

JPMorgan China Growth & Income plc

Annual Report & Financial Statements for the year ended 30th September 2021



KEY FEATURES

Your Company

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).

The Company aims to set a target annual dividend, in the absence of unforeseen circumstances, equivalent to 4% of the Company's NAV on the last business day of the preceding financial year. This will be paid by way of four equal interim dividends. In order to pay this, any shortfall on the dividend income received from the underlying investments of the portfolio will be paid out of the capital growth of the portfolio.

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 there can be significant economic and political risks inherent in investing in emerging economies. As such, 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 2021, 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 Annual General Meeting in 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 also 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 endeavours to vote at all of the meetings called by companies in which your portfolio invests. JPMAM is a United Nations Principles of Responsible Investment ('UN PRI') signatory and is rated A+. An ESG report is on pages 15 to 17.

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.jpchinagrowthandincome.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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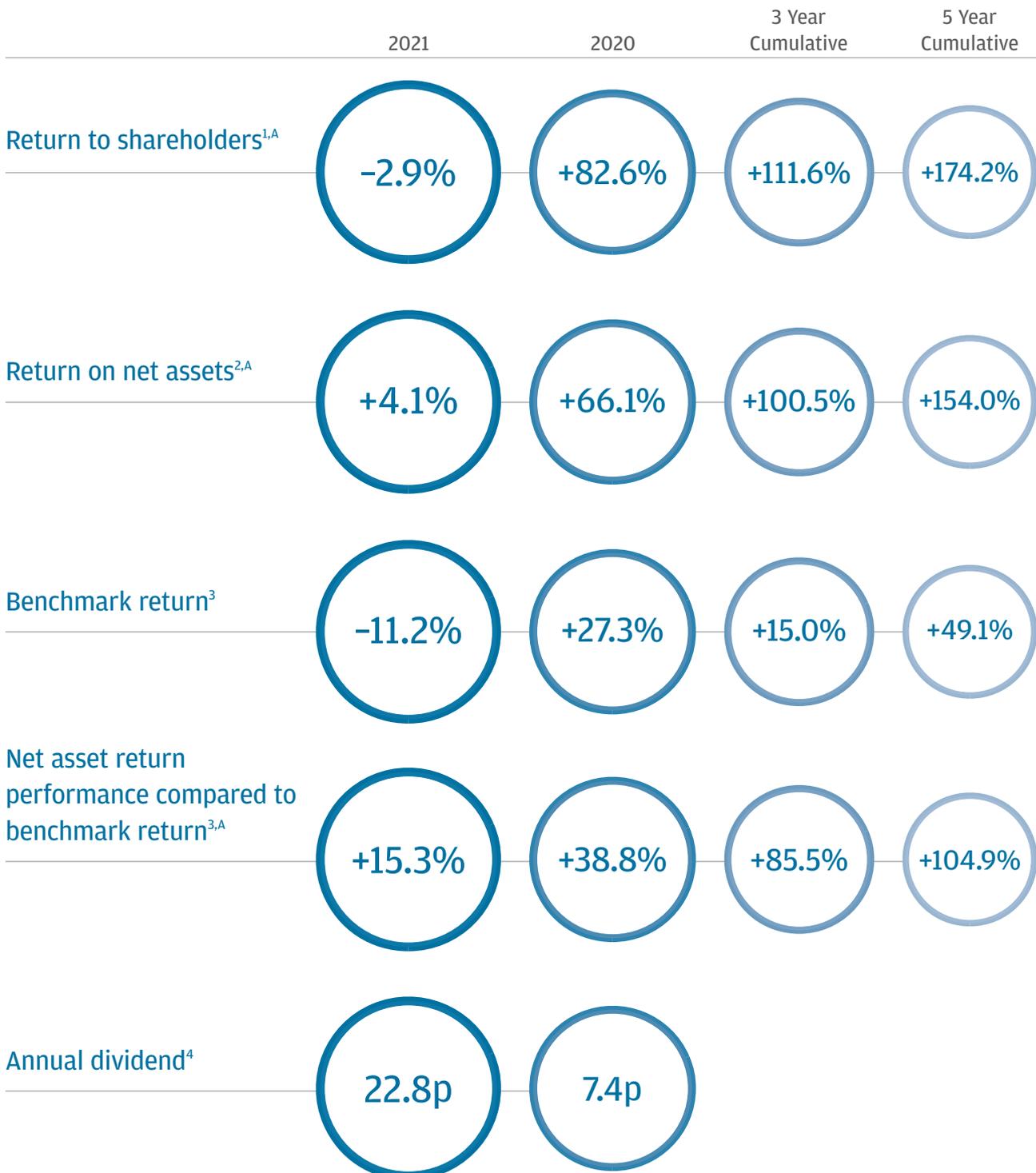
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Strategic Report

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)



¹ Source: Morningstar.

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

³ 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.

⁴ As of 1st April 2020, the Company adopted a new distribution policy. Further details can be found on page 26.

^A Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 95 to 97.

FINANCIAL HIGHLIGHTS

SUMMARY OF RESULTS

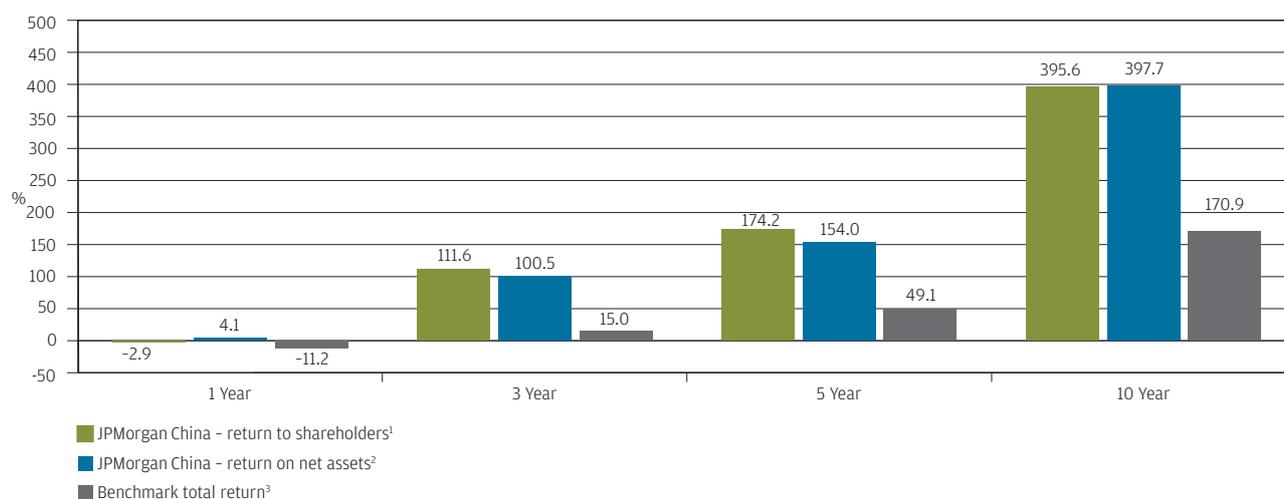
	2021	2020	% change
Net asset value, share price and discount at 30th September			
Shareholders' funds (£'000)	473,402	410,963	+15.2
Net asset value per share ^A	569.0p	565.3p	+0.7
Share price	518.0p	552.0p	-6.2
Share price discount to net asset value ^A	9.0%	2.4%	
Shares in issue (excluding shares held in Treasury)	83,202,465	72,703,188	
Revenue for the year ended 30th September			
Gross revenue attributable to shareholders (£'000)	3,612	3,621	-0.2
Net revenue attributable to shareholders (£'000)	1,563	2,146	-27.2
Revenue return per share	1.97p	2.95p	-33.2
Total return per share	3.03p	227.01p	-98.7
Dividend per share ¹	22.8p	7.4p	
Gearing at 30th September^A			
	10.2%	10.6%	
Ongoing charges^A			
	0.99%	1.00%	

¹ As of 1st April 2020, the Company adopted a new distribution policy. Further details can be found on page 26.

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A glossary of terms and APMs is provided on pages 95 to 97.

LONG-TERM PERFORMANCE FOR YEAR ENDED 30TH SEPTEMBER 2021



¹ Source: Morningstar.

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

³ 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.



John Misselbrook
Chairman

I have great pleasure in presenting the Annual Report of JPMorgan China Growth and Income plc ('the Company') for the year ended 30th September 2021.

Despite volatile market conditions throughout the period, the Company's total return on net assets over the year was +4.1%. This represents the change in net asset value ('NAV') with dividends reinvested and compares favourably with an -11.2% fall in the MSCI China Index. The Company delivered a return to Ordinary shareholders of -2.9%, reflecting a widening in the discount at which the shares traded over the 12 month period, despite the shares having traded at a premium for much of the year.

These performance statistics mask what has been another significant year for the Company. Our share price, which began the year at 552.0p and ended the year at 518.0p, peaked at 860.0p on the 16th February 2021. This sharp increase followed a strong performance by the China market with the price of the Company's shares moving from a discount to NAV to a premium in early October 2020, which was sustained for the most part until July 2021. While trading at a premium, we were able to issue nearly 10.5 million shares, raising £77.9 million, which enabled our investment team to take advantage of investment opportunities in the volatile market conditions.

Through the last quarter of the 2021 financial year and into the current year, there have been a series of regulatory changes in China affecting several market sectors, including those in which we have been invested. These have combined with some concerns about a slowing economy in China, worries about fragility in the property sector and geopolitical concerns to cause some negative sentiment towards investment in China in the short term.

Investment Approach and Performance

With the market rotating from growth to value stocks during the year, the importance of our Investment Managers' disciplined investment process and conviction in the structural growth opportunities in China has enabled them to deliver consistent outperformance. Reiterating the point that I made last year, underpinning the investment management process is the breadth and depth of the team of investment research analysts who, although unable to visit companies in China as regularly as usual, have maintained close contact with the companies and their management teams.

While your Board have been unable to visit Asia again this year, we have once again held a virtual Asia visit. This has enabled us to have detailed discussions with analysts in Shanghai, Hong Kong and Taiwan covering key sectors of our portfolio.

The Investment Managers' Review provides a good perspective on the drivers of investment performance in 2021 and their assessment of the investment outlook.

Environment, Social and Governance ('ESG') considerations

We provide a full description of how ESG is integrated into the investment management process later in this report. The investment managers' report 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 under Documents on our website that provides a standalone, comprehensive report covering ESG metrics.

