Benchmark total return <sup>5</sup>	100.0	110.6	118.1	118.1	158.2	203.8	205.1	208.5	265.5	235.9	184.1

<sup>1</sup> As of 1st April 2021, the Company adopted a new distribution policy. Further details can be found on page 30.

<sup>2</sup> The performance fee was removed from the Company's fee structure with effect from 30th September 2015. Management fee and all other operating expenses and any performance fee, excluding finance costs, are expressed as a percentage of the average daily net assets during the year (2009 to 2011: the average of the month end net assets).

<sup>3</sup> Source: Morningstar.

<sup>4</sup> Source: J.P. Morgan/Morningstar, using cum income net asset value per share.

<sup>5</sup> Source: MSCI. The benchmark is the MSCI China Index with net dividends reinvested, in sterling terms. Prior to 26th January 2016, the benchmark was the MSCI Golden Dragon Index.

<sup>^</sup> Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 96 to 98.

# Environmental, Social and Governance Report

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## Introduction

ESG has become a convenient label for describing 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 used in governing corporate organisations.

Awareness of these issues has increased significantly in recent years among investment practitioners and their clients, and indeed in society at large, and our practices at J.P.Morgan Asset Management have been at the forefront of these developments. In these pages we explain how our approach has developed and how it is applied for the benefit of shareholders in this investment trust.

## 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?

Consideration of sustainability is intrinsic to our long-term approach to investment. When we invest our clients' assets, we have to make judgements about the future risks and rewards of any investment. Those risks and rewards have always included all ESG factors because they have the potential to affect the future value of a security. 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 bring 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. In all these instances, investors will eventually assign a higher discount rate to future cash flows, with consequences for the price of that company's securities.

## ESG Integration within the Company's portfolio

We integrate ESG considerations across all three parts of our qualitative assessment of a business.

Firstly, we assign each business a strategic classification which is a label of franchise quality that ranges from Premium (best) to Quality and then to Trading and Structurally Challenged. This label is arrived at after a thorough examination of Economics (does the business create value for shareholders), Duration (can this value creation be sustained) and Governance (how will governance impact shareholder value). Environmental and Social issues have always been part of our assessment of Duration, along with broader considerations like the competitive and regulatory landscape faced by the business.

Secondly, our research analysts complete a 98-question risk profile for each of the 1,000+ companies covered. Two thirds of these questions relate to environmental, social and governance issues with the remainder considering broader aspects of risk such as financial risk and regulatory risk.

Thirdly, our analysts complete an ESG materiality score for every stock under coverage. The materiality framework splits our investable universe into over 50 sub-industries with companies scored only on the ESG issues that are likely to be financially material to the industry in which they operate. For example, we analyse software companies on issues of cybersecurity and carbon footprint of their data centres, while we focus more on environmental and safety issues for commodity extraction and processing names.

## Environmental, Social and Governance Report

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### Engagement

Consideration of ESG issues should not be seen as a purely reactive activity in investment. It also involves active engagement with investee companies to promote standards, principles and outcomes that we would like to see companies demonstrate in practice.

The purpose of this report is to explain how we are setting about achieving these aspirations and to share examples of progress as we continue to seek ever more productive corporate engagement. Each example has been tagged to one of our Five Investment Stewardship Principles. These are the highest-level statement of universal priorities that we have. They are set by our Global Sustainable Investing Function and are principles we believe will have universal applicability and stand the test of time, and are as follows:

Governance	Strategy alignment with the long term	Human capital management	Stakeholder engagement	Climate risk
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We hope the case studies set out below help illustrate how these principles and frameworks work together to create a coherent and effective approach to corporate engagement. The companies mentioned are all held in your company's portfolio and are just a few examples of the ongoing dialogue that we maintain with all the companies in which we invest on your behalf.

We held a discussion with **NetEase's** new leader of the ESG team regarding ESG governance and social issues related to human capital management.

In terms of ESG governance, the company currently has an ESG working group comprising representatives from different departments. It is in the process of establishing an ESG committee at the board level and is actively searching for the right board candidate, ideally a female candidate with ESG expertise. We offered to connect the company to the 30% Club, Hong Kong's Women Pipeline programme (JPMAM is a member of this investor working group that encourages at least 30% female board representation) and the company was receptive to this.

On diversity data, we encouraged NetEase to disclose female representation both at the middle management and executive level, as well as its turnover rate. We also shared our diversity engagement framework after the meeting which the company promised to review. However, the company agreed that there has been internal resistance publishing certain sensitive data such as turnover rate.

On social issues related to human capital management, we asked about the company's mitigation of crunch culture (unpaid overtime work to meet game development deadlines) and 996 culture (working 9 a.m. to 9 p.m., six days a week) in China's technology sector. In its view, neither applies to the company. NetEase stated that it does not force employees to work overtime and according to the company, the employee satisfaction rate is high. The company has been conducting an annual employee engagement survey on various subjects ranging from business and strategy, innovation, to company culture and teamwork. Whilst we are pleased that the company does not view this as a box-ticking exercise, we encouraged it to disclose more details about its employee engagement survey findings.

**China Merchants Bank** has recently faced several fines or controversies related to its risk management and wealth management business by China's banking regulator raising the urgency for us to engage on its business ethics and risk management, including sanctions policy and management of financial crime risks. Echoing China's carbon neutrality goal by 2060, we also want to better understand the bank's climate management and ambition. To achieve these two objectives, we have engaged with the company on several occasions to promote positive changes.

We contacted the investor relations team in June 2021 to emphasise the importance of both topics and sought a company update. We followed up by writing a letter to the president/CEO to summarise our ESG recommendations. We encouraged the bank to continue to communicate its efforts on managing financial crime risks and discuss senior and/or board oversight of business ethics and conduct issues and disclose details of the remediation process and key changes made.

## Environmental, Social and Governance Report

On climate risk and ESG integration, we emphasised the importance of disclosing emissions generated indirectly by financing activities and urged the bank to disclose the respective loan exposure and policies to environmentally sensitive industries, such as utilities, fossil fuels, iron and steel, non-ferrous metals, building materials, transportation, and agriculture. We also asked about initiatives to support China's target of carbon peak by 2030 and carbon neutrality by 2060 and suggested to the bank that it can set targets for climate risks mitigation and to explore business opportunities for climate change. We also encouraged it to participate in relevant industry discussion to exchange views with peers about ESG metrics set-up and tracking.

Following our recommendations in governance and its related disclosure, the bank extended its coverage of business ethics and compliance (including financial crime risk). In its 2021 Annual Report it clearly stated that the board was accountable for employee violations. The bank reported no money laundering cases or major violations in 2021. Its discipline inspection and supervision departments accepted and disposed of 142 cases in the anti-corruption section in the year. In the follow-up call in August 2022, we asked if these are all related to bribery and corruption and whether there are whistleblowing channels for other matters. The bank clarified the number includes whistleblowing about other issues. It promised to consider our suggestions to provide the statistics about whistleblowing by subject next year.

On sanctions management, the bank discloses that its anti-money laundering risk management strategies follow the standards of the Financial Action Task Force (FATF), which is a global inter-governmental money laundering and terrorist financing watchdog. Its recommendations reference the United Nations Security Council resolutions relating to the prevention and suppression of terrorism and terrorist financing. In the follow-up call, the bank also confirmed that it complies with other international regulations, including the U.S. regulation Office of Foreign Asset Control (OFAC).

Echoing our suggestions regarding climate risks, the bank provided its loan exposure to environmentally sensitive industries in its 2021 sustainability report. In 2021, sectors with overcapacity and high energy consumption and pollution represented approximately 5.85% of its domestic corporate loans, down from 6.37% in 2020 and 7.03% in 2019. It also discloses it has put in place relevant credit policies for some environmentally sensitive industries, but the details are not publicly disclosed. We welcome the improved disclosure, but at the same time would like to seek clarity about its definition of high energy consumption and pollution sectors as well as key standards referenced in its sector credit policies. We will also continue our engagement on its climate physical risk assessment and its climate ambition.

In September 2022, we kicked off our engagement initiative with **Meituan**, the largest food delivery service company in China. Our main goals include:

- Social aspects of human capital management – increase transparency about riders' wellbeing and safety; report relevant metrics about riders
- Data privacy and cybersecurity control – increase transparency about data privacy and cybersecurity control; appoint a senior executive (e.g. a chief data officer) to oversee the issues
- Governance – establish proper governance structure for ESG issues at the board level; increase board diversity and independence; conduct board evaluation internally and externally and report the findings

JPMAM and Matthews Asia are co-leading the collaborative engagement with Meituan through the Asia Corporate Governance Association (ACGA).

In this first call we focused on getting a better understanding of the company's management of its riders and data privacy and cybersecurity issues and its approach to board diversity and board effectiveness. Overall, we view this engagement positively. Meituan was active in engaging with the investor group throughout the call. The response helped clarify several issues about its management of riders. We encourage the company to increase the transparency of its treatment for riders by reporting more information, such as the key initiatives taken and metrics on safety. Regarding data privacy and cybersecurity the company only gave high level answers. While it declared that no data privacy and cybersecurity breaches had been identified, the group has been fined in several cases.



## Environmental, Social and Governance Report

Meituan has an all-male board of which 38% are independent directors below our expectation of over 50%. The company plans to appoint its first female director by mid 2023 or in 2024 at the latest. Internal evaluation of the board was conducted but was not mentioned in the Annual Report. We suggested disclosure of the highlights of the evaluation.

At the end of the call, Meituan expressed its appreciation of this collaborative engagement and wanted to hear our suggestions and examples of good practices. JPM suggested best practice examples to the Association. In our view, the company may refer to the disclosure of riders' information by Grab and Uber.

We will follow up with Meituan directly with some further questions about riders income and data privacy.

### Proxy Voting

J.P. Morgan Asset Management exercises the voting rights of shares held in all 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. So far as is practicable, we will vote at all of the meetings called by companies in which we are invested.

A summary of key voting statistics and activity for the Company during the period is detailed below:

	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against/ Abstain
Audit Related	87	0	0	0	87	0.0
Capitalisation	203	49	0	49	252	19.4
Company Articles	72	37	0	37	109	33.9
Compensation	132	37	0	37	169	21.9
Director Election	230	48	0	48	278	17.3
Director Related	53	25	7	32	85	37.6
Non-Routine Business	33	3	0	3	36	8.3
Routine Business	315	11	0	11	326	3.4
Social	1	1	0	1	2	50.0
Strategic Transactions	63	16	0	16	79	20.3
Takeover Related	0	1	0	1	1	100.0
Miscellaneous	23	4	0	4	27	14.8
<b>Total</b>	<b>1,212</b>	<b>232</b>	<b>7</b>	<b>239</b>	<b>1451</b>	<b>16.5</b>

The following examples should help illustrate some of the principles which inform our voting:

We voted against the re-election of four long-serving independent directors at **NetEase** who have served on the board for more than 15 years, due to our ongoing concerns about their prolonged tenure and lack of board refreshment.

We generally do not expect independent directors to serve on boards for more than nine years. Additionally, we believe the presence of four long-serving independent directors could be destructive to NetEase's recent efforts in advancing its ESG agenda.

We communicated our vote decision and rationale to NetEase and are pleased that the company responded by appointing a new female independent director with an auditing background to replace a male independent director who had served on the board for 20 years. Ms. Grace Hui Tang will serve as the chair of the audit, compensation and nominating committees of the board and will also serve as a member of the board's environmental, social and governance committee. This new appointment represents a step forward in the company's board refreshment programme and also increases female representation on the board.

## Environmental, Social and Governance Report

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We held discussions with **WuXi Biologics** ahead of a vote on a new management incentive programme which ISS had recommended voting against.

After discussion with the Company, we felt able to support the part of the scheme that was going to a vote, which was an ESOP plan. Firstly, we felt the scheme was necessary to attract talent in what remains a dynamic industry; this contrasted with ISS which we think incorrectly labelled the subsidiaries where options would be granted as 'mature'. Secondly, although we felt disclosure around the scheme could be better, and pushed the company to improve this, overall we felt the design of the scheme did align interests.

The second part of our discussion was about a new Global Partnership Program (GPP). This was announced but did not require shareholders' approval. The GPP involved the issuance of Restricted Stock Units (RSU) and the criteria of issuance are linked to the market cap and EPS CAGR for 2020-2024. In general, we are not comfortable with the linkage to the absolute performance of the market cap. We believe that employee incentives should be associated with the individual contributions as well as sustainability of the company, rather than market derived metrics which the company cannot directly control. The CFO acknowledged our concern and promised that the company will include non-market cap metrics when assessing the performance of individuals participating in the GPP. We plan to arrange follow up meetings to see if it has been possible to make this adjustment.

In September 2021, we contacted **ENN Energy**, a gas distributor in China, to discuss material ESG issues and communicate our corporate governance expectations, including at least majority board independence and a gender diverse board, of which at least 30% of the directors are female. In our view, a strong independent element to a board is essential to the effective running of a company and we expect that the majority of the board should be comprised of independent directors with clear steps being taken to improve board independence over time. While the company acknowledged there is room for furthering gender diversity, it has not addressed our board independence expectations. At the recent AGM 2022, the company appointed a new female executive director which improved gender diversity to 18%, board independence subsequently declined to 36% from 40%. In our view, board diversity and independence can be complementary in nature. We escalated our engagement and voted against two nomination committee members who were up for re-election to reinforce our concerns. We will follow up with the company on its feedback.

## Environmental, Social and Governance Report

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### Portfolio Carbon Footprint

Source: MSCI Carbon Footprint Calculator

#### The Future

We know that our stakeholders, including the Directors of your Company, see attention to ESG factors as critical in their assessment of us as Investment Manager. We expect ESG to remain a dominant theme within the financial services industry going forward and the course being taken by regulators suggests that its importance will only increase in years to come. Our research process and the investment judgements we make will continue to reflect that and to evolve as necessary. In investing your Company's assets, we have always looked for companies with the ability to create value in a sustainable way and that will not change.

J.P. Morgan Asset Management

13th December 2022

## Business Review

### Business Review

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. To assist shareholders with this assessment, the Strategic Report sets out the objective and strategy of the Company, its structure, its investment policies and risk management, investment restrictions and guidelines, performance and key performance indicators, share capital, the Company's Environmental, Social and Governance policy, principal risks and how the Company seeks to manage those risks and, finally, its long-term viability.

### The Company's Purpose, Values, Strategy and Culture

The purpose of the Company is to aim to be a cost effective, sustainable investment vehicle for investors who seek to achieve superior long-term returns for shareholders from a portfolio of investments in 'Greater China'. In fulfilling its purpose, the Board takes account of wider issues including Environmental, Social and Governance. To achieve this, the Board of Directors is responsible for employing and overseeing an investment management company that has appropriate investment expertise, resources and controls in place to meet the Company's investment objective. The values of the Company include integrity, transparency, accountability and sustainability. To ensure that it is aligned with the Company's purpose, values and strategy, the Board comprises Directors who have a breadth of relevant skills and experience and contribute in an open boardroom culture that both supports and challenges the investment management company and its other third party suppliers.

### Objective and Strategy of the Company

The Company's objective is to provide shareholders with long-term capital growth by investing in companies in 'Greater China' (China, Hong Kong and Taiwan). It aims to outperform the MSCI China Index total return, with net dividends reinvested, in sterling terms.

JPMorgan China Growth & Income 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 JPMorgan Funds Limited ('JPMF' or the 'Manager') as its AIFM which, in turn, delegates portfolio management to JPMorgan Asset Management (UK) Limited ('JPMAM') to actively manage the Company's assets. The Board has determined investment policies and related guidelines and limits. These objectives, investment policies and related guidelines and limits are detailed below.