Distribution Policy

At the Annual General Meeting in February 2020, shareholders approved a resolution to change the Company's dividend policy (with effect from 1st April 2020) which now aims to pay, in the absence of unforeseen circumstances, a target annual dividend of 4% of the Company's NAV as at the end of the preceding financial year. This is paid by way of four equal interim dividends on the first business day in December, March, June, and September. Any shortfall on the dividend income received from the underlying investments of the portfolio is paid out of the capital growth of the portfolio. For the year ended 30th September 2021 dividends paid totalled 22.8 pence (2020: 7.4 pence).

Gearing

In July 2021, the Company extended its £50 million loan facility (with an option to increase it to £60 million) with Scotiabank for a further two years.

During the year the Company's gearing ranged from 7.6% to 12.9% (based on daily data) and, at the time of writing, was 12.6%. 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.

Share Issues and Repurchases

The Directors have authority to issue new Ordinary shares for cash and to repurchase shares in the market for cancellation or to hold in Treasury. The Board believes that its policy of share repurchase and share issuance helps to reduce the volatility in discounts and premiums. We are therefore seeking approval from shareholders to renew the share issuance and repurchase authorities at the AGM.

During the year, the Company did not repurchase any Ordinary shares into Treasury (2020: nil) or for cancellation. However, 5,211,777 shares were re-issued from Treasury at a premium to NAV and 5,287,500 new Ordinary shares were issued.

The Board

In November 2021, 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 and training and accountability. The evaluation confirmed the efficacy of the Board.

Oscar Wong retired from the Board in July 2021. He joined the Board in August 2014 and made a significant contribution to the Board and the performance of the Company during his tenure. On behalf of the Board, I would like to thank Oscar for his valuable contribution to the Company over the years.

Coinciding with Oscar's retirement the Board decided to increase the size of the Board back to five directors; we believe this is an optimal number and appropriate for the growing size of the Company. As part of the succession programme, the Board appointed Joanne Wong and May Tan, both Hong Kong residents each with considerable years of experience in the investment industry. Aditya Sehgal was also appointed to the Board following the year-end; until recently, he was a senior executive with Reckitt Benckiser with extensive experience building and managing businesses for them in China. The new Directors have already started to make a strong contribution to the Board discussions, and I would urge shareholders to support their appointments at the forthcoming AGM.

In accordance with the UK Corporate Governance Code, David Graham and Alexandra Mackesy retire at the forthcoming AGM and, being eligible, will offer themselves for reappointment by shareholders.

I will be retiring from the board after the AGM in January 2022. The Board has agreed unanimously that my successor as Chairman of the Company should be Alexandra Mackesy.

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 0.99% (2020: 1.00%).

Shareholder Engagement

Your Company has for many years had a high proportion of retail investors and over the last 18 months to the end of June 2021 this has increased by 50% to 91.30 % (31st December 2019: 60.42%). 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. I would urge you all to ensure your voice is heard by ensuring your holding is voted at the AGM.

Annual General Meeting

Unfortunately, COVID-19 restrictions prevented the holding of the Company's AGM in February 2021 in the usual format. The Directors were disappointed not to be able to have the usual interaction with shareholders at this forum. However, current indications are that a more traditional format for the AGM may be permissible in January 2022 and, to that end, the Company's twenty-seventh AGM is scheduled to be held on Friday, 28th January 2022 at 11.30 a.m. at 60 Victoria Embankment, London EC4Y 0JP. The Board hopes to welcome as many shareholders as possible.

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

As is normal practice, all voting on the resolutions will be conducted on a poll. Due to technological reasons, shareholders viewing the meeting via conferencing software will not be able to vote on the poll and we therefore encourage all shareholders, and particularly those who cannot attend physically, to exercise their votes in advance of the meeting by completing and submitting their form of proxy. Shareholders are encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at the email address above. We will endeavour to answer relevant questions at the meeting or via the website depending on arrangements in place at the time.

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

Conclusion

It has been an honour to serve as the Chairman and to have the opportunity to work with the investment team in Asia, all the many people at JPMorgan Asset Management who help support the Company and last, but not least, the current Board, as well as those that have retired. During my time as Chairman the NAV per share and the share price have grown by 152% and the Company (in terms of Shareholders' funds) has grown from £267 million to £473 million. We have refocused the investment objective and benchmark to invest into the A share market, have implemented a new dividend policy and seen the share price move back to a premium in the last year. It has been a privilege to witness the growth in the Company and the strong outperformance of the JPMorgan investment team. In JPMorgan we have an investment manager with the investment skills, disciplines and depth of resources to deliver consistent performance.

Outlook

The volatility we have experienced during the past year reminds us of the challenges of investing in China. This is a market where long-term capital growth is best achieved through sector allocation and bottom-up stock selection which our investment team have the experience to deliver. ESG continues to grow in importance in the investment process and by embedding these factors into their investment process I believe JPMorgan will be able to deliver sustainable growth in one of the world's most challenging markets. Investing in China continues to grow in importance and your Company is well placed to deliver long-term outperformance.

John Misselbrook
Chairman

3rd December 2021



Rebecca Jiang
Investment Manager

Over the year to 30th September 2021, the Company's return on net assets was +4.1%, significantly outperforming its benchmark, the MSCI China index, which declined by 11.2% GBP over the period. The Company's return to shareholders (including dividends) was -2.9%, which reflects the widening of the discount from 2.4% to 9.0%.

Setting the scene

There is never a dull moment in investing in China and the past financial year was a particularly eventful one. Market sentiment swung from exuberance at the beginning of the year, to caution, and even scepticism, towards the end of it.



Howard Wang
Investment Manager

In the first half of the year, the Chinese economy recovered strongly, thanks to prompt COVID containment measures, and Chinese manufacturers benefited from a surge in orders from other major economies whose manufacturing sectors were struggling to deal with the impact of the pandemic. As in all other major markets, news of the arrival of viable vaccines in late 2020 saw attention in the Chinese market rotate from growth to value stocks, as investors anticipated a recovery in more economically sensitive, cyclical sectors such as energy, utilities and financials. The MSCI China index (GBP) rose 23.8% between 30th September 2020 and its peak in February 2021, and then tumbled after the Chinese New Year on fears of a tightening in domestic liquidity and rising 10-year US Treasury yields.

China's Manufacturing PMI stood firmly in expansionary territory for most time of the year, thanks in large part to persistent export demand. The strength of the recovery, combined with China's restrained monetary stance, saw the Renminbi appreciate against USD over the year. It touched a three-year high in May 2021. The central bank (PBOC) raised the foreign exchange reserve requirement to dampen speculative activity and the exchange rate has since stabilised at a lower level. More recently, however, the index dropped below 50% in September 2021, signalling contracting activity, due to commodity price inflation, high shipping costs, power rationing and the shortage in tech components, especially semiconductors.



Shumin Huang
Head of Research

COVID remains a threat to the economic outlook. China approved its first domestic vaccine in December 2020 and well-organised vaccination programmes ensured that by September 2021, 78% of the population had been vaccinated. A few scattered outbreaks of the virus have been quickly contained. However, while China's success in controlling COVID is applaudable, it remains one of the few countries in the world still committed to a COVID-zero policy that has kept external borders closed. It is unclear when borders will re-open to tourists and business travellers and this has cast a shadow over the outlook for the domestic service sector.

Since recovering from the initial shock of the pandemic, China has maintained a neutral monetary policy aimed at stabilising credit expansion. The implementation of strict controls on borrowing by property developers, to curtail speculative activity, is a key part of this policy. These measures, together with restrictions on homebuyers, contributed to the de facto defaults of several developers in September 2021, including Evergrande, one of the country's largest private property companies. The government plans to deal with these problems at the individual project level, rather than via corporate level bailouts, in part to avoid encouraging reckless commercial behaviour by developers. In our view, and that of other local investors, this is not China's 'Lehman Brothers moment', and is unlikely to trigger systemic ructions. Most of the debt is backed by land and does not involve the kind of complex financial derivatives whose high contagion risks sparked the 2008 global financial crisis.

Chinese regulatory crackdowns on other sectors have also been creating headlines around the world. The emphasis of government policy seems to have shifted from growth-centred policies to regulatory crackdowns designed to achieve more balanced growth. The digital economy and other socially sensitive industries such as education and health care have been most impacted. The shift began in November last year with the high-profile suspension of the Ant Group initial public offering (IPO), due to concerns about its capital structure, its ballooning consumer finance business and conflict with regulators. Then, in July 2021, regulators announced a flurry of new restrictions, including on the private tutoring industry, whose business model was essentially destroyed by the crackdown.

Since then, Chinese regulators have announced tighter controls on anti-competitive behaviour, data security and companies employing gig workers, and non-compliance has been swiftly punished. In the health care sector, we have long championed structural trends such as import substitution and the increasing availability of advance therapeutics, and these are playing out nicely. However, certain sub-sectors such as medical devices and equipment are facing increasing pressure from government procurement policies to cut prices. This is in part intended to reduce corrupt pricing practices which benefit suppliers, distributors and hospital administrators, and should be welcomed by investors. Nonetheless, these regulatory shocks have triggered a selloff in stocks in the property, internet, education and healthcare sectors, all of which are popular with foreign investors.

The crackdowns may seem abrupt and severe, but in our view, controls on many sectors lagged regulations imposed by the EU and US authorities, and China is simply playing catch-up. Some restrictions have also been motivated by the government's recent promotion of 'common prosperity'. This has raised concerns among investors and observers that China is intent on 'soaking the rich', but we disagree with this assessment. On the contrary, China has one of the highest levels of income inequality among the world's major economies, and a more balanced distribution of wealth is critical to ensuring long-term growth.

Environmental regulations are also generating some public concern and criticism. In September 2020, President Xi committed China to achieving 'net zero' carbon emissions by 2060. However, a year on from this pledge, efforts to reduce carbon emissions are being blamed for contributing to recent widespread power shortages. High coal prices and an inflexible power pricing mechanism have also played a role in the shortages, which have been particularly damaging for energy intensive industries such as steelmaking and cement, adding to inflation in basic material prices. The power shortages caused a public outcry that alarmed officials, leading to some retuning of energy policy, although the government remains committed to its net zero target.

Elsewhere, the US Federal Reserve has become increasingly hawkish, due to higher-than-expected inflation, and this has put upward pressure on the US dollar. Trade tensions between China and the US have eased under the Biden administration. However, fundamental differences on trade and other issues persist between the two countries and taking a tough stance against China has bipartisan support in the US.