JPMAM is a leading investment specialist with a long established presence in Greater China and the Asia Pacific region. JPMAM began managing its first Asia Pacific equity portfolio mandate in 1971. The Greater China team consists of 25 investment professionals (comprising eight portfolio managers and 16 Greater China sector specific research

analysts) located in Hong Kong, Shanghai and Taipei with an average of 17 years of industry experience (as at 30th September 2022).

The investment managers leverage the insights of the dedicated Greater China investment analysts. The Team believes that the research analysts significantly enhance the due diligence efforts, particularly through the development of proprietary, in-house research and through their ability to cover more off-benchmark and under-researched stocks. All members of the team conduct company due diligence and travel across the Greater China region, enabling information sharing and discussion. Company visits form the cornerstone of the proprietary research process which allows the managers to take controlled, considered positions designed to enhance performance. On average the team conducts close to 1600 company meetings every year. Since the outbreak of COVID-19, in-person meetings with companies have been largely replaced by telephone meetings and video conference calls. As at 30th September 2022, there are close to 600 Greater China stocks under coverage, of which around 300 are A-shares (including dual-listings). In addition, the Team is also supported by the wider Emerging Markets and Asia Pacific sector research team as well as the 19 analysts in JPMorgan's associated Mutual Fund company, China International Fund Management Co. Ltd. ('CIFM'), based in Shanghai.

The Team believes that active investing, focused on stock selection conducted by portfolio managers, offers a significant opportunity to add value to client portfolios. The primary objective of the philosophy and process is to deliver strong relative performance in a disciplined manner over the longer term; this comes from investing at the right time and price in well-managed, high quality, growth companies that return earnings and dividends fairly to minority shareholders.

### Structure of the Company

The Company is subject to legislation and regulations including UK company law, UK Financial Reporting Standards, the UKLA Listing, Prospectus, Disclosure Guidance and Transparency Rules, Market Abuse Regulation, taxation law and the Company's own Articles of Association. Since 31st December 2020, new autonomous UK regulations became effective and the UK no longer applies EU regulations. The potential impact of the UK's withdrawal from the EU is uncertain. However, those EU regulations that were relevant to the Company have been incorporated by UK regulations and therefore there has been no change in practice from last year.

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.

## Business Review

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 7 to 9, and in the Investment Managers' Report on pages 10 to 16.

### Investment Policies and Risk Management

In order to achieve the investment objective, the Company's business model is to invest in a diversified portfolio and to employ a Manager with a strong focus on research, company visits and ESG considerations that enable the Manager to identify what it believes to be the most attractive stocks in the region to provide long-term sustainable growth.

Investment risks are managed by diversifying investment over a number of 'Greater China' companies. The number of investments held by the Company will normally range between 45 and 85. The maximum permitted exposure to Hong Kong and Taiwan listed stocks not in the index is 30% of the portfolio.

Liquidity and borrowings are managed with the aim of increasing returns to shareholders.

### Investment Restrictions and Guidelines

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

- At the time of purchase, the maximum permitted exposure to each individual company is 10.0% of the Company's total assets.
- As a result of market growth, the maximum permitted exposure to each individual company is 12.5% of the Company's total assets.
- The Company has unlimited permitted exposure to China A-Shares.
- The maximum permitted exposure to group or related companies is 15% of the Company's total assets.
- The maximum permitted exposure to small-cap stocks (a stock with a market capitalisation of below US\$500 million) is 45% (including market movement).
- The Company does not invest more than 15% of its gross assets in other UK listed closed-ended investment funds (including investment trusts), nor does it invest more than 10% of its gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed closed-ended investment funds.
- The Company may use derivative instruments, such as warrants, for the purpose of efficient portfolio management up to a value of 5%. The Company does not have a policy of hedging or otherwise seeking to mitigate foreign exchange risk but reserves the right to do so from time to time as part of the Company's efficient portfolio management.
- The Company has authority to transact in warrants up to 5% of the Company's assets and Participatory Notes up to

a value of 20% of the Company's assets at the time of purchase.

- The Company does not normally invest in unquoted investments and no more than 10% of the Company's total assets can be invested in unquoted investments.
- The Company can invest in the IPO of a stock whose principal activities are the manufacturing and/or sales and distribution of goods and services in the Greater China markets in which the company invests.
- The Company's actual gearing is not to exceed 20%.

### Monitoring of Compliance

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

### Performance

In the year to 30th September 2022, the Company produced a total return to shareholders of -38.5% and a total return on net assets of -36.7%. This compares with the total return on the Company's benchmark index of -22.0%. However, the Company has outperformed the benchmark over the three, five and ten year periods. As at 30th September 2022, the value of the Company's investment portfolio was £333.2 million. The Investment Managers' Report on pages 10 to 16 includes a review of developments during the year as well as information on investment activity within the Company's portfolio and the factors likely to affect the future performance of the Company.

### Total Return and Dividends

The gross total loss for the year amounted to £164,815,000 (2021: return of £8,461,000) and the net total loss after deducting the management fee, other administrative expenses, finance costs and taxation, amounted to £170,144,000 (2021: return of £2,403,000).

The dividend policy aims to pay, in the absence of unforeseen circumstances, an annual dividend equivalent to 4% of the Company's NAV on the last business day of the preceding financial year. The target dividend is announced at the start of each financial year and paid by way of four equal interim dividends on the first business day in December, March, June and September. These dividends are paid from a combination of revenue and capital reserves. In respect of the quarters to 31st December 2021 and 31st March 2022, 30th June 2022 dividends of 5.7p were declared for each quarter, and in respect of the quarter to 30th September 2022 a dividend of 3.42p was declared.

### Gearing

The Board sets the overall gearing policy. During the year, a £50 million unsecured floating rate borrowing facility (with a £10 million accordion facility) was in place with Scotiabank.

## Business Review

Under the terms of this agreement the Company had the option to increase the facility commitment amount to £60 million in two increments of £5 million subject to certain conditions. On 12th November 2021 the Board decided to exercise the £10 million accordion facility. This facility is highly flexible and is used with the aim of enhancing returns.

As at 30th September 2022, USD64.2 million (£53.8 million) had been drawn on the facility. Further details about the loan facility are given in note 13 on page 76.

### 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:

- **Total return performance against benchmark index**

This is the most important KPI by which performance is judged. The Company's principal objective is to achieve capital growth and outperformance relative to its benchmark over a normal cycle which is deemed to be five years. Information on the Company's performance is given in the Chairman's Statement and the Investment Managers' Report. (Also, please refer to the graphs on page 21).

- **Performance against the Company's peers**

The Board also monitors the performance relative to a broad range of competitor funds.

- **Performance attribution**

The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as stock selection, currency effect and gearing. Details of the attribution analysis for the year ended 30th September 2022 are given in the Investment Managers' Report on page 11.

- **Share price (discount)/premium to cum income net asset value ("NAV") per share**

The Board operates a share issuance and share repurchase programme which seeks to address imbalances in the supply of and demand for the Company's shares within the market and thereby reduce the volatility and absolute level of the discount/premium to NAV per share at which the Company's shares trade. In the year to 30th September 2022, the Company's shares traded between a premium of 1.8% and a discount of 12.7%, averaging a discount of 4.5% over the year.

The Board has the ability to purchase shares into Treasury and to re-issue them at a later date at a premium to NAV per share.

### (Discount)/premium performance

Source: Morningstar.

- **Ongoing charges**

The ongoing charges represent the Company's management fee (see page 42) and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net assets during the year. The ongoing charges for the year ended 30th September 2022 increased to 1.09% (2021: 0.99%) reflecting the reduction in net assets during the period.

The Board reviews each year an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers.

### Share Capital

The Directors have, on behalf of the Company, the authority to issue new Ordinary shares for cash on a non pre-emptive basis and to repurchase shares in the market for cancellation or to be held in Treasury. The Directors will re-issue shares held in Treasury only at a premium to net asset value per share.

During the year the Company did not repurchase any Ordinary shares into Treasury (2021: nil) or for cancellation. In addition no shares have been re-issued from Treasury (2021: 5,211,777) and no new Ordinary shares were issued (2021: 5,287,000). Since the year end, no shares have been repurchased or issued.

Resolutions to renew the authorities to issue new shares on a non pre-emptive basis and to repurchase shares for cancellation or to be held 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 Meeting on pages 92 and 93.

### Board Diversity

At 30th September 2022, there were two male Directors and three female Directors on the Board. When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board. When completing a review of the skills and experience of Directors, the Board feels that Directors are equipped with the necessary attributes required

## Business Review

for the sound stewardship of the Company and that their diverse knowledge sets allow for lively and engaging debates. Please refer to page 47 for more information on the workings of the Nomination Committee.

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 complies with the Hampton-Alexander recommendation of having 33% female representation on the Board (the figure is currently 60% for this Company).

The Nomination Committee is cognisant of the Davies and Hampton-Alexander reviews, as well as the Parker Review recommendations and the FCA's guidance announced in April 2022 on diversity and inclusion on company boards.

The Board currently complies with the recommendations of all these reviews.

### Employees, Social, Community and Human Rights Issues

The Company has a management contract with JPMF. It has no employees and all of its Directors are non-executive. The day-to-day activities are carried out by third parties. There are therefore no disclosures to be made in respect of employees.

### Environmental, Social and Governance ('ESG')

The Board supports and receives reporting on the Investment Managers' approach to ESG considerations which are fully embedded into the investment process. A detailed explanation of the Investment Managers' overall approach to ESG is on pages 23 to 28.

The Board notes the JPMAM policy statements in respect of Social, Community and Environmental and Human Rights issues, as highlighted in italics:

*JPMAM believes that companies should act in a socially responsible manner. Although our priority at all times is the best economic interests of our clients, we recognise that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists within JPMAM's environmental, social and governance ('ESG') team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their industry.*

*JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure.*

*The Manager has implemented a policy which seeks to restrict investments in securities issued by companies that have been identified by an independent third party provider as being involved in the manufacture, production or supply of cluster munitions, depleted uranium ammunition and armour and/or anti-personnel mines. Shareholders can obtain further details on the policy by contacting the Manager.*

### Greenhouse Gas Emissions

As the Company is an externally-managed investment trust with no employees, the Company has no disclosures to make in respect of employees in relation to greenhouse gas emissions at the year-end. The Company itself has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. As a low energy user under HMRC guidelines it is not required to disclose energy and carbon information. JPMAM is also 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. (See Carbon Footprint on page 20).

### 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.jporganchase.com/about/our-business/human-rights>

### Corporate Criminal Offence

The Company maintains zero tolerance towards tax evasion. Shares in the Company are purchased through intermediaries or brokers, therefore 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

### Principal and Emerging Risks

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

With the assistance of the Manager, the Audit Committee maintains a risk matrix which identifies the principal risks to which the Company is exposed and methods of mitigating against them as far as practicable. 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. At each meeting, the Board considers emerging risks which it defines as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of occurrence probability and possible effects on the Company. As the impact of emerging risks is understood, these risks may be entered on the Company's risk matrix and mitigating actions considered as necessary.

Principal risk	Description	Mitigating activities
<b>Investment management and performance</b>		
Geopolitical	Geopolitical risk can cause volatility in the markets in which the Company is invested; restrictions on the ability to invest and the free movement of capital and also potentially impact the ability of the Manager and other service providers to carry on business as usual. Specifically in China, we have seen instances of the government interfering in certain sectors of the financial markets as well as concerns arising from the growing US-China trade tensions, potential conflict involving Taiwan and wider questions about human rights in China. These concerns have led to international investors reducing their investments in China, and could risk damaging overseas sentiment towards Chinese equities further.	The Board meets advisers and gathers insights from both JP Morgan and independent sources on a regular and ongoing basis and takes advice from the Manager and its professional advisers.
Investment Underperformance	An inappropriate investment decision may lead to sustained underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount.	The Board manages this risk by diversification of investments through its investment restrictions and guidelines which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates and transaction reports. The Board monitors the implementation and results of the investment process with the investment managers, who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile.
Strategy and Business Management	An ill-advised corporate initiative, for example an inappropriate takeover of another company or an ill-timed issue of new capital; misuse of the investment trust structure, for example inappropriate gearing; or if the Company's business strategy is no longer appropriate, may lead to a lack of investor demand.	The Board discusses this on a regular and ongoing basis with the Manager and corporate advisers based on information provided both at and between Board meetings (see above risk regarding Investment Underperformance). The Company states its strategy clearly in its Half-Year and Annual Reports and its website. The investment managers employ the Company's gearing within a strategic range set by the Board.



## Principal and Emerging Risks

Principal risk	Description	Mitigating activities
Loss of Investment Team or Investment Manager	A sudden departure of one or more members of the investment management team could result in a deterioration in investment performance.	The Board seeks assurance that the Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team-based approach, as well as special efforts to retain key personnel. The Board engages privately with the investment managers on a regular basis.
Share Price Discount	A disproportionate widening of the discount relative to the Company's peers could result in a loss of value for shareholders.	In order to manage the Company's discount, which can be volatile, the Company operates a share repurchase programme. The Board regularly discusses discount policy and has set parameters for the Manager and the Company's broker to follow. The Board receives regular reports and is actively involved in the discount management process.
Corporate Governance	Changes in financial, regulatory or tax legislation may adversely affect the Company.	The Manager and the Auditor make recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. The Board receives regular reports from its broker, depositary, registrar and Manager as well as its legal advisers and the Association of Investment Companies on changes to governance and regulations which could impact the Company and its industry. The Company monitors events and relies on the Manager and its other key third party providers to manage this risk by preparing for any changes. It also receives updates from its advisors on corporate governance issues and reviews its related policies regularly.
Shareholder Relations	Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement on pages 44 to 49.	The Board receives regular reports from the Manager and the Company's broker about shareholder communications, their views and their activity. In addition, the Board engages directly with major shareholders and encourages all shareholders to engage with the Board and Investment Managers at the AGM and through the increased use of webcasts and periodic meetings.
Financial	The financial risks faced by the Company include market price risk, interest rate risk, currency risk, liquidity risk and credit risk.	Counterparties are subject to daily credit analysis by the Manager. In addition the Board receives reports on the Manager's monitoring and mitigation of credit risks on share transactions carried out by the Company. Further details are disclosed in notes 21 and 22 on pages 79 to 85.

## Principal and Emerging Risks

Principal risk	Description	Mitigating activities
<b>Operational risks</b>		
Cyber crime	<p>Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the depositary's or custodian's records may prevent accurate reporting and monitoring of the Company's financial position.</p> <p>In addition to threatening the Company's operations, such an attack is likely to raise reputational issues which may damage the Company's share price and reduce demand for its shares.</p>	<p>Details of how the Board monitors the services provided by the Manager, its associates and depositary and the key elements designed to provide effective internal control are included within the Risk Management and Internal Control section of the Directors' Report on pages 47 and 48. 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 Company benefits directly or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested independently.</p>
Fraud/other operating failures or weaknesses	The risk of fraud or other control failures or weaknesses within the Manager or other service providers could result in losses to the Company.	The Audit Committee receives independently audited reports on the Manager's and other service providers' internal controls, as well as a report from the Manager's Compliance function. The Company's management agreement obliges the Manager to report on the detection of fraud relating to the Company's investments and the Company is afforded protection through its various contracts with suppliers, of which one of the key protections is the Depositary's indemnification for loss or misappropriation of the Company's assets held in custody.
<b>Regulatory risk</b>		
Legal and Regulatory	In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given under 'Structure of the Company' on page 29. Were the Company to breach Section 1158, it may lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax.	The Section 1158 qualification criteria are continually monitored by the Manager and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules, Disclosure Guidance and Transparency Rules ('DTRs') and, as an Investment Trust, the Alternative Investment Fund Managers Directive ('AIFMD'). A breach of the Companies Act 2006 could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, JPMorgan Funds Limited and its professional advisers to ensure compliance with the Companies Act 2006, the UKLA Listing Rules, DTRs and AIFMD.