Performance Commentary

We are pleased that the Company outperformed its benchmark and delivered positive returns in a volatile year. Positive contributions to performance came from several sectors including **Consumer Discretionary** (+5.8%), **Information Technology** (+3.4%), **Industrials** (+2.3%) and **Health Care** (+1.8%). At the stock level, positions in new energy, electric vehicles (EVs), semiconductor production and internet companies contributed the most. In this section, we highlight some of the sector and stock stories that most impacted portfolio performance.

Within **Consumer Discretionary**, our internet stock selection was the largest contributor, thanks to our underweight in internet retailer *Alibaba* (which we had reduced over concerns of its profitability following the regulatory crackdown), and overweights in its competitor *Pinduoduo* and in gaming and multimedia company *Bilibili*, which possess better growth prospects. Our investment in *Xpeng*, the EV manufacturer, also performed well. The collapse of the private tutoring companies had a limited impact on performance, as we had reduced exposure prior to the regulation and exited the remaining position upon the regulation announcement.

In **Information Technology**, outperformance was mainly due to our positions in *Silergy* and *Starpower*, two semiconductor component producers benefiting from import substitution and global shortages in this sector. Our position in *LONGi Green Energy* was another top 10 contributor to returns over the year. LONGI is the world's largest producer of solar panel wafers, supplying around half the market.

In **Industrials**, the largest positive contribution came from *Contemporary Amperex Technology (CATL)*. CATL is China's leading EV lithium battery maker, supplying about half the domestic market. Its share price

rallied due to better-than-expected industry EV sales volumes and the company's deepening links with international vehicle component suppliers. *Yunnan Energy New Material*, a supplier of EV components, also performed well during the period. These gains helped offset the drag on performance from not owning EV makers Nio and BYD.

Despite widespread and deep price cuts imposed by government procurement policies, our overweight in **Health Care** made a positive return in the period, thanks mainly to our holdings of two contract research organisations (CROs), *Wuxi Biologics* and *Hangzhou Tigermed*, and service provider *Aier Eye Hospital*, which are not subject to government price cuts. Outperformance thanks to these positions was only partially offset by the adverse impact of *Venus Medtech*, a medical devices company specialising in heart valves. It delivered decent results, but investors are worried that the government will impose price cuts on its products, while demand has been hit by pandemic-related delays to elective surgery.

Performance was also hurt by our underweight and stock selection in value sectors such as **Energy**, **Financials** and **Utilities**, as these sectors outperformed during the rotation from growth to value. We had zero weightings in oil, coal and shipping stocks, as investment in these sectors is not consistent with our long-term, growth-oriented strategy. One of our largest Financials holdings, *Ping An Insurance*, underperformed, as several factors weighed on the share price. Investors have been disappointed by delays to reforms intended to boost productivity of its sales force. In addition, recent events in the property sector pose risks to its property investments. These developments prompted us to sell this company. We also exited Ping An Bank due to concerns about potential capital constraints imposed by its parent company.

PERFORMANCE ATTRIBUTION

YEAR ENDED 30TH SEPTEMBER 2021

	%	%
Contributions to total returns		
Benchmark return		-11.2
Sector and stock selection	13.6	
Currency effect	3.0	
Gearing effect	-0.6	
Investment Manager contribution		16.0
Residual		-0.3
Portfolio return		4.5
Management fee/other expenses		-1.0
Share Issuance		0.6
Return on net assets^A		4.1
Impact of change in premium/discount		-7.0
Return to shareholders^A		-2.9

Source: Factset, JPMAM and Morningstar.

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

^A Alternative performance measure ('APM').

A glossary of terms APMs is provided on pages 95 to 97.

Sector allocation and trades

The sudden surge in regulatory restrictions imposed over the review period has not derailed our growth-oriented investment strategy. We have not made any major changes to our sector preferences – our largest overweights remain in **Information Technology**, **Health Care** and **Consumer Staples**, areas which we believe have the greatest growth potential. Our key holdings are also largely unchanged, and include **Tencent**, **Wuxi Biologics**, **Meituan**, **Pinduoduo**, and **Alibaba**. Our top 10 holdings include **CATL**, **China Merchants Bank**, **Country Garden Services**, the country's largest property management company, and two enterprise software companies **Baosight Software** and **Kingdee International**. We have, however, made adjustments to some of these sectoral and stock positions, which we discuss below.

While the portfolio structure and key holdings remained broadly unchanged during the past year, we continued our search for China's best long-term growth stories. The opportunities we see are being driven by several investment themes.

One major theme is the automation and digitalisation of Chinese enterprises. The government has implemented incentives to encourage the adoption of these technologies, as penetration has so far been low. Consequently, our exposures to **Industrials and Information Technology** – sectors likely to gain from the introduction of more advanced production methods – saw the largest increases over the past year. For example, we bought several companies focused on industrial automation, including **Zhejiang Supcon**, **OPT Machine Vision**, **Shenzhen Inovance** and **Han's Laser**. We also added positions in semiconductor manufacturers **Starpower** and **Maxscend** and in **Baosight Software** and two other IT infrastructure companies, **Sangfor** and **Beijing Kingsoft Office**. These additions were partially funded by reducing exposures to lower conviction IT names such as **Venustech Group** and **Kingsoft Cloud**.

The development of renewable energy sources is integral to the realisation of the government's 'net zero' carbon emissions target, and we expect this sector to experience strong growth as the transition to renewable energy gathers pace. **New energy** is thus another investment theme driving portfolio activity. We added to solar names, including **Xinyi Solar** and **Tongwei**, and also increased our holding in **LONGi Green Energy Technology**. Automation and software names, including our exposures to **Zhejiang Supcon** and **Baosight Software**, will also benefit from the pursuit of the net zero target, as their products enable energy intensive industries to increase energy efficiency and thus cut carbon emissions.

Two further and inter-related themes have motivated other acquisitions over the past year. Rising commodity and energy prices suggest that companies with strong pricing power will outperform as inflation pressures build. Many companies with this capacity will also benefit from the consumer upgrade trend. This is a recognised and significant feature of Chinese society, driven by households improving their homes, and upgrading cars and other possessions as their incomes rise. The market correction during the second half of 2021 provided us with the opportunity to add exposure to **Consumer** names we expect to benefit from both these trends. Purchases included home improvement companies **Haier Smart Home** and **Oppein Home**, and auto components suppliers **Fuyao Glass** and **Changzhou Xinyu**.

In addition to the sales of **Ping An Insurance** and **Ping An Bank**, within **Internet**, we reduced our weighting in **Alibaba**. Investor support has been dented by concerns related to a sexual harassment case, and its prospects appear to be deteriorating. However, we added to **Pinduoduo**, Alibaba's rival, which we believe has greater growth potential, and to **Bilibili**, due to its unique and varied content offering, catering to children and young adults. Towards the end of the review period, we began reducing our exposure in EV battery companies, taking profits on **CATL** and **Yunnan Energy New Material**. These companies have performed well, and we see limited further upside. Within **Consumer**, we exited the education sector prior to the crackdown on this sector. We also closed our position in **Kweichow Moutai**, an alcoholic beverages producer, due to our dissatisfaction with its corporate governance practices.

ESG engagement over the year

Our investment philosophy centres on identifying quality companies with sustainable growth potential. We strongly believe 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.

In the past financial year, JPMAM has continued to strengthen its ESG research capability. Its dedicated Sustainable Investment (SI) team now consists of three sub-teams focused respectively on data and research, client solutions and stewardship. The stewardship team now includes three Hong Kong-based members, two of whom are Chinese speakers. This team's primary responsibilities include proxy voting oversight, pro-active company engagement and ESG reporting, and it works closely with JPMAM's investment managers. In addition, the Emerging Markets and Asia Pacific Equities (EMAP) team has appointed senior investment managers to lead ESG projects, in coordination with the SI team. JPMAM has also updated and expanded its risk profile and materiality questionnaire, which now provides a consistent ESG research framework for use by all JPM AM's equity analysts and investment managers globally. This should improve cross regional references and comparisons.

The following are a few examples of how we have worked with the SI team in the past year to address ESG issues in our portfolio companies:

- In August 2021 we engaged with **Alibaba** on several matters, including a recent high-profile accusation of a sexual assault within the company. Although the allegations were not supported by a police investigation, the company has implemented new anti-harassment guidelines and set up a working environment committee led by senior female employees, intended to provide employees with a more transparent and supportive complaints process. We also discussed Alibaba's intended response to China's forthcoming data privacy law. **Alibaba** appears to support the new law stating that in spirit, it is very similar to the general data protection regulations already in place in the UK and the European Union. We highlighted the importance of empowering users to opt-out of data collection. We also sought an update on the board's ESG oversight processes and its approach to ESG disclosures and were pleased to learn that Alibaba is looking to recruit a chief sustainability officer, and is also preparing its ESG report.
- Prior to **NetEase's AGM**, we met with the company's Chief Finance Officer to express our concerns about the lack of board refreshment, as all five of NetEase's independent directors have held their positions since the company went public more than two decades ago. At the AGM, we voted against the re-election of the nomination committee chair, to express our dissatisfaction with his failure to take steps to improve the board's independence.
- We met with representatives of **Baosight Software**, which is assisting domestic steelmakers reduce energy usage. The purpose of the meeting was to increase our understanding of the environmental impact of the company's work. We learned that the company is seeing new demand for its services and expanding its client base beyond its **BaoSteel** parent group, as steel producers strive to comply with the government's net zero carbon emissions target. Following the meeting, we increased our holding.

Outlook

The world is recovering from COVID disruptions and major economies are returning to normal, although some bottlenecks have emerged in global supply chains. A year ago, it was difficult to imagine the world would soon be confronted with supply shortages of an array of products, from semiconductors to clothing, and widespread inflation pressures. We expect inflation to persist in the short term, until pandemic-related obstacles within supply chains are removed and pent-up demand for basic materials and manufactured

goods dissipates. Major central banks will gradually wind back the extremely generous monetary stimulus implemented to support activity during the pandemic, but they are still faced with the difficult task of timing future interest rate increases to dampen inflation pressures, without unduly damaging activity.

In China, we believe the recent regulatory crackdowns are ultimately designed to achieve more sustainable and equitable growth. In our view, they do not represent any wavering in the government's commitment to improving living standards, opening the economy and delivering the benefits of technological innovation to consumers and businesses. For example, the government's efforts to limit property prices have wide public support and are essential to achieving a more balanced economy. The drive for common prosperity, if executed well, may lead to greater domestic consumption in the long run.

However, although we agree with the thrust of the regulatory changes, we are not complacent about the associated investment risks. These policies will continue to adversely impact certain companies and industries in the near term and alter the competitive dynamics of some sectors. We will therefore continue to assess regulatory risks on a company-by-company and sector-by-sector basis and review our investment thesis accordingly.

In relation to other aspects of government policy, China has sufficient fiscal and monetary policy head room to support growth if needed, and the recent weakening in manufacturing activity and consumption, if it persists, has increased the chances that some stimulatory measures will be announced in coming quarters. Looking further ahead, the Central Committee of the Communist Party met at the end of 2020 to discuss China's medium and long-term economic strategies. In response to ongoing tensions between China and the US and its western allies, over trade policy and territorial issues, the committee emphasised the need to foster economic self-sufficiency and technological innovation. It also endorsed efforts to boost consumer demand and continuing 'supply-side' structural reforms. We will continue to seek investment opportunities in those sectors best placed to benefit from the government's long-term economic strategies.

The good news for investors in China is that we believe the sharp share price correction seen in the second half of the review period now reflects most of the risks and uncertainties surrounding Chinese equity markets. And despite some near-term concerns, we remain positive about China's prospects. We expect growth to remain underpinned by the drive to digitalise and implement other technological innovations, by the rising aspirations of the expanding middle class, and increasingly, by the need to reduce carbon emissions.

We are also optimistic about the outlook for Chinese equities. We forecast expected annualised returns over a five-year period, as we believe this figure provides a reliable indicator of potential market performance. Over the next five years, we expect annualised returns to approach 20%. This is very close to an all-time high. Five-year return projections last touched this level in late 2018, following the sharp market sell-off sparked by Sino/US trade tensions and slower domestic growth. Equity markets subsequently experienced a rebound that continued virtually unabated until early 2021 and took indices to all-time highs.

If our analysis proves correct, we can look forward to a strong recovery in Chinese equities over the next few years. We are confident that our long-term investment philosophy, combined with our strong research capabilities and our presence 'on the ground' in mainland China, should help us to navigate any near-term market turbulence and continue to deliver positive returns for our shareholders over the longer term.

Rebecca Jiang

Howard Wang

Shumin Huang

Investment Managers

3rd December 2021

Manager's Approach to ESG and JPMorgan China Growth & Income plc

Introduction

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

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

The basics: what is ESG?

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

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

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

As Investment Managers of the Company's portfolio we think of these factors as additional inputs that help us make better investment decisions and so we follow an approach that integrates a consideration of ESG factors into our investment process. We believe this will benefit shareholders by helping to deliver enhanced risk-adjusted returns over the long run.

Why do we integrate ESG into our investment processes?

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

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

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

ESG Integration within the Company's portfolio

For us, ESG integration does not simply involve paying external vendors for ESG information; it rests heavily on our own proprietary research, on both a fundamental and a quantitative basis. When we look at a potential investment, we complete a globally consistent checklist of 40 ESG questions, 12 on environmental issues, 12 on social factors and 16 relating to governance. In addition, a quantitative-led ESG score uses third-party ESG data, weighted according to our own views on materiality.

As we continue to develop and refine our ESG analysis we are building a framework to identify which sub-industries are more (or less) attractive from an ESG perspective; and systematically to identify best-in-class businesses within these sectors.

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

Our team incorporates ESG considerations into its analysis to gauge the sustainability of a business, the quality of management and the ESG risks posed to minority shareholders. While we do not exclude or invest in individual stocks explicitly on social, environmental or ethical criteria (unless specifically requested by clients or required by local legislation), ESG factors could affect our degree of conviction and impact a stock's position sizing during portfolio construction. Our conviction is a function of the quality of the business and our understanding of the opportunity and the risks, which are informed by the Strategic Classification and Risk Profile based on our fundamental research. Our typical tilt towards better quality businesses is shown by the portfolio risk profile output, as at end October 2021, having fewer red flags on average than its index (MSCI China): JCGI 13.7, MSCI China 16.7.

Engagement

Active engagement with companies has long been an integral part of our approach to investing and to ESG. We use it not only to understand how companies consider issues related to ESG but also to try to influence their behaviour and encourage best practice for the purpose of enhancing returns for our clients. We engage with all companies in the portfolio on a regular basis, often several times in the course of a year. Our history of active management enables us to have a long-term dialogue directly with portfolio companies' management teams and so encourage companies to implement best practices on ESG matters. Alongside this direct engagement, we endeavour to vote at all of the meetings called by companies in which we invest.

A couple of examples of our recent activity with regard to stewardship and engagement with companies in this portfolio at the end of the year are provided below:

We met with **Pinduoduo** to engage with them after tragic media stories emerged of two employee deaths, one from cardiac arrest and one from suicide. We raised our concerns about the intense working culture of the company and asked what steps are being put in place. The company acknowledged that it needed better support mechanisms for employees and is now working on establishing better channels for employees to express concerns and is also offering all employees an annual health check. Working hours are long, reflecting the infamous '996' work culture, but the company does pay overtime and encourages employees to rest during the day, including taking their 2 hour lunch break. Although the company is making some progress, we added a red flag to our 40 Question ESG checklist on a question related to labour treatment to reflect recent issues.

We also engaged with the Chinese internet giant **Tencent** to provide formal feedback on its new ESG disclosures in its 2020 annual report. On climate, we were pleased to see the company commit to achieving carbon neutrality as well as its report being structured against the four key TCFD (Task Force on Climate-related Financial Disclosures) pillars. We suggested that in future it would be useful if it could share a more granular roadmap on the timeline of achieving carbon neutrality, and specifically that we would like to better understand its use of technology for data centres such as 'T-block' which is one key component. Data privacy and security remains a key issue in the Chinese internet space and forms part of our ESG materiality assessment of these companies. The positives we took from the report were the more explicit reference to domestic and overseas laws and regulations, as well as a self-composed privacy framework 'Tencent PBD' which was publicly disclosed for the first time. For the future, we encouraged Tencent to include the number of cases, type of feedback and reflection on feedback with regards to user privacy. Finally, on human capital management we commended the company for disclosing significantly more data than before including gender (29% female), age (40% under 30) and turnover (12%). Our next request was that the company should use the information for thoughtful reflection and report back any conclusions. A good example of this is Google's 2019 Diversity & Inclusion report which includes lessons learnt from the past five years.

Proxy Voting

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

We believe that corporate governance is integral to our investment process. We examine the share structure and voting structure of the companies in which we invest, as well as the board balance, oversight functions and remuneration policy. For full details, please see the J.P. Morgan Asset Management Corporate Governance Policy & Voting Guidelines, copies of which are available on request, or to download from our website.

JPMorgan China Growth & Income plc:

Voting at shareholder meetings over the year to 30th September 2021

	For	Against	Abstain	Total Items	% Against
Routine Business	410	10	0	420	2.4
Director Related	291	29	0	320	9.1
Capitalisation	345	46	0	391	11.8
Reorganisation and Mergers	109	46	0	155	29.7
Non-salary compensation	46	54	0	100	54.0
Antitakeover	2	0	0	2	0
Shareholder-Routine/Business	5	0	0	5	0
Shareholder-Directors Related	24	0	0	24	0
Shareholder-Corporate Governance	5	0	0	5	0
TOTAL	1,237	185	0	1,422	13.0

A couple of examples of our recent voting activity are provided below:

We voted in favour of a proposal on use of the company funds at the **Amoy Diagnostics'** AGM, which contrasted with ISS' recommendation to vote against the proposal. ISS stated that the company had not given sufficient disclosure on the sorts of products into which it would invest idle cash. However, our analyst Vincent Yu held a meeting with the company and discovered that the disclosure had in fact been made and based on our analysis of the disclosure we felt comfortable supporting management.

We firmly believe that non-executive directors must be able to devote an appropriate amount of time to board matters to carry out their responsibilities effectively. This should not only be measured by the director's attendance, but also the number of directorships held at any one time. We would not normally expect a non-executive director to hold more than three significant directorships, (although up to six directorships in related group companies may be permissible). During Q2 2021 we voted against the election of a new over-boarded non-executive director at **Haier Smart Home's** special meeting, due to concerns about the named candidate's potential commitment to his new responsibilities.

Carbon Footprint

	Carbon Emissions tons CO2e/USDm invested	Total Carbon Emissions tons CO2e
JPMorgan China Growth and Income plc	5.9	3,780
MSCI China	200.5	128,094
Aim/Purpose	<i>What is my portfolio's normalized carbon footprint per million dollars invested?</i>	<i>What is my portfolio's total carbon footprint?</i>
Description	Normalised measure of a portfolio's contribution to climate change that enables comparisons with a benchmark, between multiple portfolios, and over time, regardless of portfolio size.	Measures the carbon footprint of a portfolio - i.e. the total carbon emissions for which an equity portfolio is responsible - by summing up the proportionate carbon emissions of portfolio companies based on the investor's ownership share.

Source: MSCI Carbon Footprint Calculator

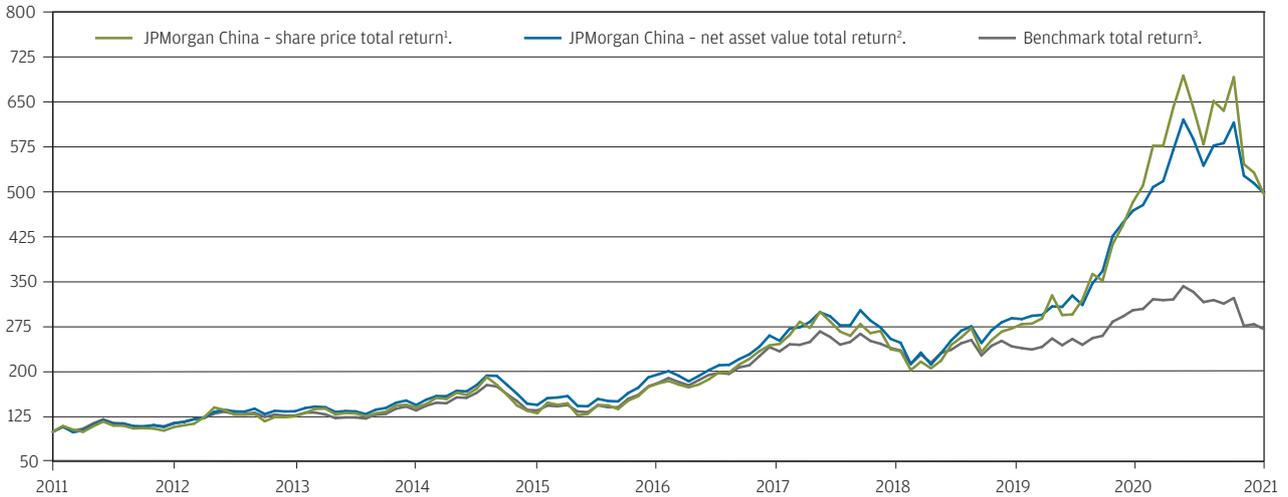
The Future

In investing your Company's assets we have always looked for companies with the ability to create value in a sustainable way.