## Principal and Emerging Risks

Principal risk	Description	Mitigating activities
<b>Economic and geopolitical</b>		
Global pandemics	<p>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.</p> <p>In China, the government's 'zero-COVID' policy and the subsequent disruptions caused by their stringent COVID policies continue to negatively impact the economy. With the additional risk of increased COVID cases once this policy ends, it is likely that the market will remain volatile for a while.</p> <p>Should the virus become more virulent than is currently the case, it may present risks to the operations of the Company and its Manager.</p>	<p>The Board receives reports on the business continuity plans of the Manager and other key service providers. The effectiveness of these measures have 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.</p> <p>The Board is actively engaged in monitoring the situation with regular updates from the investment managers.</p>
Climate change	<p>Climate change is one of the most critical issues confronting asset managers and their investors. Climate change may have a disruptive effect on individual investee companies and the operations of the Manager and other major service providers.</p>	<p>The Manager's investment process integrates consideration of environmental, social and governance factors into decision on which stocks to buy, hold or sell (see the ESG report on pages 23 to 28). This includes the approach investee companies take to recognising and mitigating climate change risks. The Manager aims to influence the management of climate related risks through engagement and voting and is a participant of Climate Action 100+ and a signatory of the United Nations Principles for Responsible Investment.</p> <p>As extreme weather events become more common, in particular with the typhoons, flooding and droughts experienced in China, the resiliency, business continuity planning and the location strategies of our services providers will come under greater scrutiny.</p>
<b>Emerging risk</b>		
Social unrest within China	<p>There is a risk that recent sporadic demonstrations in China against the government's 'zero-COVID' policies could escalate into more disruptive social unrest at a local or national level. Such disorder could disrupt the companies in which our Company invests, and negatively impact both our manager's operations within China and international sentiment towards Chinese equities.</p>	<p>The Board and the Managers understand the inherent risks associated with investing in emerging markets such as China. While focusing on the long term, the Manager is mindful of these risks when considering investment strategy and portfolio construction, and keeps the Board regularly informed about any issues that might impact China and the portfolio.</p>

## Long-Term Viability

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Taking account of the Company's current position, the principal and emerging risks that it faces and their potential impact on its future development and prospects, the Directors have assessed the prospects of the Company, to the extent that they are able to do so, over the next five years. In the absence of another dramatic fall in the market, the Directors believe that the Company has no loan covenants or liabilities that cannot be readily met. The Directors have reviewed income and expense projections and the liquidity of the investment portfolio in making their assessment.

They have made that assessment by considering those principal and emerging risks, the Company's investment objective and strategy, the investment capabilities of the Manager and the outlook for the economies and markets of the Greater China region. They have examined the robustness of these base case estimates using further severe but plausible scenarios, including the market contractions caused by the 2008 financial crisis, the ongoing COVID-19 pandemic and the volatility seen in the Chinese market over the past year.

In determining the appropriate period of assessment, the Directors had regard to their view that, given the Company's objective of achieving long-term capital growth, shareholders should consider the Company as a long-term investment

proposition. The Directors also take account of the inherent uncertainties of equity markets and the existence of a continuation vote every five years. As a result of all these deliberations, the Directors consider five years to be an appropriate time horizon to assess the Company's viability.

The Board has also taken into account the fact that the Company has a continuation vote to be considered by shareholders at the Company's 2023 AGM and the likelihood of shareholders voting in favour of continuation, having consulted the Company's major shareholders through the remit of its advisers.

The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation, subject to shareholders voting in favour of continuation at the AGM in 2023, and meet its liabilities as they fall due over the next five years until 30th September 2027. This reasonable expectation is subject to there being no significant adverse change to the regulatory or taxation environment for investment trusts; and subject to there being no sustained adverse investment performance by the current or any successive investment manager, that may result in the Company not being able to maintain a supportive shareholder base.

## Duty to Promote the Success of the Company

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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 the Company's stakeholders are treated fairly and with respect and the Board recognises the importance of acting fairly between them, which is 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 the wider society. The Board believes the best interests of the Company are aligned with those of these key stakeholders and they will 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. Full details on how the Board ensures it is fully apprised of shareholder views and how it engages with all shareholder groups can be found on page 47.

#### 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 Board monitors the Company's investment performance at each Board Meeting in relation to its objective and also to its investment policy and strategy: This includes a formal quarterly review of the investment portfolio with the investment team as well as receiving ad hoc updates at times of market turmoil. 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.

#### 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 engaged with all of its investee companies and 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 pages 23 to 28). 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 considers the Company's Custodian, Depositary, Registrar 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.

## Duty to Promote the Success of the Company

### 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 23 to 28.

Since the year end, the Manager has become a signatory to the UK Stewardship Code. This reflects the Manager's commitment to stewardship responsibilities and to drive positive corporate change and industry developments to benefit not only the Company but also the environment and wider society over the long-term.

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

### Key decisions and actions

#### Monitoring the Company's Portfolio

During a period of extreme volatility, the Board was in regular contact with its Investment Managers and continues to hold the Investment Managers to account on investment performance.

#### Increased Engagement with Key Service Providers

Throughout the course of the ongoing COVID-19 pandemic and increased concerns about the China markets, the Board has stepped up the frequency of its regular contact with the Manager, its corporate broker and other key service providers on areas such as portfolio liquidity, gearing and the discount to NAV at which the Company's shares trade.

#### Delivery of the Long-Term Succession Plan

In line with the Company's succession programme, the Company's Chairman John Misselbrook retired at the AGM in January 2022 and was replaced by Alexandra Mackesy.

#### Modification of Investment Guidelines

During the year, upon review of the Company's Investment Management Agreement, the Board amended its investment restrictions to the following: The Company may use Derivatives, such as warrants, up to a value of 5% of the Company's assets at the time of purchase; and the Company may use Participatory Notes up to a value of 20% of the Company's assets at the time of purchase.

#### Increasing the Profile of the Company

It is important that the Company remains front of mind with both institutional and retail investors. The Board employs Kepler to provide research notes for the Company twice a year. In addition, the investment managers also use webcasts and speak at video conferences, organised by brokers and external companies.

### Regular Actions

In addition, the Directors have kept under review the competitiveness of the management fee and the Company's other operating costs; they have undertaken a robust review of the principal and emerging risks faced by the Company; they have continued to encourage the Manager to enhance its sales and marketing efforts; they have discussed, confirmed and monitored the Company's dividend; and they have discussed and monitored gearing levels and the Investment Managers' requirements for cash.

By order of the Board  
**Lucy Dina**, for and on behalf of  
 JPMorgan Funds Limited,  
 Chairman



13th December 2022

## Board of Directors

**Alexandra Mackesy** (Chairman of the Board, Nomination Committee and Management Engagement Committee)  
A Director since July 2018.

**Last reappointed to the Board: 2022.**

Alexandra lived in Hong Kong for 14 years, where she worked as an investment analyst for Credit Suisse (Director, China and Hong Kong Equity Research), JPMorgan (Director, Asian Equity Research) and SG Warburg. Since 2004, she has sat on the boards of several UK listed companies, including investment trusts, and is currently a Non-Executive Director on the Boards of Henderson Smaller Companies Trust plc and Murray International trust PLC. She has a keen interest in corporate governance practices.

**Shared directorships with other Directors: None.**

**Shareholding in Company: 10,600 Shares.**

**David Graham** (Chairman of the Audit Committee and Remuneration Committee and Senior Independent Director)  
A Director since May 2017.

**Last reappointed to the Board: 2022.**

David qualified as a Chartered Accountant and then had a career in investment management, firstly as an Asian fund manager with Lazards and then building businesses across Asia Pacific, Europe, Middle East and Africa for BlackRock and predecessor firms (Merrill Lynch Investment Managers and Mercury Asset Management.) He has worked in Hong Kong, Tokyo and Sydney and has been a Representative Director in domestic, joint venture, fund management companies in China, India, Thailand and Taiwan. He is also a Non-Executive Director and Chairman of Fidelity Japan Trust and a Non-Executive Director of Templeton Emerging Markets Investment Trust PLC.

**Shared directorships with other Directors: None.**

**Shareholding in Company: 40,284 Shares.**

**Joanne Wong**

A Director since June 2021.

**Last appointed to the Board: 2022.**

A Hong Kong resident, Joanne has some 30 years of experience in the investment industry. After spending ten years as an equity analyst focusing on Hong Kong and China listed companies, she joined Franklin Templeton Investments in Hong Kong in 2002. Working within Franklin Templeton's Global Equity Group, she became a Portfolio Manager managing Asian and Global mandates, with a particular responsibility for the Hong Kong and Chinese equity markets. She retired from Franklin Templeton in 2020.

**Shared directorships with other Directors: None.**

**Shareholding in Company: Nil.**

**May Tan**

A Director since August 2021.

**Last appointed to the Board: 2022.**

A Hong Kong resident, May has over 30 years of experience in the investment industry. May qualified as a Chartered Accountant with PwC before embarking on a career as an equity and corporate finance specialist with Cazenove Asia from 1984-2009. She served as the CEO of Cazenove Asia (1993-2009). When Cazenove Asia became part of Standard Chartered Bank (SCB) in 2009, May assumed the role of head of equity corporate finance at SCB from 2009-2013. She was appointed the CEO of SCB (Hong Kong) Limited in 2014 and retired in 2017. She is currently a Director of Hong Kong listed CLP Holdings. She was previously a Director of Link Asset Management and HSBC Life Insurance.

**Shared directorships with other Directors: None.**

**Shareholding in Company: Nil.**

**Aditya Sehgal**

A Director since October 2021.

**Last appointed to the Board: 2022.**

Aditya has spent several years working in China and has a wealth of experience in marketing. He has a particularly keen interest in technology and eCommerce-related business in China and globally. He retired from Reckitt in Oct 2021 as President for Nutrition, 'eRB' and China with Reckitt. His previous roles with the company included Chief Operating Officer. He led the China business at Reckitt for over a decade. He is an experienced investor in early-stage technology and consumer companies.

**Shared directorships with other Directors: None.**

**Shareholding in Company: Nil.**

All Directors are members of the Audit Committee, Nomination Committee, Remuneration Committee and Management Engagement Committee.

## Directors' Report

The Directors present their report and the audited Financial Statements for the year ended 30th September 2022.

### Management of the Company

The Manager and Company Secretary to the Company is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the FCA. The active management of the Company's assets is delegated by JPMF to an affiliate JPMorgan Asset Management (UK) Limited ('JPMAM') with day to day investment management activity conducted in Hong Kong, with input from team members in Shanghai and Taipei. The Manager is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides marketing, banking, dealing and custodian services to the Company.

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

The Board, through the Management Engagement Committee, conducts a formal evaluation of the Manager on an annual basis. The evaluation includes consideration of the investment strategy and process of the Investment Managers, the performance against the benchmark over the long term, and the support that the Company receives from JPMF. As a result of the evaluation process, the Board confirms that it is satisfied that the continuing appointment of the Manager 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 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.

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.jpchinagrowthandincome.co.uk](http://www.jpchinagrowthandincome.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 will make the requisite disclosures on remuneration levels and policies to the FCA at the appropriate time.

### Management Fee

On 1st April 2019, the basic annual management fee was amended to 0.9% per annum on net assets, having previously been 1% on gross assets (i.e. total assets less liabilities, after adding back any loans). Investments in J.P. Morgan managed funds are excluded from the assets used for the purpose of this calculation.

### Directors

The Directors of the Company who held office at the end of the year are as detailed on page 41.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 54. No changes have been reported to the Directors' shareholdings since the year end.

In accordance with corporate governance best practice, all Directors will retire at the forthcoming Annual General Meeting ('AGM') and, being eligible, will offer themselves for reappointment by shareholders. The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its Committees, confirms that each Director continues to be effective and demonstrates commitment to the role, and the Board recommends to shareholders that those standing for reappointment be reappointed.

### Director Indemnification and Insurance

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity, as defined by Section 234 of the Companies Act 2006. The indemnities were 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.

### Disclosure of information to Auditor

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

- (a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) 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 and to establish that the Company's Auditor is aware of that information.



## Directors' Report

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

### Independent Auditor

BDO LLP have expressed their willingness to continue in office as Auditor to the Company and a resolution proposing their reappointment and to authorise the Directors to agree their remuneration for the ensuing year will be put to shareholders at the forthcoming Annual General Meeting (see page 51 regarding Auditor appointment and tenure).

### Companies Act 2006 Requirements

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

#### Capital Structure

At 30th September 2022, the Company's issued share capital comprised 83,202,465 Ordinary shares of 25p each. No shares were held in Treasury. No shares have been repurchased or issued since the year-end.

#### Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 17 to the Notice of Annual General Meeting on page 95.

### Notifiable Interests in the Company's Voting Rights

At the year end, no single shareholder had a notifiable interest of 5% or more in the Company.

No changes to these holdings have been notified as at the date of this report.

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

There are no restrictions 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 are 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 advisor authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in JPMorgan China Growth & Income plc, please forward this document, together with the accompanying documents, immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming AGM:

**(i) Authority to allot new Ordinary shares and to disapply statutory pre-emption rights (resolutions 10 and 11)**

The Directors will seek renewal of the authority at the AGM to issue new Ordinary shares for cash on a non pre-emptive basis up to an aggregate nominal amount of £2,080,061 such amount being equivalent to 10% of the present issued Ordinary share capital (excluding Treasury shares, if any) as at the last practicable date before the publication of the Notice of Meeting. This authority will expire at the conclusion of the Company's AGM in 2024 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares (or to re-issue 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 (the 'NAV') per Ordinary share, thereby increasing the assets underlying each share and spreading the Company's administrative expenses over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies.

**(ii) Authority to allot further new Ordinary shares and to disapply statutory pre-emption rights (resolutions 12 and 13)**

In addition to any authorities granted by resolutions 10 and 11 above, the Directors will seek renewal of the authority at the AGM to issue new Ordinary shares for cash on a non pre-emptive basis up to an aggregate nominal amount of £2,080,061 such amount being equivalent to 10% of the present issued Ordinary share capital (excluding Treasury shares, if any) as at the last practicable date before the publication of the Notice of Meeting. This authority will expire at the conclusion of the Company's AGM in 2024 unless renewed at a prior general meeting.

## Corporate Governance Statement

The full text of the resolutions 10 to 13 is set out in the Notice of Annual General Meeting on pages 92 and 93.

If each of resolutions 10 to 13 are passed, the Company will have the ability to issue, on a non pre-emptive basis, up to 20% of its issued share capital (excluding shares held in Treasury, if any).

### (iii) Authority to repurchase the Company's shares (resolution 14)

The authority to repurchase up to 14.99% of the Company's issued Ordinary shares granted by shareholders at the 2022 AGM, will expire at the forthcoming AGM unless renewed at this meeting. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining Ordinary shares.

Resolution 14 gives the Company authority to repurchase its own issued Ordinary shares in the market as permitted by the Companies Act 2006 (the 'Act'). The authority limits the number of shares that could be purchased to a maximum of approximately 14.99% of the Company's issued Ordinary shares (excluding Ordinary shares held in Treasury) at the date of the passing of resolution 14. The authority also sets minimum and maximum prices and will expire on 5th August 2024 unless the authority is renewed at the Company's AGM in 2024 or any other prior general meeting.

If resolution 14 is passed at the AGM, the Board may repurchase the shares for cancellation or hold them in Treasury. The Company will only reissue shares held in Treasury at a premium to NAV. This policy is kept under review by the Board.

Repurchases of Ordinary shares 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 as and when market conditions are appropriate.

The full text of the resolution is set out in the Notice of Annual General Meeting on page 93.