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

TEN YEAR PERFORMANCE

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2011



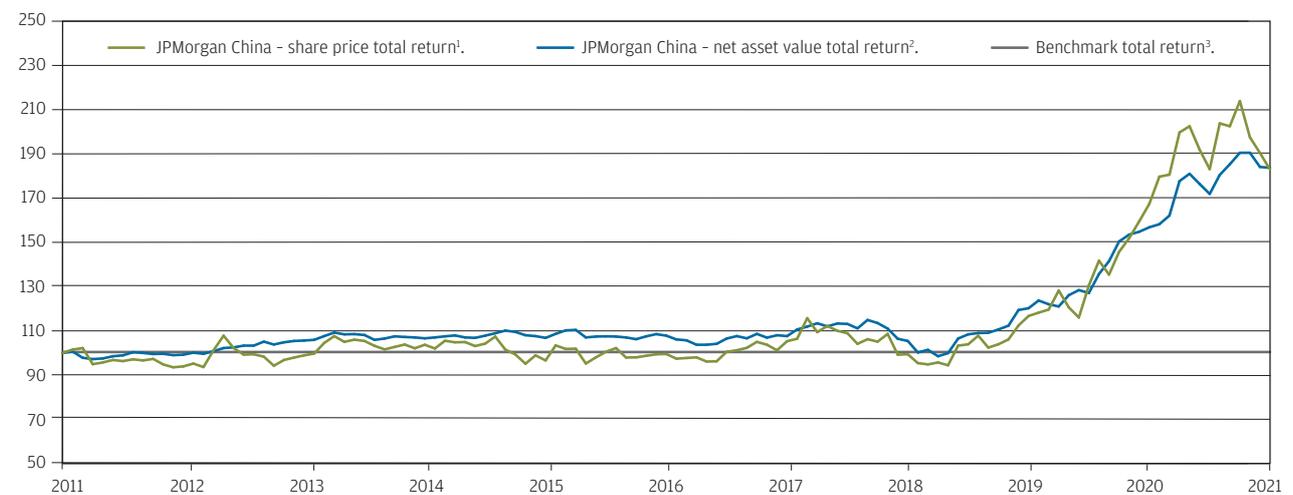
¹ Source: Morningstar.

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

³ Source: MSCI.

TEN YEAR PERFORMANCE RELATIVE TO BENCHMARK

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2011



¹ Source: Morningstar.

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

³ Source: MSCI.

TEN YEAR FINANCIAL RECORD

At 30th September	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Shareholders' funds (£'m)	101.1	112.2	128.9	137.8	135.9	179.8	226.0	221.0	253.1	411.0	473.4
Net asset value per share (p) ^A	129.8	146.4	170.7	182.4	181.2	242.7	309.8	303.9	348.1	565.3	569.0
Share price (p)	119.9	128.0	147.5	163.5	150.8	205.8	278.3	263.0	309.5	552.0	518.0
Share price discount to net											
asset value per share (%) ^A	7.6	12.6	13.6	10.4	16.8	15.2	10.2	13.5	11.1	2.4	9.0
Gearing (%) ^A	3.3	9.9	11.1	8.8	13.9	8.5	9.3	17.9	9.8	10.6	10.2

Year ended 30th September

Net revenue attributable to											
shareholders (£'000)	1,073	1,313	1,241	1,281	1,701	1,335	850	3,152	1,788	2,146	1,563
Revenue return per share (p)	1.38	1.69	1.63	1.70	2.25	1.79	1.16	4.32	2.46	2.95	1.97
Dividend per share (p) ¹	1.3	1.6	1.6	1.6	1.8	1.6	1.6	3.5	2.5	7.4	22.8
Ongoing Charges (%) (excluding											
performance fee payable) ^{2,A}	1.40	1.41	1.46	1.40	1.42	1.44	1.38	1.34	1.26	1.00	0.99
Ongoing Charges (%) (including											
performance fee payable) ^{3,A}	1.51	1.41	2.42	1.78	1.46	1.44	1.38	1.34	1.26	1.00	0.99

Rebased to 100 at 30th September 2011

Total return to shareholders ^{4,A}	100.0	107.9	125.7	140.8	131.0	180.7	246.5	234.2	279.5	510.5	495.6
Total return on net assets ^{5,A}	100.0	113.9	134.2	144.7	144.9	195.9	251.9	248.3	287.9	478.0	497.7
Benchmark total return ⁶	100.0	114.9	127.1	135.7	135.6	181.7	234.1	235.5	239.5	304.9	270.9

¹ As of 1st April 2020, the Company adopted a new distribution policy. Further details can be found on page 26.

² Management fee and all other operating expenses, excluding finance costs and any performance fee payable, 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).

³ 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). The performance fee was removed from the Company's fee structure with effect from 30th September 2015.

⁴ Source: Morningstar.

⁵ Source: J.P. Morgan/Morningstar, using cum income net asset value per share.

⁶ 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.

^A Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 95 to 97.

PORTFOLIO INFORMATION

LIST OF INVESTMENTS

AT 30TH SEPTEMBER

Company	Sector	2021 Valuation		2020 Valuation	
		£'000	% ¹	£'000	% ¹
Tencent ⁷	Communication Services	46,411	8.9	41,092	9.0
Wuxi Biologics Cayman ³⁷	Health Care	25,758	4.9	17,055	3.8
Alibaba ^{2,28}	Consumer Discretionary	22,568	4.3	46,394	10.2
Meituan ⁷	Consumer Discretionary	20,561	4.0	18,559	4.1
Pinduoduo ^{2,8}	Consumer Discretionary	17,451	3.4	9,840	2.2
Contemporary Amperex Technology ⁴⁹	Industrials	13,759	2.6	7,770	1.7
China Merchants Bank ⁴⁷	Financials	11,760	2.3	5,742	1.3
Country Garden Services ^{4,7}	Real Estate	11,559	2.2	8,423	1.9
Shanghai Baosight Software ³⁹	Information Technology	11,054	2.1	–	–
Bilibili ^{2,3,28}	Communication Services	11,001	2.1	2,965	0.7
Ten Largest Investments		191,882	36.7		
NetEase ^{2,28}	Communication Services	10,848	2.1	11,693	2.6
Kingdee International Software ⁷	Information Technology	10,671	2.0	12,420	2.7
Sunny Optical Technology ⁷	Information Technology	10,017	1.9	6,271	1.4
Shenzhen Mindray Bio-Medical Electronics ⁹	Health Care	9,603	1.9	7,710	1.7
Yunnan Energy New Material ⁹	Materials	9,078	1.7	9,287	2.0
LONGi Green Energy Technology ⁹	Information Technology	8,729	1.7	6,113	1.3
ENN Energy ⁷	Utilities	8,684	1.7	5,547	1.2
StarPower ^{3,6,9}	Information Technology	8,492	1.6	–	–
Tongwei ³⁹	Consumer Staples	8,275	1.6	–	–
ANTA Sports Products ⁷	Consumer Discretionary	7,612	1.5	4,173	0.9
Xinyi Solar ³⁷	Information Technology	7,462	1.4	–	–
Foshan Haitian Flavouring & Food ⁹	Consumer Staples	7,061	1.4	7,046	1.6
Silergy ¹⁰	Information Technology	6,658	1.3	3,051	0.7
Hong Kong Exchanges & Clearing ¹¹	Financials	6,522	1.3	6,702	1.5
BOE Technology ^{3,6,9}	Information Technology	6,398	1.3	–	–
Hangzhou Tigermed Consulting ^{3,9}	Health Care	6,376	1.2	5,402	1
Wuliangye Yibin ⁹	Consumer Staples	6,177	1.2	6,604	1.5
OPT Machine Vision ^{3,6,9}	Information Technology	6,077	1.2	–	–
Shenzhou International ⁷	Consumer Discretionary	6,035	1.2	5,192	1.1
Beijing Kingsoft ^{3,6,9}	Information Technology	5,990	1.1	–	–
Montage Technology ^{3,6,9}	Information Technology	5,928	1.1	–	–
Fuyao Glass Industry ³⁷	Consumer Discretionary	5,821	1.1	–	–
Venus MedTech Hangzhou ⁷	Health Care	5,751	1.1	8,029	1.8
Broncus ^{3,11}	Health Care	5,695	1.1	–	–
Maxscend Microelectronics ³⁹	Information Technology	5,646	1.1	–	–
China Resources Mixc Lifestyle Services ³⁷	Real Estate	5,506	1.1	–	–