### (iv) Approval of dividend policy (resolution 15)

The Directors seek approval of the Company's dividend policy to continue to pay four quarterly interim dividends during the year, which for the year ended 30th September 2022 have totalled 20.52 pence per share.

### (v) Continuation Vote (Resolution 16)

The Directors recommend that the Company continues in existence as an investment trust for a further five year period. The resolution on the continuation of the Company is put to shareholders every five years. The Directors' recommendation on this Resolution is explained in the Chairman's Statement

on page 93. They unanimously recommend that shareholders vote in favour of the Company's continuation.

## Recommendation

The Board considers that resolutions 10 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 shareholders vote in favour of all the resolutions as they intend to do, where voting rights are exercisable, in respect of their own beneficial holdings which amount in aggregate to 50,884 Ordinary shares (as at the date of this report) representing approximately 0.06% of the voting rights of the Company.

## Corporate Governance Statement

### Compliance

The Board is committed to high standards of corporate governance. It has considered the principles and provisions of the AIC Code of Corporate Governance published in 2019 (the 'AIC Code'), which addresses the principles and provisions set out in the UK Corporate Governance Code (the 'UK Code') published in 2018, as they apply to investment trust companies. It considers that reporting against the AIC Code, therefore, provides more appropriate information to the Company's shareholders. Through ongoing advice 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;
- internal audit; and
- the workforce.

Copies of the UK Code and the AIC Code may be found on the respective organisations' websites: [www.frc.org.uk](http://www.frc.org.uk) and [www.theaic.co.uk](http://www.theaic.co.uk).

### Role of the Board

The management agreement between the Company and JPMF 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

## Corporate Governance Statement

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.

At each Board meeting, Directors' interests are considered. These are reviewed carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved. It was resolved that there were no actual or indirect interests of a Director which conflicted with the interests of the Company which arose during the year.

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

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

There is an agreed procedure for Directors to take independent professional advice 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.

### Board Composition

The Board, chaired by Alexandra Mackesy, consists of five Non-Executive Directors as at the year end, all of whom are regarded by the Board as independent of the Company's Manager. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business. The Board is well diversified in terms of gender, ethnicity and experience. Brief biographical details of each Director are set out on page 41.

There have been no changes to the Chairman's 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. The Senior Independent Director, David Graham, leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

### Reappointment of Directors

The skills and experience that each Director brings to the Board is important to the long-term success of the Company. The Directors of the Company and their brief biographical details are set out on page 41. All Directors will stand for reappointment at the Annual General Meeting.

**Resolution 4 concerns the reappointment of Alexandra Mackesy.** She joined the Board in July 2018 and has served for four years as a Director and nearly a year as Chairman. Alexandra has over 30 years experience in the investment industry. She has held a number of non-executive positions on the boards of UK-listed companies. She lived in Hong Kong for 14 years where she worked as an investment analyst with a particular focus on Greater Chinese companies.

**Resolution 5 concerns the reappointment of David Graham.** He joined the Board in May 2017 and has served for five years as a Director and is Chairman of the Audit Committee. David is a Chartered Accountant by training (PwC) whose career has been in investment management. He has held a number of non-executive and senior appointments with major global asset management companies.

**Resolution 6 concerns the reappointment of Joanne Wong.** She joined the Board in June 2021. Joanne has some 30 years of experience in the investment industry and being resident in Hong Kong, has an in depth of understanding and oversight of developments in the Chinese economy and equity markets.

**Resolution 7 concerns the reappointment of May Tan.** She joined the Board in August 2021. May is qualified as a Chartered Accountant and has over 30 years of experience in the investment industry. Also resident in Hong Kong, she has held a number of non-executive and senior appointments in the financial services sector.

**Resolution 8 concerns the reappointment of Aditya Sehgal.** He joined the Board in October 2021. Aditya has spent several years working in China and has a wealth of experience in marketing. He is an experienced investor in early stage technology and consumer companies and has a keen interest in technology and ecommerce-related business in China and globally.

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

### Tenure

Directors are initially appointed until the following AGM when, under the Company's Articles of Association, it is required that they be appointed by shareholders. Thereafter, subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for the Director to seek an

## Corporate Governance Statement

additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but its long-term succession plan assumes that Directors serve for no more than nine years in normal circumstances, in line with the ongoing requirements of the AIC Code of Corporate Governance, including the need to refresh the Board and its Committees. The Board has adopted corporate governance best practice and hence all Directors must stand for annual reappointment.

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 AGM.

A schedule of interests for each Director is maintained by the Company and reviewed at every Board meeting. New interests are considered carefully, taking into account the circumstances surrounding them and, if considered appropriate, are approved.

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

### Induction and Training

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter, regular briefings are provided on changes in law and regulatory requirements that affect the Company and the 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.

### Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Details of membership of Committees are shown with the Directors' profiles on page 41.

The table details the number of Board and Committee meetings attended by each Director. During the year there were four full Board meetings, two Audit Committee meetings, one Management Engagement Committee meeting, one Nomination Committee meeting and one Remuneration Committee meeting. The Board holds additional ad hoc meetings as and when required to deal with various corporate initiatives, procedural matters, board recruitment and formal approvals. In addition, there is regular contact between the Directors and the Manager and Company Secretary throughout the year. The below table shows meeting attendance at the year-end.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended
Alexandra Mackesy	4	2	2
David Graham	4	2	2
Aditya Sehgal <sup>1</sup>	4	2	2
May Tan <sup>2</sup>	4	2	2
Joanne Wong <sup>3</sup>	4	2	2
John Misselbrook <sup>4</sup>	2	1	1

Director	Remuneration Committee Meetings Attended	Management Engagement Committee Meetings Attended
Alexandra Mackesy	2	2
David Graham	2	2
Aditya Sehgal <sup>1</sup>	2	2
May Tan <sup>2</sup>	2	2
Joanne Wong <sup>3</sup>	2	2
John Misselbrook <sup>4</sup>	1	1

<sup>1</sup> Appointed 1st October 2021.

<sup>2</sup> Appointed 2nd August 2021.

<sup>3</sup> Appointed 1st June 2021.

<sup>4</sup> Retired 28th January 2022.

### Board Visit to Asia

In addition to the regular meeting schedule, the Board visits China annually to meet members of the JPMF team and some of our investee companies. As for the past two years, this year's visit was cancelled because of the ongoing travel restrictions in China and Hong Kong due to COVID-19. Instead, as for last year, the Board had a 'virtual' trip and met with the Head of JPMorgan Strategy, the investment team and a number of the JPMorgan analysts in Shanghai, Hong Kong and Taipei as well as representatives of the Risk Team and Dealing team in Asia. In addition, the Board met with a Senior Economist and Political Commentator discussing some of the challenges facing China.

## Corporate Governance Statement

### Board Committees

#### Nomination Committee

The Nomination Committee, chaired by Alexandra Mackesy, meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender and ethnicity.

The Board's policy on diversity, is set out on pages 31 and 32.

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

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 and how the Board works together as a group.

Questionnaires, drawn up by the Board, are completed by each Director. The responses are collated and then discussed by the Committee. The evaluation of individual Directors is led by the Chairman. The Senior Independent Director, David Graham, leads the evaluation of the Chairman's performance.

#### Remuneration Committee

The Remuneration Committee, chaired by David Graham, meets annually to review Directors' fees and makes recommendations to the Board as and when appropriate in relation to remuneration policy and implementation. This takes into account the level of fees paid to the directors of the Company's peers and within the investment trust industry generally to ensure that high quality people are attracted and retained.

#### Management Engagement Committee

The Management Engagement Committee, chaired by Alexandra Mackesy, consists of all of the Directors and meets annually to review the performance of the Manager and the key service providers of the Company.

The Committee conducts a formal evaluation of the Manager on an annual basis. The evaluation includes consideration of the investment strategy and process of the Investment Manager, noting outperformance of the benchmark over the long term, and the quality of support that the Company receives from JPMF. As a result of the evaluation process, the Board confirms that it is satisfied that the continuing appointment of the Manager is in the interests of shareholders as a whole.

#### Audit Committee

The report of the Audit Committee is set out on pages 50 and 51.

#### Terms of Reference

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

#### Relations with Shareholders

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

In normal circumstances all shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet with and answer shareholders' questions. In addition, a presentation is given by the Investment Managers who review the Company's performance. During the year the Company's brokers and the Investment Managers hold regular discussions with shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 100.

The Company's Annual Report and Financial Statements are published in time to give shareholders at least 20 working days notice of the AGM. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 100. A formal process is in place for all letters to the Chairman or other Directors to be forwarded immediately. As part of this process, any feedback from shareholders is also communicated to the Board.

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

#### 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

## Corporate Governance Statement

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.

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

Since investment management, custody of assets and all administrative services are provided to the Company by JPMAM and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure 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 33 to 36). 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.

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 Board of key investment and financial data, including management accounts, revenue projections, analysis of transactions and performance comparisons.

- **Management Agreement**

Appointment of a manager, depositary and custodian regulated by the FCA whose responsibilities are clearly defined in a written agreement.

- **Management Systems**

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

- **Investment Strategy**

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

The Board, either directly or through the Audit Committee, 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 JPMAM and its associates as follows:

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

Through the procedures set out above, the Board confirms that it has reviewed, and is satisfied with, the effectiveness of the Company's system of internal control for the year ended 30th September 2022 and to the date of approval of this Annual Report and Financial Statements.

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

### Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM through the Manager. The following, as highlighted in *italics*, is a summary of JPMAM's policy statements 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 in the Strategic Report on page 32.

## Corporate Governance Statement

### Corporate Governance

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

### Proxy Voting

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

### Stewardship/Engagement

JPMAM believes effective investment stewardship can materially contribute to helping build stronger portfolios over the long term for our clients. At the heart of JPMAM's 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 JPMAM's investee companies through investment-led stewardship has been a vital component of JPMAM's 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 identifies 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 to meet the practices laid out by the Financial Reporting Council ('FRC') in the UK Stewardship Code, to which JPMAM is a signatory.

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/asset-management/institutional/about-us/investment-stewardship/>

By order of the Board  
Lucy Dina, for and on behalf of  
JPMorgan Funds Limited,  
Company Secretary

13th December 2022



## Audit Committee Report

### Composition and Role

The Audit Committee, chaired by David Graham, meets at least twice each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. At least one member of the Committee has recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates.

The Committee reviews the actions and judgements of the Manager in relation to the Half Year and Annual Report and Accounts and the Company's compliance with the AIC Code. It examines the effectiveness of the Company's internal control systems. It monitors the Company's key risks and controls relating to those risks. It receives controls reports on the Manager and the custodian and monitors the controls and service levels at the Company's other key third party suppliers. It also receives information from the Manager's Compliance department and reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external Auditor. The Audit Committee has reviewed the independence and objectivity of the Auditor and is satisfied that the Auditor is independent. At the request of the Board, the Audit Committee provides confirmation to the Board as to how it has discharged its responsibilities.

### Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Directors have considered the Company's investment objective (see page 29), risk management policies (see pages 79 to 85), capital management policies and procedures (see page 86), the nature of the portfolio and revenue as well as expenditure projections, taking into account the heightened market volatility since the COVID-19 outbreak and more recently the Russian invasion of Ukraine, China's 'zero-COVID' policy, the increase in US-China tensions and the recent volatility of the Chinese market and slowing of the Chinese economy on the revenue expected from underlying investments in these projections and inflationary concerns, rate rises and risks

to energy supply. The Directors believe that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence to 31st December 2023, being at least 12 months from approving this Annual Report and Financial Statements. The Company's assets, all of which are investments in quoted securities which are readily realisable, exceed its liabilities under all stress test scenarios reviewed by the Board and reviews of the impact of market factors, structural and financial factors and operating factors. These factors are also referenced in the Company's Long-Term Viability Statement on page 37.

Gearing levels and compliance with borrowing 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 heightened market volatility since the COVID-19 outbreak and more recently the Russian invasion of Ukraine, China's 'zero-COVID' policy, the increase in US-China tensions and the recent volatility of the Chinese market but does not believe the Company's going concern status is affected.

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 in 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. The Audit Committee assesses the Company's ability to continue as a going concern to 31st December 2023 and makes recommendations to the Board to approve the going concern concept for preparation of the Financial Statements. The Company's longer-term viability is considered in the Viability Statement on page 37.

The continuity of the Company is also subject to shareholders voting in favour of continuation at the forthcoming AGM in 2023 (see the Chairman's statement for further information). Having consulted the Company's major shareholders through the remit of its advisers, the Directors have a reasonable belief that the continuation vote will be supported by the majority of shareholders.

### Financial Statements and Significant Accounting Matters

During its review of the Company's Financial Statements for the year ended 30th September 2022, the Audit Committee considered the following significant issues, including those communicated by the Auditor 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. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations. The Company has appointed Bank of New York Mellon (International) Limited ('BNYM') as its depository. BNYM has appointed JPMorgan Chase Bank, N.A., as the Company's custodian. BNY remains responsible for the oversight of the custody of the Company's assets.
Recognition of investment income	The recognition of investment income was undertaken in accordance with accounting policy note 1(d) to the accounts on page 69. The Board regularly reviews subjective elements of income such as special dividends and agrees their accounting treatment.



## Audit Committee Report

Significant issue	How the issue was addressed
Compliance with Sections 1158 and 1159 of the Corporation Tax Act 2010	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 was obtained and ongoing compliance with the eligibility criteria is monitored by the Board on a regular basis.
Calculation of management fees	Consideration is given to the methodology used to calculate fees, matched against the criteria set out in the Investment Management Agreement.
The risk that the global economic disruption and market volatility caused by COVID-19, the war in Ukraine, growing geopolitical tensions in Asia and ongoing lockdowns in Chinese cities will affect the Company's ability to continue in operation due to the impact on the share price of portfolio companies or the ability of key service providers (including the Manager, the Depositary, the Custodian, the Fund Accountants, the Brokers and the Registrar) to maintain business continuity and continue to provide appropriate service levels	The Audit Committee has reviewed the impact of market volatility on the Company's portfolio and receives regular updates on portfolio performance from the portfolio manager. The Audit Committee has also reviewed recent portfolio liquidity and updated revenue and expense forecasts in light of the market correction and fall in the value of the portfolio and its anticipated impact on portfolio liquidity, revenue and market valuations and considers that the Company's business model remains viable and that the Company has sufficient resources to continue in operation and to meet all liabilities as they fall due. The Audit Committee has also reviewed the Company's borrowing facility and continuously monitored the financial covenants of the loan facility. As stated under subsequent events on page 86 of this Financial Statements, following a breach of one of the loan covenants post the year-end, the Company's loan provider, Scotiabank, agreed an amendment to the minimum loan covenant of £275 million to £225 million to give the Company a wider margin in this volatile market before any relevant thresholds are reached. The Audit Committee is confident that the Company has appropriate controls and processes in place to manage the principal risks and uncertainties identified above and to maintain its operating model. The Audit Committee has received representations and updates from the Company's key service providers in respect of their business continuity plans and are confident that all such providers will be able to continue to provide the required level of service for the foreseeable future. This includes the possible provision of additional services outside Hong Kong which are currently performed in Hong Kong.

The Board received no notice of any significant financial reporting issues and judgements made in connection with the preparation of the Financial Statements.

The Committee examines the effectiveness of the Company's internal control systems, receives information from the Manager's Compliance department and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external Auditor. The Directors have a robust process for identifying, evaluating and managing the significant risks faced by the Company, which are recorded in a risk matrix. The Committee, on behalf of the Board, considers each key risk as well as reviewing the mitigating controls in place. Each risk is rated for its likelihood of occurrence and its potential impact, how these risks are monitored and mitigating controls in place. The Board has delegated to the Committee the responsibility for the review and maintenance of the risk matrix.

### Risk Management and Internal Control

The Directors' statement on the Company's system of internal control is set out on pages 47 and 48.

### Auditor Appointment and Tenure

The Audit Committee also has the primary responsibility for making recommendations to the Board on the reappointment and the removal of the external Auditor and their fee. Representatives of the Company's Auditor 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.

BDO LLP was appointed as Auditor to the Company in February 2020. The current audit fee is £40,000. Having reviewed the performance of the external Auditor, including assessing the quality of work, proposed fee, timing of communications and work with the Manager, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. This year ended 30th September 2022 is the current Audit Partner's third of a five year maximum term.

Details of the Auditor's fees paid are disclosed in note 6 on page 72. There were no non-audit fees incurred during the year.

### 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 AIFM, the Investment Managers, the Company Secretary and other third party service providers, the Committee has concluded that the Annual Report and Financial Statements for the year ended 30th September 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 57.

By order of the Board  
**David Graham**, for and on behalf of the Board  
*Audit Committee Chairman*  
 13th December 2022

## Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30th September 2022, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006. An ordinary resolution to approve this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's 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 59 to 63.

### Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote. However, the Board has resolved that for good governance purposes, the policy vote will be put to shareholders every year. Accordingly, a resolution to approve this policy will be put to shareholders at the 2023 AGM. The policy subject to the vote is set out in full below and is currently in force.

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

The Remuneration Committee, comprising all Directors, reviews fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on information provided by the Manager, and includes 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.

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.

Up to the AGM in 2022, Directors' fees were paid at a fixed rate of £37,000 per annum for the Chairman, £31,500 per annum for the Chairman of the Audit Committee and £26,000 per annum for each other Director. The fees were then increased

following the AGM in 2022 to the following levels; £38,500 for the Chairman, £33,000 for the Audit Committee Chairman and £27,500 for each other Director. The Board has agreed that fees will be increased following the AGM in 2023 to the following levels to reflect more closely industry standards: £40,000 for the Chairman, £34,500 for the Audit Committee Chairman and £29,000 for each other Director.

The Company's Articles of Association stipulate that aggregate fees must not exceed £250,000 per annum. Directors' fees are reviewed regularly and any increase in the maximum aggregate amount requires both Board and shareholder approval.

The Remuneration Committee would consider any comments received from shareholders on remuneration policy and would take account of these views if appropriate.

The Directors do not have service contracts with the Company. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's AGM and the Company's registered office. Details of the Board's policy on tenure are set out on pages 45 and 46.

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

### Directors' Remuneration Policy Implementation Report

The Directors' Remuneration Policy Implementation 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 AGM. There have been no changes to the policy during this financial year compared with the year ended 30th September 2021 and no changes are proposed for the year ending 30th September 2023.

At the AGM held on 28th January 2022, of votes cast, 98.81% of votes cast were voted in favour of (or granted discretion to the Chairman who voted in favour of) the Resolution to approve the Directors' Remuneration Policy and 1.19% were voted against the Resolution. Of votes cast in respect of the Directors' Remuneration Report, 98.91% were voted in favour (or granted discretion to the Chairman who voted in favour) and 1.09% were voted against.

Details of voting on both the Remuneration Policy and Remuneration Policy Implementation Reports from the 2023 AGM will be given in the Annual Report for the year ending 30th September 2023.

## Directors' Remuneration Report

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 the Board as a whole for the year ended 30th September 2022 was £160,627.

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

### Single total figure table<sup>1</sup>

Directors' Name	Total fees	
	2022 £	2021 £
Alexandra Mackesy <sup>2</sup>	35,124	25,664
David Graham	32,375	31,164
Aditya Sehgal <sup>3</sup>	27,000	—
May Tan <sup>4</sup>	27,000	4,076
Joanne Wong <sup>5</sup>	27,000	8,667
John Misselbrook <sup>6</sup>	12,128	36,496
Oscar Wong <sup>7</sup>	—	21,071
<b>Total</b>	<b>160,627</b>	<b>127,138</b>

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

<sup>2</sup> Appointed Chairman 28th January 2022.

<sup>3</sup> Appointed 1st October 2021.

<sup>4</sup> Appointed 2nd August 2021.

<sup>5</sup> Appointed 1st June 2021.

<sup>6</sup> Retired 28th January 2022.

<sup>7</sup> Resigned 27th July 2021.

### Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 30th September 2022:

Director	% change for for the year to 30th September 2022	% change for for the year to 30th September 2021
Alexandra Mackesy <sup>1</sup>	36.9%	4.8%
David Graham	3.9%	3.0%
Aditya Sehgal	n/a	n/a
May Tan	n/a	n/a
Joanne Wong	n/a	n/a
John Misselbrook	n/a	3.3%

<sup>1</sup> Appointed Chairman 28th January 2022.

A table showing the total remuneration for the Chairman over the five years ended 30th September 2022 is below:

### Remuneration for the Chairman over the five years ended 30th September 2022

Year ended 30th September	Fees £	Performance related benefits received as a percentage of maximum payable <sup>1</sup>
2022	38,500	n/a
2021	37,000	n/a
2020	35,500	n/a
2019	35,000	n/a
2018	35,000	n/a

<sup>1</sup> In respect of one year period and periods of more than one year.

### Directors' Shareholdings<sup>1</sup>

There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The Directors' beneficial shareholdings, including any shares held by connected persons, are detailed below.

Directors' Name	30th September 2021 or as at date of appointment	
	30th September 2022	
Alexandra Mackesy	10,600	1,600
David Graham	40,284	37,169
Aditya Sehgal	nil	nil
May Tan	nil	nil
Joanne Wong	nil	nil
John Misselbrook	n/a	8,500
<b>Total</b>	<b>50,884</b>	<b>47,269</b>

<sup>1</sup> Audited information.

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.

No amounts (2021: nil) were paid to third parties for making available the services of Directors.

## Directors' Remuneration Report

In accordance with the Companies Act 2006, a graph showing the Company's share price total return compared with its benchmark, the MSCI China Index<sup>1</sup> with dividends reinvested, in sterling terms, over the last ten years is shown below.

<sup>1</sup> Prior to 26th January 2016, the benchmark was the MSCI Golden Dragon Index.

### Ten Year Share Price and Benchmark Total Return Performance to 30th September 2022

### Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 31st March	
	2022	2021
Remuneration paid to all Directors	£160,627	£127,138
Distribution to shareholders		
— by way of dividend	£18,972,000	£17,923,000
— by way of share repurchases	—	—
<b>Total distribution to shareholders</b>	<b>£18,972,000</b>	<b>£17,923,000</b>

For and on behalf of the Board

**David Graham**

Remuneration Committee Chairman

13th December 2022

Source: Morningstar/J.P.Morgan/MSCI.

A table showing actual expenditure by the Company on remuneration and distributions to shareholders for the year and the prior year can be seen on the following table:

## 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 elected to prepare the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). Under company law the Directors must not approve the Financial Statements unless they are satisfied that, taken as a whole, the Annual Report and Financial Statements 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 preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgments and accounting estimates that are reasonable and prudent; 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 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.

The Financial Statements are published on the [www.ipmchinagrowthandincome.co.uk](http://www.ipmchinagrowthandincome.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 Strategic Report, a Directors' Report and a Directors' Remuneration Report that comply with that law and those regulations.


Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the Company's Financial Statements, which have been prepared in accordance with applicable law and United Kingdom Accounting Standards, comprising FRS102, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Directors consider 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 Company's performance, business model and strategy.

For and on behalf of the Board  
**Alexandra Mackesy**  
 Chairman

13th December 2022



# Independent Auditor's Report

## Independent Auditor's Report to the members of JPMorgan China Growth & Income plc

### Opinion on the Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30th September 2022 and of its loss 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.

We have audited the Financial Statements of JPMorgan China Growth & Income plc (the 'Company') for the year ended 30th September 2022 which comprise of the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the notes to the Financial Statements, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

### Independence

Following the recommendation of the Audit Committee, we were initially appointed as the Company's Auditor by the Board of Directors on 3rd February 2020 and subsequently reappointed on 28th January 2022 to audit the Financial Statements for the year ended 30th September 2022. The period of total uninterrupted engagement including retenders and reappointments is 3 years, covering the years ending 30th September 2020 to 30th September 2022. We remain 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 listed public interest entities, and we have fulfilled

our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

### 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:

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of market volatility and the present uncertainties in economic recovery created by the ongoing COVID-19 pandemic in China and geo-political unrest by reviewing the liquidity of the investment portfolio;
- Assessing the liquidity position available to meet the future obligations and operating expenses for the next 12 months by considering the liquidity of the investment portfolio and the cash position;
- Reviewing the loan agreements and covenant calculations and assessing the likelihood of covenants being breached based on the Directors' forecasts and stress testing of loan covenants; and
- Reviewing the Directors' assessment on the continuation vote and to assess the likelihood of the passing of the upcoming continuation vote by reviewing the evidence of the shareholders' engagement pre-year end on the continuation vote.

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 a period of at least twelve months from when the Financial Statements are authorised for issue.

In relation to the Company's reporting on how it has 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.

### Overview

Key audit matters		2022	2021
	Valuation and ownership of quoted investments	✓	✓
Materiality	Overall materiality		
	£2.8m (2021: £4.7m) based on 1% (2021: 1%) of Net assets		

## Independent Auditor's Report

### An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the Financial Statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

### Key audit matter

Key audit matters are those matters that, in our professional judgement, 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, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Valuation and ownership of quoted investments</b></p> <p>Note 1b and note 11</p> <p>The investment portfolio at the year end comprised of quoted investments which are carried at fair value through profit or loss.</p> <p>The investment portfolio is the most significant balance in the Financial Statements and is the key driver of performance. As the investment manager is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations.</p> <p>Further, there is a risk that Company does not legally own the investments at the year end.</p> <p>Therefore valuation and ownership of quoted investments is deemed to be a key audit matter.</p>	<p>We responded to this matter by testing the valuation and ownership of the whole portfolio of quoted investments. We performed the following procedures:</p> <ul style="list-style-type: none"> <li>Confirmed the year-end bid price was used by agreeing to externally quoted prices;</li> <li>Confirmed the prices from the primary exchange where equity linked notes (ELNs) are tradeable and verified the rest using the underlying equity prices where recent prices were not available from the exchange;</li> <li>Assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings;</li> <li>Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share;</li> <li>Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the year end date.</li> </ul>
	<p><b>Key observations</b></p> <p>Based on our procedures performed we did not identify any matters to suggest that the valuation and ownership of investments was not appropriate.</p>

### Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the Financial Statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower

materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole and performance materiality as follows:

## Independent Auditor's Report

Company Financial Statements		
	2022 £m	2021 £m
<b>Materiality</b>	2.8	4.7
<b>Basis for determining materiality</b>	1% of Net assets	1% of Net assets
<b>Rationale for the benchmark applied</b>	As an investment trust, the net asset value is the key measure of performance for users of the Financial Statements.	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.
<b>Performance materiality</b>	2.1	3.6
<b>Basis for determining performance materiality</b>	Performance materiality was set at 75% of materiality. The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	Performance materiality was set at 75% of materiality. The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.

**Lower testing threshold**

We also determined that for profit before tax, a misstatement of less than materiality for the Financial Statements as a whole, could influence the economic decisions of users as it is a measure of the Company's performance of income generated from its investments after expenses. Thus, we have set a lower testing threshold for those items impacting revenue return of £0.14 million (2021: £0.17 million) which is based on 5% (2021: 10%) of net revenue returns before tax.

**Reporting threshold**

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £0.06 million (2021: £0.09 million). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report & Financial Statements other than the Financial Statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

**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.



## Independent Auditor's Report

<b>Going concern and longer-term viability</b>	<ul style="list-style-type: none"> <li>● The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and</li> <li>● The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.</li> </ul>
<b>Other Code provisions</b>	<ul style="list-style-type: none"> <li>● Directors' statement on fair, balanced and understandable;</li> <li>● Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;</li> <li>● The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and</li> <li>● The section describing the work of the Audit Committee.</li> </ul>

### Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by

the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<b>Strategic report and Directors' Report</b>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> <li>● 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</li> <li>● the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.</li> </ul> <p>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 the Directors' Report.</p>
<b>Directors' remuneration</b>	<p>In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
<b>Matters on which we are required to report by exception</b>	<p>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:</p> <ul style="list-style-type: none"> <li>● adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>● 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</li> <li>● certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>● we have not received all the information and explanations we require for our audit.</li> </ul>

### Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

## Independent Auditor's Report

### ***Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

We focused on laws and regulations that could give rise to a material misstatement in the Company's Financial Statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- review of minutes of board meetings throughout the period;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status.

We assessed the susceptibility of the financial statement to material misstatement including fraud and considered the fraud risk areas in revenue recognition and management override of controls.

Our tests included, but were not limited to:

- The procedures set out in the Key audit matters section above;
- Obtaining independent evidence to support the ownership of all of investments;
- Recalculating investment management fees in total;
- Obtaining independent confirmation of bank balances; and

- Testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the Financial Statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

### **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.

*Vanessa Bradley*

**Vanessa Bradley** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, United Kingdom

13th December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Statement of Comprehensive Income

For the year ended 30th September 2022

		2022			2021		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net (losses)/gains on investments held at fair value through profit or loss	3	—	(158,974)	(158,974)	—	3,485	3,485
Net foreign currency (losses)/gains <sup>1</sup>		—	(10,027)	(10,027)	—	1,364	1,364
Income from investments	4	3,693	—	3,693	2,966	—	2,966
Other income	4	493	—	493	646	—	646
<b>Gross return/(loss)</b>		<b>4,186</b>	<b>(169,001)</b>	<b>(164,815)</b>	<b>3,612</b>	<b>4,849</b>	<b>8,461</b>
Management fee	5	(850)	(2,549)	(3,399)	(1,143)	(3,429)	(4,572)
Other administrative expenses	6	(605)	—	(605)	(540)	—	(540)
<b>Net return/(loss) before finance costs and taxation</b>		<b>2,731</b>	<b>(171,550)</b>	<b>(168,819)</b>	<b>1,929</b>	<b>1,420</b>	<b>3,349</b>
Finance costs	7	(281)	(845)	(1,126)	(195)	(580)	(775)
<b>Net return/(loss) before taxation</b>		<b>2,450</b>	<b>(172,395)</b>	<b>(169,945)</b>	<b>1,734</b>	<b>840</b>	<b>2,574</b>
Taxation charges	8	(199)	—	(199)	(171)	—	(171)
<b>Net return after taxation</b>		<b>2,251</b>	<b>(172,395)</b>	<b>(170,144)</b>	<b>1,563</b>	<b>840</b>	<b>2,403</b>
<b>Return per share</b>	<b>9</b>	<b>2.71p</b>	<b>(207.20)p</b>	<b>(204.49)p</b>	<b>1.97p</b>	<b>1.06p</b>	<b>3.03p</b>

<sup>1</sup> £11,660,000 due to an exchange loss on the loan which is denominated in US dollars. £1,633,000 due to net exchange gain on cash and cash equivalents (2021: £2,057,000 due to an exchange gain on the loan which is denominated in US dollars. £693,000 due to net exchange losses on cash and cash equivalents).

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 after taxation represents the profit for the year and also total comprehensive income.

The notes on pages 69 to 86 form an integral part of these Financial Statements.