Company	Sector	2021 Valuation		2020 Valuation	
		£'000	% ¹	£'000	% ¹
Huazhu ^{2,3,28}	Consumer Discretionary	5,333	1.1	2,645	0.6
BeiGene ^{5,7}	Health Care	5,198	1.0	3,745	0.8
Haier Smart Home ^{3,7}	Consumer Discretionary	4,926	0.9	–	–
Shenzhen Inovance Technology ^{3,9}	Industrials	4,886	0.9	–	–
Jiangsu Hengrui Medicine ⁹	Health Care	4,502	0.9	8,486	1.9
Kangji Medical ⁷	Health Care	4,429	0.8	2,056	0.5
Aier Eye Hospital ⁹	Health Care	4,391	0.8	4,939	1.1
Sangfor Technologies ^{3,9}	Information Technology	4,333	0.8	–	–
Jiumaojiu International ¹¹	Consumer Discretionary	4,287	0.8	4,492	1.0
Guangzhou Kingmed Diagnostics ⁹	Health Care	4,257	0.8	5,335	1.2
Fujian Anjoy Foods ^{3,9}	Consumer Staples	4,223	0.8	–	–
Jiangsu Hengli Hydraulic ⁹	Industrials	4,160	0.8	3,921	0.9
Xpeng ^{2,3,8,11}	Consumer Discretionary	4,113	0.8	4,096	0.9
Bank of Ningbo ^{3,9}	Financials	3,974	0.8	–	–
Glodon ⁹	Information Technology	3,892	0.7	6,770	1.5
Han's Laser Technology Industry ^{3,9}	Industrials	3,873	0.7	–	–
Amoy Diagnostics ^{3,6,9}	Health Care	3,683	0.7	2,075	0.5
ZWSOFT ^{3,6,9}	Information Technology	3,601	0.7	–	–
Oppein Home ^{3,9}	Consumer Discretionary	3,578	0.7	–	–
JS Global Lifestyle ¹¹	Consumer Discretionary	3,494	0.7	5,952	1.3
Advanced Micro-Fabrication Equipment ^{3,9}	Information Technology	3,364	0.6	–	–
Changzhou Xingyu Automotive Lighting Systems ^{3,9}	Consumer Discretionary	3,166	0.6	–	–
JD Logistics ^{3,7}	Industrials	3,068	0.6	–	–
Hualan Biological Engineering ⁹	Health Care	2,972	0.6	2,219	0.5
Pop Mart International ^{3,7}	Consumer Discretionary	2,854	0.5	–	–
Zhejiang Supcon ^{3,6,9}	Consumer Discretionary	2,802	0.6	–	–
Skshu Paint ^{3,9}	Materials	2,748	0.5	–	–
Leader Harmonious Drive Systems ^{3,6,9}	Industrials	2,720	0.5	–	–
Zhejiang Dingli Machinery ⁹	Industrials	2,691	0.5	2,392	0.5
Baidu ^{3,7}	Communication Services	2,683	0.5	–	–
Topsports International ⁷	Consumer Discretionary	2,663	0.5	2,774	0.6
Jiangsu Hengshun Vinegar Industry ^{3,9}	Consumer Staples	2,609	0.5	–	–
Angelalign Technology ^{3,11}	Health Care	2,447	0.5	–	–
Kanzhun ^{2,3,8}	Communication Services	2,328	0.4	–	–
Hefei Meiya Optoelectronic Technology ^{3,9}	Industrials	2,258	0.4	–	–
Brii Biosciences ^{3,11}	Health Care	2,054	0.4	–	–
Tuya ^{2,3,8}	Information Technology	2,013	0.4	–	–

LIST OF INVESTMENTS CONTINUED

Company	Sector	2021 Valuation		2020 Valuation	
		£'000	% ¹	£'000	% ¹
Shanghai Baosight ^{3,6,9}	Industrials	1,988	0.4	–	–
Suzhou Basecare Medical ^{3,7}	Health Care	1,207	0.2	–	–
Everest Medicines ⁷	Health Care	1,161	0.2	679	0.2
Burning Rock Biotech ^{2,8}	Health Care	1,124	0.2	2,566	0.6
Yidu Tech ^{3,7}	Health Care	993	0.2	–	–
New Horizon Health ^{3,7}	Health Care	976	0.2	–	–
Cheerwin ^{3,7}	Consumer Staples	618	0.1	–	–
Total Investments		521,634	100.0		

¹ Based on total investments of £521.6m (2020: £454.6m).

² American Depository Receipts (ADRs).

³ Not held in the portfolio at 30th September 2020.

⁴ Not held in the ten largest investments at 30th September 2020.

⁵ Includes American Depository Receipts (ADRs).

⁶ Includes investments in Participatory Notes.

⁷ China HK listed.

⁸ China US listed.

⁹ China A Shares.

¹⁰ Taiwan.

¹¹ Hong Kong.

At 30th September 2020, the value of the ten largest investments amounted to £186.8 million representing 41.1% of total investments.

INVESTMENT ACTIVITY

DURING THE YEAR ENDED 30TH SEPTEMBER 2021

	Value at 30th September 2020		Purchases £'000	Sales £'000	Changes in value £'000	Value at 30th September 2021	
	£'000	% of portfolio				£'000	% of portfolio
China HK listed ¹	182,078	40.0	156,535	(99,556)	(3,772)	241,455	46.3
China A Shares	151,664	33.3	154,874	(134,280)	23,824	196,082	37.6
China US listed	98,311	21.7	54,321	(58,773)	(31,865)	55,824	10.7
China Total	432,053	95.0	365,730	(292,609)	(11,813)	493,361	94.6
Hong Kong	19,541	4.3	22,228	(31,322)	11,168	21,615	4.1
Taiwan	3,051	0.7	–	(565)	4,172	6,658	1.3
Total Portfolio	454,645	100.0	387,958	(324,496)	3,527	521,634	100.0

¹ Historically consisted of Hong Kong Red Chip, Hong Kong P Chip and Hong Kong H-Shares.

PORTFOLIO INFORMATION

GEOGRAPHICAL ANALYSIS

	30th September 2021		30th September 2020	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
China HK listed	46.3	70.0	40.0	54.0
China A Shares	37.6	14.6	33.3	11.7
China US listed	10.7	15.2	21.7	34.2
China B Shares	–	0.1	–	0.1
China Total	94.6	99.9	95.0	100.0
Hong Kong	4.1	0.1	4.3	–
Taiwan	1.3	–	0.7	–
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £521.6m (2020: £454.6m).

SECTOR ANALYSIS

	30th September 2021		30th September 2020	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Consumer Discretionary	22.2	31.4	27.4	37.3
Information Technology	21.5	6.8	16.6	5.1
Health Care	17.7	8.3	18.5	5.3
Communication Services	14.0	17.6	13.9	20.6
Industrials	7.4	5.1	5.6	4.6
Consumer Staples	5.6	5.1	5.6	4.1
Financials	4.4	13.9	7.5	13.3
Real Estate	3.3	4.4	1.6	4.2
Materials	2.2	3.2	2.1	2.0
Utilities	1.7	2.6	1.2	1.7
Energy	–	1.6	–	1.8
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £521.6m (2020: £454.6m).

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 provide long-term capital growth by investment in 'Greater China' companies, and which outperforms its benchmark index over the long term. 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. 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

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.

The Company's objective is to provide 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.

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 and has been managing money in Greater China since the 1990s. The Greater China team consists of 21 investment professionals (comprising seven portfolio managers and 14 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 2021).

The investment managers leverage the insights of these dedicated Greater China investment analysts, who spend the majority of their time conducting on-the-ground research and in-depth analysis on companies. 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. In 2020, the team conducted over 1,600 company visits. Since the outbreak of COVID-19, in-person meetings with companies in most cases have been replaced by telephone meetings and video conference calls. As at 30th September 2021, 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 23 analysts in JPMorgan's China based Mutual Fund company, China-based China International Fund Management Co. Ltd. ('CIFM').

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 UK and European 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.

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.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 5 to 8, and in the Investment Managers' Report on pages 9 to 14.

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 with a commitment to sustainability.

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.

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.

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 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 may use derivative instruments for the purpose of efficient portfolio management up to a value of 10%. 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 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 2021, the Company produced a total return to shareholders of -2.9% and a total return on net assets of +4.1%. This compares with the total return on the Company's benchmark index of -11.2%. As at 30th September 2021, the value of the Company's investment portfolio was £521.6 million. The Investment Managers' Report on pages 9 to 14 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 return for the year amounted to £8,461,000 (2020: £169,137,000) and the net total return after deducting the management fee, other administrative expenses, finance costs and taxation, amounted to £2,403,000 (2020: £165,048,000).

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 2020, 31st March 2021, 30th June 2021 and 30th September 2021 dividends of 5.7p were declared for each quarter.

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. 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 15th July 2021, the facility was then renewed for a further two years on new terms. This facility is highly flexible and is used with the aim of enhancing returns.

As at 30th September 2021, USD65.1 million (£48.3 million) had been drawn on the facility. Further details about the loan facility are given in note 13 on page 72.

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 18).
- 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 2021 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 2021, the Company's shares traded between a premium of 6.7% and a discount of 9.4%, averaging a premium of 0.1% 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. During much of the year, the company's shares traded at a premium.

(Discount)/Premium Performance



Source: Morningstar.

— JPMorgan China Growth & Income plc - discount.

- Ongoing charges**

The ongoing charges represent the Company's management fee 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 2021 decreased to 0.99% (2020: 1.00%). 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 (2020: nil) or for cancellation. In addition, 5,211,777 shares have been re-issued from Treasury and 5,287,500 new Ordinary shares were issued. Since the year end nil 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 91 and 92.

Board Diversity

At 30th September 2021, there were two male Directors and three female Directors on the Board. The Board remains committed to appointing the most appropriate candidates on merit. The Board's policy is to seek to have a board which is diverse in terms of skills, knowledge, experience, gender and cultural background.

The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company.

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. 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.

A comprehensive ESG statement is included on pages 15 to 17.

Greenhouse Gas Emissions

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. The Company itself has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint and therefore it qualifies as a low energy user and is exempt from reporting under the Streamlined Energy & Carbon Reporting requirements. The Board notes the JPMAM policy statements in respect of Social, Community and Environmental and Human Rights issues and Greenhouse Gas Emissions and that JPMAM, is a signatory to the Carbon Disclosure Project and JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance. For more information, please see page 17 of the ESG report.

The Modern Slavery Act 2015 (the 'MSA')

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

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. With the assistance of JPMF, the Audit Committee has drawn up a risk matrix, which identifies the key risks to the Company. These are reviewed and noted by the Board. The risks identified and the broad categories in which they fall, and the ways in which they are managed or mitigated are summarised below. The AIC Code of Corporate Governance requires the Audit Committee to put in place procedures to identify emerging risks. The key emerging risks identified are also summarised below.

Principal Risk	Description	Mitigating Activities
Geopolitical	Geopolitical risk arises from uncertainty about the future prices of the Company's investments, the ability to trade in those investments, and the imposition of restrictions on the free movement of capital. Changes in economic or political conditions or other factors can substantially and potentially adversely affect the value of investments. Geopolitical risks could arise from trade and political tensions between China and the United States and, for instance, interference in Hong Kong and Cross Taiwan Straits tension. All may impact the ability of the Manager and other service providers to carry on business as usual in the management of the portfolio in Hong Kong.	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. The investment managers employ the Company's gearing within a strategic range set by the Board.
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).