## Statement of Changes in Equity

For the year ended 30th September 2022

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve <sup>1</sup> £'000	Capital reserves <sup>2</sup> £'000	Revenue reserve <sup>2</sup> £'000	Total £'000
<b>At 30th September 2020</b>	<b>19,481</b>	<b>13,321</b>	<b>3</b>	<b>581</b>	<b>37,392</b>	<b>340,185</b>	<b>—</b>	<b>410,963</b>
Issue of Ordinary shares	1,322	39,111	—	—	—	—	—	40,433
Issue of shares from Treasury	—	28,613	—	—	—	9,007	—	37,620
Project costs – in relation to issue of new shares	—	(94)	—	—	—	—	—	(94)
Net return	—	—	—	—	—	840	1,563	2,403
Dividend paid in the year (note 10)	—	—	—	—	—	(16,360)	(1,563)	(17,923)
<b>At 30th September 2021</b>	<b>20,803</b>	<b>80,951</b>	<b>3</b>	<b>581</b>	<b>37,392</b>	<b>333,672</b>	<b>—</b>	<b>473,402</b>
Net (loss)/return	—	—	—	—	—	(172,395)	2,251	(170,144)
Dividend paid in the year (note 10)	—	—	—	—	—	(16,721)	(2,251)	(18,972)
<b>At 30th September 2022</b>	<b>20,803</b>	<b>80,951</b>	<b>3</b>	<b>581</b>	<b>37,392</b>	<b>144,556</b>	<b>—</b>	<b>284,286</b>

<sup>1</sup> Created during the year ended 30th September 1999, following a cancellation of the share premium account.

<sup>2</sup> These reserves form the distributable reserves of the Company and may be used to fund distributions to investors.

The notes on pages 69 to 86 form an integral part of Financial Statements.

## Statement of Financial Position

At 30th September 2022

	Notes	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	11	333,206	521,634
<b>Current assets</b>	12		
Debtors		1,997	4,264
Cash and cash equivalents		10,950	36
		12,947	4,300
<b>Current liabilities</b>	13		
Creditors: amounts falling due within one year		(61,867)	(4,206)
<b>Net current (liabilities)/ assets</b>		<b>(48,920)</b>	<b>94</b>
<b>Total assets less current liabilities</b>		<b>284,286</b>	<b>521,728</b>
Creditors: amounts falling due after one year	14	—	(48,326)
<b>Net assets</b>		<b>284,286</b>	<b>473,402</b>
<b>Capital and reserves</b>			
Called up share capital	15	20,803	20,803
Share premium	16	80,951	80,951
Exercised warrant reserve	16	3	3
Capital redemption reserve	16	581	581
Other reserve	16	37,392	37,392
Capital reserves	16	144,556	333,672
<b>Total shareholders' funds</b>		<b>284,286</b>	<b>473,402</b>
<b>Net asset value per share</b>	17	<b>341.7p</b>	<b>569.0p</b>

The Financial Statements on pages 65 to 86 were approved and authorised for issue by the Directors on 13th December 2022 and signed on their behalf by:

**Alexandra Mackesy**  
Chairman

The notes on pages 69 to 86 form an integral part of these Financial Statements.

The Company is registered in England and Wales No. 02853893.



## Statement of Cash Flows

For the year ended 30th September 2022

	Notes	2022 £'000	2021 £'000
Net cash outflow from operations before dividends and interest	18	(3,268)	(5,140)
Dividends received		3,412	2,966
Interest received		59	8
Interest paid		(920)	(801)
<b>Net cash outflow from operating activities</b>		<b>(717)</b>	<b>(2,967)</b>
Purchases of investments		(233,601)	(385,098)
Proceeds from sale of investments		265,482	320,797
Settlement of foreign currency contracts		(129)	51
<b>Net cash inflow/(outflow) from investing activities</b>		<b>31,752</b>	<b>(64,250)</b>
Dividends paid		(18,972)	(17,923)
Issue of Ordinary shares		—	40,433
Reissue of shares from Treasury		—	37,620
Project costs – in relation to issue of new shares		—	(94)
Repayment of bank loans		(12,470)	—
Drawdown of bank loans		9,995	6,800
Utilisation of bank overdraft		(124)	124
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(21,571)</b>	<b>66,960</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>9,464</b>	<b>(257)</b>
Cash and cash equivalents at start of year		36	343
Unrealised gains/(losses) on foreign currency cash and cash equivalents		1,450	(50)
<b>Cash and cash equivalents at end of year</b>		<b>10,950</b>	<b>36</b>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank		2,865	36
Cash held in JPMorgan US Dollar Liquidity Fund		8,085	—
		<b>10,950</b>	<b>36</b>

### Reconciliation of net debt

	As at 30th September 2021 £'000	Cash flows £'000	Other non-cash charges <sup>1</sup> £'000	As at 30th September 2022 £'000
<b>Cash and cash equivalents</b>				
Cash	36	1,613	1,216	2,865
Cash Equivalents	—	7,851	234	8,085
	36	9,464	1,450	10,950
<b>Borrowings:</b>				
Overdrafts	(124)	124	—	—
Bank Loan	(48,326)	2,475	(11,660)	(57,511)
	(48,450)	2,599	(11,660)	(57,511)
<b>Total</b>	<b>(48,414)</b>	<b>12,063</b>	<b>(10,210)</b>	<b>(46,561)</b>

<sup>1</sup> Other non-cash charges represents the foreign exchange gains and losses on amounts held in foreign currency.

The notes on pages 69 to 86 form an integral part of these Financial Statements.

# Notes to the Financial Statements

For the year ended 30th September 2022

## 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 April 2021.

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

The Financial Statements have been prepared on a going concern basis. In forming this opinion, the Directors have considered any potential impact of 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 income and expense projections and the liquidity of the investment portfolio in making their assessment. The Directors have also considered the forthcoming continuation vote at the 2023 AGM and, having made enquiries through the Company's advisers, have a reasonable belief that the continuation vote will be supported by the majority of shareholders.

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

### (b) Valuation of investments

The Company has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

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

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

Equity linked notes (ELNs) and Participatory Notes are valued based on the bid price of the equity share it is linked to.

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

### (c) Accounting for reserves

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

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

### (d) Income

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

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.

## Notes to the Financial Statements

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### 1. Accounting policies (continued)

#### (d) Income (continued)

Securities lending income is taken to revenue on an accruals basis. In all cases securities lent continue to be recognised in the Statement of Financial Position.

#### (e) Expenses

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

- the management fee is allocated 25% to revenue and 75% to capital, in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 11 on page 75.

#### (f) Finance costs

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

Finance costs are allocated 25% to revenue and 75% to capital, in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

#### (g) Financial instruments

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

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

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

#### (h) Taxation

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

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

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

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

#### (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) Foreign currency

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

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.



## Notes to the Financial Statements

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the Statement of Comprehensive Income as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature.

### (k) Dividends payable

Dividends are not recognised in the Financial Statements unless there is an obligation to pay at the balance sheet date. As a result interim dividends declared or paid after the year end are not recognised in the Financial Statements until they have been paid.

### (l) Repurchases of ordinary shares for cancellation

The cost of repurchasing ordinary shares including the related stamp duty and transactions costs is charged to 'Capital reserves' and dealt with in the 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'.

### (m) Repurchase of shares to hold in Treasury

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

Should shares held in Treasury be reissued, the sales proceeds will be treated as a realised profit up to the amount of the purchase price of those shares and will be transferred to capital reserves. The excess of the sales proceeds over the purchase price will be transferred to share premium. In circumstances where issuance occurs and there are no shares held in Treasury the Company will apply to the London Stock Exchange for a 'Block Listing' and New Ordinary shares will be issued.

### (n) Issuance of new ordinary shares

The sales proceeds from the issuance of new ordinary shares up to the nominal value of the shares issued is accounted for in Called up share capital. The amount of sales proceeds in excess of the nominal value of the shares issued is accounted for in Share premium.

## 2. Significant accounting judgements, estimates and assumptions

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

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

## 3. (Losses)/gains on investments held at fair value through profit or loss

	2022 £'000	2021 £'000
Realised net (losses)/gains on sales of investments	(9,294)	80,990
Net change in unrealised gains and losses on investments	(149,629)	(77,463)
Other capital charges	(51)	(42)
<b>Total capital (losses)/gains on investments held at fair value through profit or loss</b>	<b>(158,974)</b>	<b>3,485</b>

## Notes to the Financial Statements

### 4. Income

	2022 £'000	2021 £'000
<b>Income from investments:</b>		
Overseas dividends	3,431	2,788
Dividends from Participatory Notes	262	133
Scrip dividends	—	45
	<b>3,693</b>	<b>2,966</b>
<b>Other income:</b>		
Securities lending fees	434	638
Interest from liquidity fund	59	8
	<b>493</b>	<b>646</b>
<b>Total income</b>	<b>4,186</b>	<b>3,612</b>

### 5. Management fee

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	850	2,549	3,399	1,143	3,429	4,572

Details of the management fee are given in the Directors' Report on page 42.

### 6. Other administrative expenses

	2022 £'000	2021 £'000
Administration expenses	278	234
Directors' fees <sup>1</sup>	161	127
Safe custody fees	72	81
Depository fees <sup>2</sup>	54	68
Auditor's remuneration for audit services	40	30
<b>Total</b>	<b>605</b>	<b>540</b>

<sup>1</sup> Full disclosure is given in the Directors' Remuneration Report on page 54.

<sup>2</sup> Includes £nil (2021: £1,000) irrecoverable VAT.

### 7. Finance costs

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans and overdrafts	281	845	1,126	195	580	775

## Notes to the Financial Statements

## 8. Taxation

## (a) Analysis of tax charge for the year

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	199	—	199	171	—	171
<b>Total tax charge for the year</b>	<b>199</b>	<b>—</b>	<b>199</b>	<b>171</b>	<b>—</b>	<b>171</b>

## (b) Factors affecting total tax charge for the year

The tax charge for the year is higher (2021: lower) than the Company's applicable rate of corporation tax of 19% (2021: 19%).

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

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) before taxation	2,450	(172,395)	(169,945)	1,734	840	2,574
Net return/(loss) before taxation multiplied by the applicable rate of corporation tax of 19% (2021: 19%)	466	(32,756)	(32,290)	329	159	488
Effects of:						
Non taxable capital losses/(gains)	—	32,111	32,111	—	(921)	(921)
Non taxable scrip dividends	—	—	—	(8)	—	(8)
Non taxable overseas dividends	(652)	—	(652)	(529)	—	(529)
Tax attributable to expenses and finance costs charged to capital	(645)	645	—	(762)	762	—
Unrelieved expenses	833	—	833	970	—	970
Overseas withholding tax	199	—	199	171	—	171
Double taxation relief expense	(2)	—	(2)	—	—	—
<b>Total tax charge for the year</b>	<b>199</b>	<b>—</b>	<b>199</b>	<b>171</b>	<b>—</b>	<b>171</b>

## (c) Deferred taxation

The Company has an unrecognised deferred tax asset of £10,543,229 (2021: £9,458,454) based on a prospective corporation tax rate of 25% (2021: 25%). The March 2021 Budget 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.

## Notes to the Financial Statements

### 9. Return/(loss) per share

	2022 £'000	2021 £'000
Revenue return	2,251	1,563
Capital return	(172,395)	840
<b>Total (loss)/return</b>	<b>(170,144)</b>	<b>2,403</b>
Weighted average number of shares in issue during the year	83,202,465	79,481,601
Revenue return per share	2.71p	1.97p
Capital (loss)/return per share	(207.20)p	1.06p
<b>Total (loss)/return per share</b>	<b>(204.49)p</b>	<b>3.03p</b>

### 10. Dividends

#### (a) Dividends paid and declared

	2022 £'000	2021 £'000
<b>Dividends paid</b>		
2022 first quarterly interim dividend of 5.7p (2021: 5.7p)	4,743	4,144
2022 second quarterly interim dividend of 5.7p (2021: 5.7p)	4,743	4,366
2022 third quarterly interim dividend of 5.7p (2021: 5.7p)	4,743	4,671
2022 fourth quarterly interim dividend of 5.7p (2021: 5.7p)	4,743	4,742
<b>Total dividends paid in the period</b>	<b>18,972</b>	<b>17,923</b>

In respect of the year ending 30th September 2023, the first quarterly interim dividend of 3.42p per share amounting to £2,846,000 (2022: 5.7p per share amounting to £4,743,000) has been declared and paid. In accordance with the accounting policy of the Company, this dividend will be reflected in the Financial Statements for the year ending 30th September 2023.

#### (b) Dividend 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 the dividend paid and declared in respect of the financial year, shown above. For the year ended 30th September 2022, the dividends declared were paid during the year as shown above.

The aggregate of the distributable reserves is £144,556,000 (2021: £333,672,000). Please note that at the Annual General Meeting ('AGM') in February 2020, shareholders approved an amendment to the Company's Articles of Association to allow the Company to distribute capital as income to enable the implementation of the Company's revised dividend policy. (Please see page 30 for further details).

The aggregate of the distributable reserves after the payment of the first quarterly dividend for 2023 will amount to £141,710,000 (2021: £328,929,000).

## Notes to the Financial Statements

**11. Investments held at fair value through profit or loss**

	2022 £'000	2021 £'000
Investments listed on a recognised stock exchange	333,206	521,634
Opening book cost	386,515	242,063
Opening investment holding gains	135,119	212,582
Opening valuation	521,634	454,645
Movements in the year:		
Purchases at cost	233,677	387,958
Sales proceeds	(263,182)	(324,496)
Net (losses)/gains on investments	(158,923)	3,527
	333,206	521,634
Closing book cost	347,716	386,515
Closing investment holding (losses)/gains	(14,510)	135,119
<b>Total investments held at fair value through profit or loss</b>	<b>333,206</b>	<b>521,634</b>

The company received £263,182,000 (2021: £324,496,000) from investments sold in the year. The book cost of these investments when they were purchased was £272,476,000 (2021: £243,506,000). 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 £ 337,000 (2021: £794,000) and on sales during the year amounted to £325,000 (2021: £422,000). These costs comprise mainly brokerage commission.

**12. Current assets**

	2022 £'000	2021 £'000
<b>Debtors</b>		
Securities sold awaiting settlement	1,877	4,242
Overseas tax recoverable	—	—
Dividends and interest receivable	82	—
Other debtors	38	22
	<b>1,997</b>	<b>4,264</b>

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

**Cash and cash equivalents**

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

## Notes to the Financial Statements

### 13. Current liabilities

	2022 £'000	2021 £'000
<b>Creditors: amounts falling due within one year</b>		
Bank loan	57,511	—
Securities purchased awaiting settlement	3,868	3,792
Loan interest payable	334	128
Other creditors and accruals	154	162
Bank overdraft	—	124
	<b>61,867</b>	<b>4,206</b>

On 16th July 2020 the Company extended the £50 million multicurrency revolving loan facility (with an accordion facility of £10 million) with Scotiabank for a further 364 days at a margin of 1.40%. On 15th July 2021 the Company renewed the £50 million loan facility (with an accordion facility of £10 million) with The Bank of Nova Scotia, London Branch (new entity of the previous Scotiabank) for a further two years.

Under the terms of this current agreement, the Company may draw down up to £50 million loan facility (with an accordion facility of an additional £10 million) or its foreign currency equivalent, at an interest rate of compounded SONIA (Sterling Overnight Index Average) (in respect of Sterling denominated loans) and compounded SOFR (Secured Overnight Financing Rate) (in respect of Dollar denominated loans), as offered in the market for the relevant currency and loan period, plus a margin of 1.215% (Sterling denominated loans) and 1.075% (Dollar denominated loans). (2021: same) and plus 'Mandatory Costs', which are the lender's costs of complying with certain regulatory requirements of the Bank of England and the Financial Conduct Authority. Commitment fees are also payable on the facility. The facility is subject to the following covenants and restrictions:

- The Company's adjusted asset coverage must not fall below 5:1;
- The Company's net asset value must not be less than £275 million, and;
- The Company's maximum borrowing limit cannot be exceeded at any time.

These covenants and restrictions are customary for a credit facility of this nature. All of the covenants and restrictions have been met during the year and continue to be met. At 30th September 2022, the Company had drawn down US\$ 64.2 million (£57.5 million) (2021: US\$56.3 million (£43.6 million)) of this loan facility with Scotiabank at an interest rate of SOFR + 1.075%.

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

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

	2022 £'000	2021 £'000
Bank loan (see above)	—	48,326

### 15. Called up share capital

	2022 £'000	2021 £'000
<b>Issued and fully paid share capital:</b>		
<b>Ordinary shares of 25p each<sup>1</sup></b>		
Opening balance of 83,202,465 (2021: 72,703,188) shares <sup>2</sup>	20,803	18,178
Opening balance of nil (2021: 5,211,777) shares held in Treasury	—	1,303
Subtotal of 83,202,465 (2021: 77,914,965)	20,803	19,481
Issue of nil (2021: 5,287,500) Ordinary shares	—	1,322
<b>Closing balance of 83,202,465 (2021: 83,202,465) including shares held in Treasury</b>	<b>20,803</b>	<b>20,803</b>

<sup>1</sup> Fully paid ordinary shares, which have a par value of 25p each, carry one vote per share and carry a right to receive dividends.

<sup>2</sup> Opening balance of shares excluding treasury shares.

Further details of transactions in the Company's shares are given in the Strategic Report on page 31.

## Notes to the Financial Statements

## 16. Capital and reserves

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve <sup>1</sup> £'000	Capital reserves <sup>2</sup>		Revenue reserve <sup>2</sup> £'000	Total £'000
						Realised gains and losses £'000	Investment holding gains and losses £'000		
<b>2022</b>									
Opening balance	20,803	80,951	3	581	37,392	197,841	135,831	—	473,402
Net exchange gains on cash and cash equivalents	—	—	—	—	—	1,633	—	—	1,633
Realised loss on sale of investments	—	—	—	—	—	(9,294)	—	—	(9,294)
Net change in unrealised gains and losses on investments	—	—	—	—	—	—	(149,629)	—	(149,629)
Realised foreign exchange losses on repayment of loans	—	—	—	—	—	(1,816)	—	—	(1,816)
Transfer of exchange gains on loans repaid in period	—	—	—	—	—	130	(130)	—	—
Unrealised exchange losses on multi currency loan	—	—	—	—	—	—	(9,844)	—	(9,844)
Finance costs charged to capital	—	—	—	—	—	(845)	—	—	(845)
Management fee charged to capital	—	—	—	—	—	(2,549)	—	—	(2,549)
Other capital charges	—	—	—	—	—	(51)	—	—	(51)
Retained revenue	—	—	—	—	—	—	—	2,251	2,251
Dividend paid	—	—	—	—	—	(16,721)	—	(2,251)	(18,972)
<b>Closing balance</b>	<b>20,803</b>	<b>80,951</b>	<b>3</b>	<b>581</b>	<b>37,392</b>	<b>168,328</b>	<b>(23,772)</b>	<b>—</b>	<b>284,286</b>
	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve <sup>1</sup> £'000	Capital reserves <sup>2</sup>		Revenue reserve <sup>2</sup> £'000	Total £'000
						Realised gains and losses £'000	Investment holding gains and losses £'000		
<b>2021</b>									
Opening balance	19,481	13,321	3	581	37,392	128,948	211,237	—	410,963
Net exchange losses on cash and cash equivalents	—	—	—	—	—	(693)	—	—	(693)
Realised gain on sale of investments	—	—	—	—	—	80,990	—	—	80,990
Net change in unrealised gains and losses on investments	—	—	—	—	—	—	(77,463)	—	(77,463)
Issue of Ordinary shares	1,322	39,111	—	—	—	—	—	—	40,433
Reissue of shares from Treasury	—	28,613	—	—	—	9,007	—	—	37,620
Project costs – in relation to issue of new shares	—	(94)	—	—	—	—	—	—	(94)
Unrealised exchange gains on multi currency loan	—	—	—	—	—	—	2,057	—	2,057
Finance costs charged to capital	—	—	—	—	—	(580)	—	—	(580)
Management fee charged to capital	—	—	—	—	—	(3,429)	—	—	(3,429)
Other capital charges	—	—	—	—	—	(42)	—	—	(42)
Retained revenue	—	—	—	—	—	—	—	1,563	1,563
Dividend paid	—	—	—	—	—	(16,360)	—	(1,563)	(17,923)
<b>Closing balance</b>	<b>20,803</b>	<b>80,951</b>	<b>3</b>	<b>581</b>	<b>37,392</b>	<b>197,841</b>	<b>135,831</b>	<b>—</b>	<b>473,402</b>

<sup>1</sup> Created during the year ended 30th September 1999, following a cancellation of the share premium account.<sup>2</sup> These reserves form the distributable reserve of the Company and may be used to fund distribution to investors.

## Notes to the Financial Statements

### 17. Net asset value per share

	2022	2021
Net assets (£'000)	284,286	473,402
Number of shares in issue	83,202,465	83,202,465
<b>Net asset value per share</b>	<b>341.7p</b>	<b>569.0p</b>

### 18. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash outflow from operations before dividends and interest

	2022 £'000	2021 £'000
Net (loss)/return before finance costs and taxation	(168,819)	3,349
Add capital loss/(less capital return) before finance costs and taxation	171,550	(1,420)
Scrip dividends received as income	—	(45)
(Increase)/decrease in accrued income and other debtors	(99)	214
Increase in accrued expenses	6	19
Tax on unfranked investment income	(199)	(159)
Expenses charged to capital	(2,549)	(3,429)
Dividends received	(3,412)	(2,966)
Interest received	(59)	(8)
Realised losses on foreign exchange transactions	(776)	(128)
Realised gains/(losses) on liquidity fund	1,089	(567)
<b>Net cash outflow from operations before dividends and interest</b>	<b>(3,268)</b>	<b>(5,140)</b>

### 19. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2021: £nil).

### 20. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 42. The management fee payable to the Manager for the year was £3,399,000 (2021: £4,572,000).

Safe custody fees amounting to £72,000 (2021: £81,000) were payable to JPMorgan Chase Bank N.A. during the year of which £17,000 (2021: £41,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities Limited for the year was £26,000 (2021: £28,000).

Handling charges on dealing transactions amounting to £52,000 (2021: £42,000) were payable to JPMorgan Chase Bank N.A. during the year of which £6,000 (2021: £20,000) was outstanding at the year end.

The Company also held cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £8,085,000 (2021: £nil). Interest amounting to £59,000 (2021: £8,000) was received during the year.

Fees amounting to £434,000 (2021: £638,000) were receivable from stock lending transactions during the year. JPMorgan Investor Services Limited's commissions in respect of such transactions amounted to £48,000 (2021: £71,000).

At the year end, total cash of £2,865,000 (2021: £36,000) was held with JPMorgan Chase Bank, N.A. in a non-interest bearing current account.

Full details of Directors' remuneration and shareholdings can be found on page 54 and in note 6 on page 72.



## Notes to the Financial Statements

### 21. Disclosures regarding financial instruments measured at fair value

The fair value hierarchy disclosures required by FRS 102 are given below.

The Company's financial instruments within the scope of FRS 102 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**

The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

**(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**

When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

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

If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 69.

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

	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	308,625	—	476,548	—
Level 2	24,581 <sup>1</sup>	—	45,086 <sup>2</sup>	—
<b>Total</b>	<b>333,206</b>	<b>—</b>	<b>521,634</b>	<b>—</b>

<sup>1</sup> Participatory Notes (StarPower Semiconductor, DBAPP Security, OPT Machine Vision, Shanghai Baosight, Haier, ZWSOFT, Acrobiosystems, Bestechnic, Amoy Diagnostics, Zhejiang Supcon).

<sup>2</sup> Participatory Notes (Amoy Diagnostics, Beijing Kingsoft, BOE Technology, Jiangsu, Leader Harmonious Drive Systems, Montage, OPT Machine Vision, Shanghai Baosight, Shanghai Lian, StarPower Semiconductor, Zhejiang Supcon, ZWSOFT).

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

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

These financial risks include market risk (comprising 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.

## Notes to the Financial Statements

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

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

- investments in equity shares, with exposure to 'Greater China' companies and which are held in accordance with the Company's investment objective;
- cash held within a liquidity fund;
- short term debtors, creditors and cash arising directly from its operations; and
- a loan facility.

#### (a) Market risk

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

#### (i) Currency risk

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

#### Management of currency risk

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

#### Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 30th September are shown below. Notwithstanding the exposure being shown in the table as US Dollar and HK Dollar, the predominant, underlying currency exposure of these investments will be to the Chinese Renminbi. Where the Company's equity investments (which are not monetary items) are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2022				
	US Dollar £'000	Hong Kong Dollar £'000	Taiwan Dollar £'000	Chinese Renminbi £'000	Total £'000
Current assets	8,987	1,913	—	2,236	13,136
Creditors	(58,809)	(3,280)	—	(69)	(62,158)
Net current (liabilities)/assets	(49,822)	(1,367)	—	2,167	(49,022)
Investments held at fair value through profit or loss	51,806	158,792	3,088	119,520	333,206
<b>Total net foreign currency exposure</b>	<b>1,984</b>	<b>157,425</b>	<b>3,088</b>	<b>121,687</b>	<b>284,184</b>

## Notes to the Financial Statements

	US	Hong Kong	2021 Taiwan	Chinese	Total
	Dollar	Dollar	Dollar	Renminbi	
	£'000	£'000	£'000	£'000	£'000
Current assets	1,275	3,625	1	871	5,772
Creditors	(51,196)	(1,831)	—	(856)	(53,883)
Net current (liabilities)/assets	(49,921)	1,794	1	15	(48,111)
Investments held at fair value through profit or loss	98,340	263,070	6,658	153,566	521,634
<b>Total net foreign currency exposure</b>	<b>48,419</b>	<b>264,864</b>	<b>6,659</b>	<b>153,581</b>	<b>473,523</b>

In the opinion of the Directors, the above year end amounts are broadly representative of the exposure to foreign currency risk during the year.

### Foreign currency sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets with regard to the Company's financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2021: 10%) appreciation or depreciation in sterling against the currencies to which the Company is exposed to, which is considered to be a reasonable illustration based on the high volatility of exchange rates during the year.

	2022		2021	
	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income				
– return after taxation				
Revenue return	(375)	375	(297)	297
Capital return	(28,419)	28,419	(47,353)	47,353
Total return after taxation	(28,794)	28,794	(47,650)	47,650
<b>Net assets</b>	<b>(28,794)</b>	<b>28,794</b>	<b>(47,650)</b>	<b>47,650</b>

In the opinion of the Directors, the above sensitivity analysis is broadly representative of the whole year.

### (ii) Interest rate risk

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

### Management of interest rate risk

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

## Notes to the Financial Statements

### 22. 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.

	2022 £'000	2021 £'000
Exposure to floating interest rates:		
Cash and short term deposits	2,865	36
Bank overdraft	—	(124)
JPMorgan US Dollar Liquidity Fund	8,085	—
Bank loan	(57,511)	(48,326)
<b>Total exposure</b>	<b>(46,561)</b>	<b>(48,414)</b>

Interest receivable on cash balances, or payable on overdrafts, is at a margin below or above SONIA (in respect of Sterling denominated loans) and compounded SOFR (in respect of Dollar denominated loans respectively (2021: same).

##### Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 4% (2021: 1%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2022		2021	
	4% increase in rate £'000	4% decrease in rate £'000	1% increase in rate £'000	1% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(137)	137	(122)	122
Capital return	(1,725)	1,725	(362)	362
Total return after taxation for the year	(1,862)	1,862	(484)	484
<b>Net assets</b>	<b>(1,862)</b>	<b>1,862</b>	<b>(484)</b>	<b>484</b>

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

##### (iii) Other price risk

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

##### Management of other price risk

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

## Notes to the Financial Statements

**Other price risk exposure**

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

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	333,206	521,634

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

**Concentration of exposure to other price risk**

An analysis of the Company's investments is given on pages 19 and 20. This shows that the investments' value is in the 'Greater China' area. Accordingly, there is a concentration of exposure to that region. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

**Other price risk sensitivity**

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% (2021: 10%) in the market value of equity investments. In light of the fall in portfolio value during the current year, This level of change is considered to be a reasonable illustration based on current market conditions and in the absence of unforeseen market events. The sensitivity analysis is based on the Company's equity investments, adjusting for changes in the management fee but with all other variables held constant.

	2022		2021	
	20% increase in fair value £'000	20% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(150)	150	(118)	118
Capital return	66,191	(66,191)	51,812	(51,812)
Total return after taxation	66,041	(66,041)	51,694	(51,694)
Net assets	66,041	(66,041)	51,694	(51,694)

**(b) Liquidity risk**

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

**Management of the risk**

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

The Board's policy is for the Company to remain fully invested in normal market conditions and that short term borrowings be used to manage short term liabilities, working capital requirements and to gear the Company as appropriate. Details of the current loan facility are given in note 13 on page 76.

## Notes to the Financial Statements

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

#### (b) Liquidity risk (continued)

##### Liquidity risk exposure

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

	2022			Total £'000
	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	
<b>Creditors:</b>				
Securities purchased awaiting settlement	3,868	—	—	3,868
Other creditors and accruals	154	—	—	154
Bank loan – including interest <sup>1</sup>	744	58,408	—	59,152
	<b>4,766</b>	<b>58,408</b>	<b>—</b>	<b>63,174</b>
	2021			Total £'000
	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	
<b>Creditors:</b>				
Securities purchased awaiting settlement	3,792	—	—	3,792
Bank overdraft	124	—	—	124
Other creditors and accruals	162	—	—	162
Bank loan – including interest <sup>1</sup>	280	464	48,811	49,555
	<b>4,358</b>	<b>464</b>	<b>48,811</b>	<b>53,633</b>

<sup>1</sup> The principal amount outstanding on the bank loan at the year end was £57,511,000 (2021:£48,326,000).

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

#### (c) Credit risk

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

##### Management of credit risk

###### Portfolio dealing

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

## Notes to the Financial Statements

At the year end the Company was exposed to the following counterparty risk as a result of its investment in Participatory Notes (P Notes):

	2022 £'000	2021 £'000
BNP Paribas	11,092	5,517
Morgan Stanley	—	6,398
UBS	12,634	33,171
CICC	856	PY
<b>Total Exposure to Credit Risk from Counterparties in P Note transactions</b>	<b>24,582</b>	<b>45,086</b>

#### **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 and the Board. All surplus cash is either on deposit with JPMorgan Chase Bank or invested in the JPMorgan US Dollar Liquidity Fund.

JPMorgan Chase Bank N.A. and the JPMorgan US Dollar Liquidity Fund have S+P credit ratings of A-1 and AAAm respectively.

#### **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. Accordingly, the risk of loss is remote.

#### **Credit risk exposure**

The amounts shown in the Statement of Financial Position under debtors, cash and cash equivalents and the exposure to the Participatory Notes as disclosed above, represent the maximum exposure to credit risk at the current and comparative year ends. The credit risk exposure to stock lending is mitigated by the collateral held by the Company, as shown below.

#### **Stock lending**

The aggregate value of securities on loan at 30th September 2022 amounted to £16.8 million (2021: £44.2 million) and the maximum value of stock on loan during the year amounted to £63.5 million (2021: £107.1 million). Collateral is obtained by JPMorgan Asset Management 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. As at 30th September 2022, investment grade non-cash collateral of £9.6 million (2021: £42.7 million), consisting of sovereign debt and treasury bonds, and cash collateral of £8.6 million (2021: £4.0 million) was held by the Company.

#### **(d) Fair values of financial assets and financial liabilities**

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

## Notes to the Financial Statements

### 23. Capital management policies and procedures

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

	2022 £'000	2021 £'000
<b>Debt:</b>		
Bank loan	57,511	48,326
	57,511	48,326
<b>Equity:</b>		
Called up share capital	20,803	20,803
Reserves	263,483	452,599
	284,286	473,402
<b>Total debt and equity</b>	<b>341,797</b>	<b>521,728</b>

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

The Company's actual gearing is not to exceed 20% without Board permission.