PRINCIPAL AND EMERGING RISKS

Principal Risk	Description	Mitigating Activities
Loss of Investment Team or Investment Manager	A sudden departure of several 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 with the senior management of the Manager in order to mitigate this risk.
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.
Governance	Changes in financial, regulatory or tax legislation, including in the European Union, may adversely affect the Company.	The Manager makes 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.
Corporate Governance and Shareholder Relations	Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement on pages 40 to 44.	The Board receives regular reports from the Manager and the Company's broker about shareholder communications, their views and their activity. It also receives updates from its advisors on corporate governance issues and reviews its related policies regularly.
Financial	The financial risks faced by the Company include market price risk, interest rate 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 note 21 on page 76.
Operational Risk and 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 43 and 44. 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> <p>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.</p>

PRINCIPAL AND EMERGING RISKS

Principal Risk	Description	Mitigating Activities
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 25. 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.
Global pandemics	The emergence and spread of coronavirus (COVID-19) is a global pandemic risk that poses a significant risk to the Company's portfolio. 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>Time after time, markets have recovered, albeit over varying and sometimes extended time periods, and so the Board does have an expectation that the portfolio's holdings will not suffer a material long-term impact and should recover. 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. Should the virus become more virulent than is currently the case, it may present risks to the operations of the Company, its Manager and other major service providers.</p> <p>Should efforts to control a pandemic prove ineffectual or meet with substantial levels of public opposition, there is the risk of social disorder arising at a local, national or international level. Even limited or localised societal breakdown may threaten both the ability of the Company to operate, the ability of investors to transact in the Company's securities and ultimately the ability of the Company to pursue its investment objective and purpose.</p>
Emerging Risk	Description	Mitigating Activities
Climate change	Climate change, which barely registered with investors a decade ago, has today become one of the most critical issues confronting asset managers and their investors. Investors can no longer ignore the impact that the world's changing climate will have on their portfolios, with the impact of climate change on returns now inevitable.	<p>The Board is also considering the threat posed by the direct impact on climate change on the operations of the Manager and other major service providers.</p> <p>As extreme weather events become more common, the resiliency, business continuity planning and the location strategies of our services providers will come under greater scrutiny.</p> <p>The Board also receives ESG reports from the Manager on the portfolio and the way ESG considerations are integrated into the investment decision-making.</p>

Long-Term Viability

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. The Company has no loan covenants or liabilities that cannot be readily met and 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 and the ongoing COVID-19 pandemic.

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 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 2026. 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

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 wider society. The Board believes the best interests of the Company are aligned with those of these key stakeholders as all parties wish to see and ultimately benefit from the Company achieving its investment objectives whilst carrying on business in compliance with the highest possible regulatory, legal, ethical and commercial standards.

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

Stakeholder Engagement
<p>Shareholders</p> <p>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 42.</p>
<p>Manager</p> <p>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. The Board also maintains strong lines of communication with the Manager via its dedicated company secretary and client director whose interactions extend well beyond the formal business addressed at each Board and Committee meeting. This enables the Board to remain regularly informed of the views of the Manager and the Company's shareholders (and vice versa).</p>
<p>Investee companies</p> <p>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 many 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 15 to 17). The Board monitors investments made and divested and questions the Manager's rationale for exposures taken and voting decisions made.</p>
<p>Other key service providers</p> <p>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.</p>

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 15 to 17.

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

Succession Planning

The Board has continued to progress its orderly succession plans during the year. Having served as a Director since 2012 and as Chairman since 2018, John Misselbrook will retire from the Board at the Company's 2022 Annual General Meeting and will be succeeded as Chairman by Alexandra Mackesy. Three new non-executive directors, Joanne Wong, May Tan and Aditya Sehgal, have been appointed in 2021. Your Directors believe that shareholder interests are best served by ensuring a smooth and orderly succession for the Board which serves to provide both continuity and refreshment whilst ensuring diversity of both background and experience.

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.

Borrowings and Gearing

The Board renewed its £50 million loan facility (plus a £10 million accordion facility) with The Bank of Nova Scotia in July 2021 for two years.

Miscellaneous

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

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

For and on behalf of the Board
John Misselbrook
Chairman

3rd December 2021

BOARD OF DIRECTORS



John Misselbrook (Chairman of the Board and Nomination and Management Engagement Committees)^{1,2,3}

A Director since July 2012.

Last reappointed to the Board: 2021.

Current remuneration: £37,500.

Formerly Non-Executive Chairman of Aviva Investors Holdings Limited and Non-Executive Chairman of Northern Trust Global Services SE. John was also Chief Operating Officer and on the board of Baring Asset Management Ltd and its predecessor from 2001 to 2011, the board of Baring Asset Management Japan Ltd from 2006 to 2011 and the boards of Baring Fund Managers Ltd and Baring International Fund Managers (Ireland) Ltd from 2009 to 2011. He had also held senior positions in finance and operations, including Director and Chief Financial Officer at LGT Asset Management Asia, Operations Director at Invesco Asia and Managing Director of Investment Administration at the WM Company Limited, part of the Deutsche Bank Group. He is a Non-Executive Director of Brown Shipley & Co Ltd and River and Mercantile Group plc and a Non-Executive Director and Chairman of Hargreaves Lansdown Fund Managers Limited.

Shareholding in Company: 8,500 Ordinary shares.



David Graham (Chairman of the Audit Committee and Senior Independent Director)^{1,2,3}

A Director since May 2017.

Current remuneration: £31,500.

Last reappointed to the Board: 2021.

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, DSP India Investment Fund and DSP India Fund.

Shareholding in Company: 37,169 Ordinary shares.



Alexandra Mackesy^{1,2,3}

A Director since July 2018.

Current remuneration: £26,000.

Last reappointed to the Board: 2021.

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, and is founding partner of Board Level Partners, which provides external board reviews to listed companies and other organisations.

Shareholding in Company: 1,600.



Joanne Wong^{1,2,3}

A Director since June 2021.

Current remuneration: £26,000.

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, and with a particular responsibility for the Hong Kong and Chinese equity markets. She retired from Franklin Templeton in 2020.

Shareholding in Company: Nil.



May Tan^{1,2,3}

A Director since August 2021.

Current remuneration: £26,000.

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 Link Asset Management, CLP Holdings, MSIG HK, HSBC Life Insurance and Anticimex.

Shareholding in Company: Nil.



Aditya Sehgal^{1,2,3}

A Director since October 2021.

Current remuneration: £26,000.

Aditya has spent several years working in China and has a wealth of experience in marketing, and a particular keen interest in technology and ecommerce-related business in China and globally. He was most recently President of Nutrition, 'eRB' and China with Reckitt. He has been on the Group Executive Committee for Reckitt since 2017 till Sep 2021. He became Chief Operating Officer, Health in January 2019 and as part of Reckitt's new business strategy, transitioned to his role in July 2020. He stepped down from Reckitt in the end of October 2021. Aditya was previously Chief Operating Officer, Health at Reckitt and Director of RB (China Trading) Limited and RB & Manon Business Limited which established a joint venture with Reckitt Benckiser (referred to as 'RB'), Shanghai and other branches in Hong Kong and China.

Shareholding in Company: Nil.

¹ Considered independent by the Board

² All Directors are members of the Audit, Nomination, Remuneration and Management Engagement Committees

³ No connections with Manager or shared directorships with other Directors.

The Directors present their report and the audited Financial Statements for the year ended 30th September 2021.

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. 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.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at www.jpmchinagrowthandincome.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 36. In line with the Company's Board succession plan, Oscar Wong stood down as a Director with effect from 27th July 2021.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 49. No changes have been reported to the Directors' shareholdings since the year end.

Following a rigorous search exercise, Joanne Wong was appointed a Director on 1st June 2021 and May Tan was appointed a Director on 2nd August 2021. Aditya Sehgal was appointed a Director on 1st October 2021 following a search undertaken by Odgers Berndtson, a leading executive search organisation independent of both the Company and the Manager. In accordance with the Company's Articles of Association, Joanne Wong, May Tan and Aditya Sehgal will stand for appointment at the forthcoming AGM. The Board recommends to shareholders that those standing for appointment be appointed.

In accordance with corporate governance best practice, David Graham and Alexandra Mackesy 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.

John Misselbrook will retire from the Board at the conclusion of the 2022 AGM. After careful deliberation, it has been agreed by the Board that Alexandra Mackesy will become Chairman of the Board thereafter.

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.

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.

Companies Act 2006 Requirements

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

Capital Structure

The Company's capital structure is summarised on the inside front cover of this report. The Ordinary shares have a premium listing on the London Stock Exchange.

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 94.

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 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) 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 2023 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) 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 2023 unless renewed at a prior general meeting.

The full text of the resolutions 10 to 13 is set out in the Notice of Annual General Meeting on pages 91 and 92.

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) as at 30th November 2021.

(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 2021 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 27th July 2023 unless the authority is renewed at the Company's AGM in 2023 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 92.

(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 2021 have totalled 22.8 pence per share.

Recommendation

The Board considers that resolutions 10 to 15 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of 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 47,269 Ordinary shares (as at the date of this report) representing approximately 0.06% of the voting rights of the Company.

Other Information

Information on acquisition of the Company's own shares and greenhouse gas emissions, can be found in the Strategy Report. Financial risk management objectives and policies, with information on exposure to price, credit and liquidity risk, can be found in note 21 to the Financial Statements. Information on post balance sheet events can be found in note 24. Information on the outlook for the Company can be found in the Chairman's statement on page 8.

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 and 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 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 John Misselbrook, 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, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 36.

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.

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

Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on page 36. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long-term success of the Company, are summarised below. All Directors will stand for reappointment at the Annual General Meeting, with the exception of Joanne Wong, May Tan and Aditya Sehgal who will stand for appointment and John Misselbrook who will retire following the 2022 AGM.

Resolution 4 concerns the reappointment of David Graham. He joined the Board in May 2017 and has served for four years as a Director and is Chairman of the Audit Committee. David is a Non-Executive Director and Chairman of Fidelity Japan Trust plc

and a Non-Executive Director of Templeton Emerging Markets Investment Trust PLC, DSP India Investment Fund and DSP India Fund. He has held a number of non-executive and senior appointments.

For more biographic details, please refer to page 36 of the Report.

Resolution 5 concerns the reappointment of Alexandra Mackesy. She joined the Board in July 2018 and has served for three years as a Director. Alexandra is a Non-Executive Director on the Boards of Henderson Smaller Companies Investment Trust plc and Murray International Trust PLC. She has held a number of non-executive positions and lived in Hong Kong for 14 years where she worked as an investment analyst.

For more biographic details, please refer to page 36 of the Report.

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.

Resolution 6 concerns the appointment of Joanne Wong. She joined the Board in June 2021. Joanne spent ten years as an equity analyst focusing on Hong Kong and China listed companies. She joined Franklin Templeton Investments in Hong Kong in 2002 and became a Portfolio Manager focusing on Asian mandates. She retired from Franklin Templeton in 2020. She lives in Hong Kong.

For more biographic details, please refer to page 36 of the Report.