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	333,206	521,634
Net assets	284,286	473,402
<b>Gearing</b>	<b>17.2%</b>	<b>10.2%</b>

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

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

### 24. Subsequent events

The Directors have evaluated the period since the year end and have not noted any subsequent events that would affect the Financial Statements at the balance sheet date. Since the year end and due to market volatility resulting in fall in the net assets of the Company, the loan covenant limit in respect of minimum net asset value of the Company as prescribed in note 13 of the Financial Statements was breached. It was subsequently agreed with the lender, Scotiabank, to amend the loan covenant for net asset value to not fall below £225 million, previously £275 million. No other covenants were breached and there was no call on the loans from the lender as a result of the breach. The Board continues to monitor loan covenants, together with the Manager and is satisfied with the process and controls around the monitoring of the loan covenants.

Except for the above, the Directors are not aware of any subsequent events that would require disclosure or affect the Financial Statements as presented.





## Regulatory Disclosures

### Alternative Investment Fund Managers Directive 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 30th September, which gives the following figures:

	Gross Method	Commitment Method
<b>Leverage exposure</b>		
Maximum limit	200%	200%
Actual <sup>1</sup>	120%	120%

<sup>1</sup> This is the maximum level of gearing as prescribed by the AIFMD. Please note that the Company's investment policies currently restrict gearing to a maximum of 20% of shareholders' funds, i.e. 120%.

JPMorgan Funds Limited (the 'Management Company') is the authorised manager of JPMorgan China Growth & Income 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 (the '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/qb/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 that applied for the 2021 Performance Year in June 2021 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 2021 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JP Morgan Asset Management (UK) Ltd (the relevant employing entity) and the number of beneficiaries, both apportioned to the Management Company on an Assets Under Management ('AUM') weighted basis.

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 32 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 42 sub-funds) as at 31st December 2021, with a combined AUM as at that date of £23.4 billion and £24.8 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (US\$'000s)	23,244	16,065	39,309	153

The aggregate 2021 total remuneration paid to AIFMD Identified Staff was USD \$84,714,000, of which USD \$6,570,000 relates to Senior Management and USD \$78,144,000 relates to other Identified Staff<sup>1</sup>.

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

## Regulatory Disclosures

## Securities Financing Transactions Regulation 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 year ended 30th September 2022 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 8.09%. 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	16,754	5.89

### 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:

	Country of Incorporation	Value £'000
Morgan Stanley	United States of America	4,974
Barclays	United Kingdom	3,733
Goldman	United States of America	2,818
Merrill Lynch	United States of America	2,737
Wells Fargo	United States of America	785
JP Morgan	United States of America	584
UBS	Switzerland	552
Citigroup	United States of America	365
Bank of Nova Scotia	Canada	108
BNP	France	84
Jefferies	United States of America	14
<b>Total</b>		<b>16,754</b>

#### 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 States of America Treasury	8,635
United Kingdom Treasury	450
Republic of Austria Government	153
Kingdom of Belgium Government	142
French Republic Government	130
Federal Republic of Germany Government	54
Republic of Finland Government	44
Kingdom of Netherlands Government	1
<b>Total</b>	<b>9,609</b>

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
Treasury Notes	Investment Grade	USD	6,717
Treasury Bonds	Investment Grade	USD	1,916
Sovereign Debt	Investment Grade	EUR	525
Sovereign Debt	Investment Grade	GBP	450
Treasury Bills	Investment Grade	USD	1
<b>Total</b>			<b>9,609</b>

#### 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
1 to 3 months	11
3 to 12 months	319
more than 1 year	9,278
<b>Total</b>	<b>9,609</b>

#### 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.

## Regulatory Disclosures

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### Re-use of collateral

#### ***Share of collateral received that is reused and reinvestment return***

Non-cash collateral received by way of title transfer collateral arrangements 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 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.



## Notice of Annual General Meeting

Notice is hereby given that the twenty-eighth Annual General Meeting of JPMorgan China Growth & Income plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Monday, 6th February 2023 at 11.30 a.m. for the following purposes:

1. To receive the Directors' Report, the Annual Financial Statements and the Auditor's Report for the year ended 30th September 2022.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th September 2022.
4. To reappoint Alexandra Mackesy as a Director of the Company.
5. To reappoint David Graham as a Director of the Company.
6. To reappoint Joanne Wong a Director of the Company.
7. To reappoint May Tan a Director of the Company.
8. To reappoint Aditya Sehgal a Director of the Company.
9. To reappoint BDO LLP as Auditor of the Company and to authorise the Directors to determine their remuneration.

### Special Business

To consider the following resolutions:

#### Authority to allot new Ordinary shares – Ordinary Resolution

10. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot Ordinary shares in the Company and to grant rights to subscribe for, or to convert any security into, Ordinary shares in the Company ('Rights') up to an aggregate nominal amount of £2,080,061 (representing approximately 10% of the Company's issued Ordinary share capital (excluding shares held in Treasury) as at 8th December 2022, this being the latest practicable date prior to the publication of this notice), provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2024 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require Ordinary shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot Ordinary shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

11. THAT, subject to the passing of Resolution 9 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 10 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of Treasury shares for cash up to an aggregate nominal amount of £2,080,061 (representing approximately 10% of the issued Ordinary share capital (excluding shares held in Treasury) of the Company as at 8th December 2022, this being the latest practicable date prior to the publication of this notice), at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 10 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or Treasury shares to be sold after such expiry and so that the Directors of the Company may allot equity securities or sell Treasury shares pursuant to such offers or agreements as if the power conferred hereby had not expired.

#### Authority to allot further new Ordinary shares – Ordinary Resolution

12. THAT, in addition to any authority granted by Resolution 10 above, the Directors of the Company be and they are hereby generally and unconditionally authorised, pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot Ordinary shares in the Company and to grant rights to subscribe for, or to convert any security into, Ordinary shares in the Company ('Rights') up to an aggregate nominal amount of £2,080,061 (representing approximately 10% of the Company's issued Ordinary share capital (excluding shares held in Treasury) as at 8th December 2022, this being the latest practicable date prior to the publication of this notice), provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2024 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require Ordinary shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot Ordinary shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

## Notice of Annual General Meeting

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

13. THAT, subject to the passing of Resolution 12 set out above, and in addition to any authority granted by Resolution 11 above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 12 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of Treasury shares for cash up to an aggregate nominal amount of £2,080,061 (representing approximately 10% of the issued Ordinary share capital (excluding shares held in Treasury) of the Company as at 8th December 2022, this being the latest practicable date prior to the publication of this notice) at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 12 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or Treasury shares to be sold after such expiry and so that the Directors of the Company may allot equity securities or sell Treasury shares pursuant to such offers or agreements as if the power conferred hereby had not expired.

### Authority to repurchase the Company's shares – Special Resolution

14. THAT, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693 of the Act) of fully paid 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 aggregate number of Ordinary shares hereby authorised to be purchased shall be 12,472,095, or if less, that number of Ordinary shares which is equal to 14.99% of the issued share capital (less shares held in Treasury, if any) as at the date of the passing of this Resolution;
- (ii) the minimum price (excluding expenses) which may be paid for an Ordinary share shall be 25 pence;
- (iii) the maximum price (excluding expenses) which may be paid for an Ordinary share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for an Ordinary 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 Ordinary share is purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

- (iv) any purchase of Ordinary shares will be made in the market for cash at prices below the prevailing net asset value per Ordinary share (as determined by the Directors);
- (v) the authority hereby conferred shall expire on 5th August 2024 unless the authority is renewed at the Company's Annual General Meeting in 2024 or at any other general meeting prior to such time; and
- (vi) the Company may make a contract to purchase Ordinary 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 Ordinary shares pursuant to any such contract.

### Approval of dividend policy – Ordinary Resolution

15. THAT the shareholders approve the Company's dividend policy to continue to pay four quarterly interim dividends during the year.

### Continuation Vote – Ordinary Resolution

16. That the Company continues in existence as an investment trust for a further five year period.

By order of the Board

Lucy Dina, for and on behalf of JPMorgan Funds Limited,  
Secretary

13th December 2022



## Notice of Annual General Meeting

### 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.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person. However, please note that in the current circumstances, your vote may 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.
4. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form, no later than 11.30 a.m. two business days prior to the Meeting (i.e. excluding weekends and bank holidays).
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.
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 (as amended by the Shareholder Rights Directive 2009, each such representative(s) may exercise 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 ongoing 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 AGM; or (b) any circumstances connected with 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



## Notice of Annual General Meeting

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 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
12. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
13. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website [www.ipmchinagrowthandincome.co.uk](http://www.ipmchinagrowthandincome.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 Annual General Meeting. 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](http://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](http://www.shareview.co.uk). Full instructions are given on both websites.
17. As at 8th December 2022 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 83,202,465 Ordinary shares (of which nil shares are held in Treasury), carrying one vote each. Therefore the total voting rights in the Company are 83,202,465.

### 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 Form of Proxy.

## Glossary of Terms and Alternative Performance Measures ('APMS') (Unaudited)

### 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 30th September 2022	Year ended 30th September 2021	
Opening share price (p)	6	518.0	552.0	(a)
Closing share price (p)	6	302.0	518.0	(b)
Total dividend adjustment factor <sup>1</sup>		1.054840	1.034454	(c)
Adjusted closing share price (d = b x c)		318.6	535.8	(d)
<b>Total return to shareholders (e = (d / a) - 1)</b>		<b>-38.5%</b>	<b>-2.9%</b>	<b>(e)</b>

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

### Return on Net Assets (APM)

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested, 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 30th September 2022	Year ended 30th September 2021	
Opening cum-income NAV per share (p)	6	569.0	565.3	(a)
Closing cum-income NAV per share (p)	6	341.7	569.0	(b)
Total dividend adjustment factor <sup>1</sup>		1.053661	1.034471	(c)
Adjusted closing cum-income NAV per share (d = b x c)		360.0	588.6	(d)
<b>Total return on net assets (e = (d / a) - 1)</b>		<b>-36.7%</b>	<b>4.1%</b>	<b>(e)</b>

<sup>1</sup> 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.

### Benchmark 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; consequently, there may be some divergence between the Company's performance and that of the benchmark.

### Net asset return performance compared to benchmark return (APM)

The percentage of Company's benchmark return is subtracted from the return on net assets percentage.

### Net asset value per share (APM)

The value of Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please see note 17 on page 78 for detailed calculations.

## Glossary of Terms and Alternative Performance Measures ('APMS') (Unaudited)

### Gearing/(Net Cash) (APM)

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

		30th September 2022 £'000	30th September 2021 £'000	
Gearing calculation	Page			
Investments held at fair value through profit or loss	65	333,206	521,634	(a)
Net assets	65	284,286	473,402	(b)
Gearing (c = (a / b) – 1)		17.2%	10.2%	(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.

		Year ended 30th September 2022	Year ended 30th September 2021	
Ongoing charges calculation	Page			
Management fee (£'000)	65	3,399	4,572	
Other administrative expenses (£'000)	65	605	540	
Total management fee and other administrative expenses (£'000)		4,004	5,112	(a)
Average daily net assets		366,964	514,343	(b)
Ongoing charges (c = a / b)		1.09%	0.99%	(c)

### Share Price Discount/Premium to cum income 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's shares to trade at a discount than at a premium (page 6).

### Performance attribution

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

### Performance Attribution Definitions:

#### Asset allocation

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

#### Stock selection

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

#### Currency

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

#### Gearing/net cash

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

#### Dividends/Residual

Represents timing differences in respect of cash flows and dividends.

## Glossary of Terms and Alternative Performance Measures ('APMS') (Unaudited)

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### **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.

### **American Depositary Receipts (ADRs)**

Certificates that are traded on US stock exchanges representing a specified number of shares in a non-US company. ADRs are denominated and pay dividends in US dollars and may be traded like regular shares of stock.

### **China A-Shares**

Companies incorporated in mainland China and which are traded in the mainland A-Share markets. The prices of A-Shares are quoted in Renminbi.

The Company invests directly in China A-Shares and also gains access to the A-Share market by investing into China A-Share access products (Participatory Notes).

### **China B-Shares**

Companies incorporated in mainland China and traded on the mainland B-Share markets. The prices of B-Shares are quoted in US dollars and are available to both Mainland Chinese Investors and Foreign Institutional Investors.

### **Hong Kong H-Shares**

Companies incorporated in mainland China and listed in Hong Kong and other foreign stock exchanges.

### **Shanghai-Hong Kong Stock Connect**

A cross-boundary investment channel that connects the Shanghai Stock Exchange and the Hong Kong Stock Exchange. Under the programme, investors in each market are able to trade shares on the other market using their local brokers and clearing houses.

### **Shenzhen-Hong Kong Stock Connect**

A cross-boundary investment channel that connects the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. Under the programme, investors in each market are able to trade shares on the other market using their local brokers and clearing houses.

### **Participatory Notes (or P-Notes)**

Financial instruments used to gain access to markets with capital controls. The notes are derivative products issued by brokers or other financial institutions that have quota from the Chinese regulator to invest directly in the Chinese market.

## Where to Buy J.P. Morgan Investment Trusts

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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 Personal Investing	EQi

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](http://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 to 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](http://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](http://fca.org.uk).

## Information about the Company

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### FINANCIAL CALENDAR

Financial year end	30th September
Final results announced	December
Half year end	31st March
Half year results announced	May
Dividend on Ordinary shares paid	December/March/June/September
Annual General Meeting	January/February

### History

JPMorgan China Growth & Income plc was launched in October 1993, as The Fleming Chinese Investment Trust plc, by a public offer of shares which raised £60 million before expenses. The Company changed its name to JPMorgan Fleming Chinese Investment Trust plc in December 2001 and then to JPMorgan Chinese Investment Trust plc in December 2005. The Company adopted its present name on 4th February 2020.

### Company Numbers

Company registration number: 02853893  
London Stock Exchange Sedol number: 0343501

### Ordinary Shares

ISIN: GB0003435012  
Bloomberg ticker: JCGI LN  
LEI: 549300S8M91P5FYONY25

### Market Information

The Company's net asset value ("NAV") is published daily, via the London Stock Exchange. The Company's Ordinary shares are listed on the London Stock Exchange and are quoted daily in the Financial Times and on the J.P. Morgan website at [www.jpchinagrowthandincome.co.uk](http://www.jpchinagrowthandincome.co.uk), where the Ordinary share price is updated every 15 minutes during trading hours.

### Website

[www.jpchinagrowthandincome.co.uk](http://www.jpchinagrowthandincome.co.uk)

### Share Transactions

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

### Manager and Company Secretary

JPMorgan Funds Limited  
Company's Registered Office  
60 Victoria Embankment  
London EC4Y 0JP  
Telephone number: 020 7742 4000

For company secretarial and administrative matters, please contact Lucy Dina at the above address.

### Depository

The Bank of New York Mellon (International) Limited  
160 Queen Victoria Street  
London EC4V 4LA

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

### Registrars

Equiniti Limited  
Reference 1078  
Aspect House  
Spencer Road  
West Sussex BN99 6DA  
Telephone number: 0371 384 2317

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

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1078.

Registered shareholders can obtain further details on their holdings on the internet by visiting [www.shareview.co.uk](http://www.shareview.co.uk).

### Independent Auditor

BDO LLP  
Statutory Auditor  
55 Baker Street  
London W1U 7EU

### Brokers

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



The Association of  
Investment Companies

A member of the AIC

#### **CONTACT**

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Website [www.jpmchinagrowthandincome.co.uk](http://www.jpmchinagrowthandincome.co.uk)



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**J.P.Morgan**  
ASSET MANAGEMENT