Resolution 7 concerns the appointment of May Tan. She joined the Board in August 2021. May is qualified as a chartered accountant and has worked as an equity and corporate finance specialist with Cazenove Asia from 1984-2009. She was also CEO of Cazenove Asia and then head of equity corporate finance at Standard Chartered Bank ('SCB'). She was appointed the CEO of SCB (Hong Kong) Limited in 2014 and retired in 2017. She is currently a Director of Link Asset Management, CLP Holdings, MSIG HK, HSBC Life Insurance and Anticimex.

For more biographic details, please refer to page 36 of the Report.

Resolution 8 concerns the appointment of Aditya Sehgal. He joined the Board in October 2021. Aditya was President of Nutrition, 'eRB' and China with Reckitt and became Chief Operating Officer, Health. He was a Director of RB (China Trading) Limited and RB & Manon Business Limited. He has also held various roles in sales and marketing.

For more biographic details, please refer to page 36 of the Report.

The Board confirms that each of the Directors standing for appointment 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 additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account 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 by means of the evaluation process described below.

The Nomination Committee undertakes an annual performance evaluation, as described below, to ensure that all members of the Board have devoted sufficient time and contributed adequately to the work of the Board.

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 36.

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 four full Board meetings each year and

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	Remuneration Committee Meetings Attended	Management Engagement Committee Meetings Attended
David Graham	4	2	1	1	1
John Misselbrook	4	2	1	1	1
Oscar Wong ¹	4	2	1	1	1
Alexandra Mackesy	4	2	1	1	1
Joanne Wong ²	1	–	1	1	1

¹ Retired 27th July 2021.

² Appointed 1st June 2021.

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. This visit was cancelled because of COVID-19, so instead the Board attended a week long virtual China trip, meeting analysts and external strategists and economists via video conference calls.

Board Committees

Nomination Committee

The Nomination Committee, chaired by John Misselbrook, consists of all of the Directors and 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.

The Board's policy on diversity, is set out on page 40.

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, including gender, and how it works together.

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 Oscar Wong, until his retirement in July 2021 and subsequently by David Graham, reviews 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 John Misselbrook, 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 45 and 46.

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 99.

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 99. 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 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 29 to 31). 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 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.

- **Depositary**

The Board has appointed Bank of New York Mellon (International) Limited as depositary, with responsibilities for safe keeping of custodial assets and oversight of the records and cash flows.

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 2021 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 44.

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 and on embodying the spirit of those principles across the firm. While JPMAM is not yet a signatory to the recently revised 2020 UK Stewardship Code, its current focus is on ensuring its reporting to the FRC reflects the most robust standards.

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website: <https://am.jpmorgan.com/uk/institutional/corporate-governance>, which also sets out its approach to the seven principles of the FRC Stewardship Code, its policy relating to conflicts of interest and its detailed voting record.

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

3rd December 2021

Audit Committee Report

Composition and Role

The Audit Committee, chaired by David Graham and whose membership is set out on page 36, 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 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, including its COVID-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Board has, in particular, considered the impact of heightened market volatility since the COVID-19 outbreak but does not believe the Company's going concern status is affected. The Company's assets, the vast majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly 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 32.

Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. Furthermore, the Directors are satisfied that the Company and its key third party service providers have in place appropriate business continuity plans and confirm they have been able to maintain service levels through the pandemic.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters, including the impact of the coronavirus pandemic, that the Company will continue in operational existence for a period of at least 12 months. The Committee assesses the Company's ability to continue as a going concern to 31st December 2022 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 32.

Financial Statements and Significant Accounting Matters

During its review of the Company's Financial Statements for the year ended 30th September 2021, 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 depositary. BNY 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 is undertaken in accordance with accounting policy note 1(d) to the accounts on page 64. The Board regularly reviews subjective elements of income such as special dividends and agrees their accounting treatment.
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 has been obtained and ongoing compliance with the eligibility criteria is monitored by the Board on a regular basis.

Significant issue	How the issue was addressed
The risk that the global economic disruption caused by the ongoing COVID-19 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 Accountant, 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 related to the continuing COVID-19 pandemic 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 ongoing COVID-19 pandemic 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 further reviewed the Company's borrowing facility and considers that the Company has continually met its financial covenants in respect of these facilities and has a wide margin 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, notwithstanding the global economic challenges posed by the continuing COVID-19. The Audit Committee has received representations and updates from the Company's key service providers in respect of their business continuity plans to address the issues posed by COVID-19 and are confident that all such providers will be able to continue to provide the required level of service for the foreseeable future.

The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the Financial Statements.

Risk Management and Internal Control

The Directors' statement on the Company's system of internal control is set out on pages 43 and 44.

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 £29,000. Having reviewed the performance of the external Auditors, 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.

The Board reviews and approves any non-audit services provided by the independent auditor and assesses the impact of any non-audit work on the ability of the auditor to remain independent. Details of the auditor's fees paid are disclosed in note 6 on page 68. There were no non-audit fees incurred during the year. The Company's year ended 30th September 2021 is the current Audit Partner's second of a five year maximum term.

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 2021, 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 52.

By order of the Board
David Graham, for and on behalf of the Board
Audit Committee Chairman
3rd December 2021

DIRECTORS' REMUNERATION REPORT

The Board presents the Directors' Remuneration Report for the year ended 30th September 2021, 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 54 to 58.

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 2022 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. The involvement of remuneration consultants has not been deemed necessary as part of this review.

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 2021, Directors' fees were paid at a fixed rate of £35,500 per annum for the Chairman, £30,500 per annum for the

Chairman of the Audit Committee and £25,000 per annum for each other Director. The fees were then increased following the AGM in 2021 to the following levels; £37,000 for the Chairman, £31,500 for the Audit Committee Chairman and £26,000 for each other Director. The Board has agreed that fees will be increased following the AGM in 2022 to the following levels to reflect more closely industry standards: £38,500 for the Chairman, £33,000 for the Audit Committee Chairman and £27,500 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 Company has no Chief Executive Officer and no employees and therefore there was no consultation of employees, and there is no employee comparative data to provide, in relation to the setting of the remuneration policy for Directors.

The Company has not sought shareholder views on its remuneration policy. The Remuneration Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and will 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 page 41.

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 2020 and no changes are proposed for the year ending 30th September 2022.

At the AGM held on 1st February 2021, of votes cast, 99.3% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the Resolutions to approve both the Directors' Remuneration Policy and the Directors' Remuneration Report and 0.7% voted against both Resolutions.

DIRECTORS' REMUNERATION REPORT

Details of voting on both the Remuneration Policy and Remuneration Policy Implementation Reports from the 2022 AGM will be given in the Annual Report for the year ending 30th September 2022.

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

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 30th September 2021 was £127,138. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

There are no performance targets in place for the Directors of the Company and there are no benefits for any of the Directors which will vest in the future. There are no benefits, pension, bonus, long term incentive plans, exit payments or arrangements in place on which to report.

Single total figure table¹

Directors' Name	Total fees	
	2021 £	2020 £
John Misselbrook	36,496	35,333
David Graham	31,164	30,250
Alexandra Mackesy	25,664	24,500
Oscar Wong ²	21,071	24,500
Joanne Wong ³	8,667	–
May Tan ⁴	4,076	–
Total	127,138	114,583

¹ 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.

² Retired 27th July 2021.

³ Appointed 1st June 2021.

⁴ Appointed 2nd August 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 2021:

Directors' Name	Percentage change on prior year
John Misselbrook	3.3%
David Graham	3.0%
Alexandra Mackesy	4.8%
Oscar Wong ¹	n/a
Joanne Wong ²	n/a
May Tan ³	n/a

¹ Retired 27th July 2021

² Appointed to the Board on 1st June 2021.

³ Appointed to the Board on 2nd August 2021.

A table showing the total remuneration for the Chairman over the five years ended 30th September 2021 is below:

Remuneration for the Chairman over the five years ended 30th September 2021

Year ended 30th September	Fees £	Performance related benefits received as a percentage of maximum payable ¹
2021	37,000	n/a
2020	35,500	n/a
2019	35,000	n/a
2018	35,000	n/a
2017	34,000	n/a

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

Directors' Shareholdings¹

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	30th September 2020 or as at date of appointment
David Graham	37,169	30,832
John Misselbrook	8,500	8,500
Oscar Wong ²	–	–
Alexandra Mackesy	1,600	–
Joanne Wong ³	–	–
May Tan ⁴	–	–
Total	47,269	39,332

¹ Audited information.

² Retired 27th July 2021.

³ Appointed 1st June 2021.

⁴ Appointed 2nd August 2021.

As at the latest practicable date before the publication of this document, there have been no changes to the Directors' shareholdings.

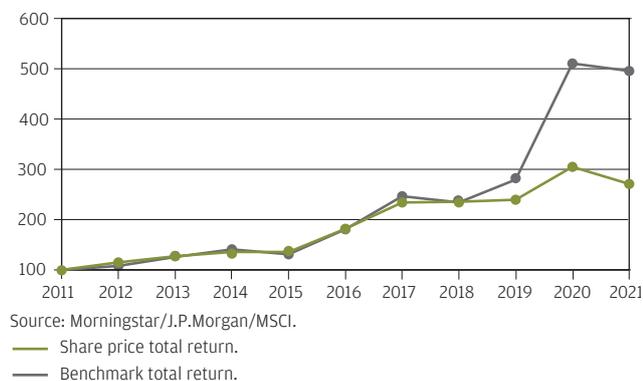
The Directors have no other share interests or share options in the Company and no share schemes are available.

No amounts (2020: nil) were paid to third parties for making available the services of Directors.

In accordance with the Companies Act 2006, a graph showing the Company's share price total return compared with its benchmark, the MSCI China Index¹ with dividends reinvested, in sterling terms, over the last ten years is shown below.

¹ 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 2021



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:

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th September	
	2021	2020
Remuneration paid to all		
Directors	£127,138	£114,583
Distribution to shareholders		
– by way of dividend	£17,923,000	£7,198,000
– by way of share repurchases	–	–
Total distribution to shareholders	£17,923,000	£7,198,000

For and on behalf of the Board
David Graham, for and on behalf of the Board
Remuneration Committee Chairman
3rd December 2021

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that, taken as a whole, the Annual Report and Financial Statements are fair, balanced and understandable; provide the information necessary for shareholders to assess the Company's position, 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 accounts are published on the www.jpmchinagrowthandincome.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 Directors' Report confirm that, to the best of their knowledge:

- the Company's Financial Statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Directors' Report and the Strategic Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The 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
John Misselbrook
Chairman

3rd December 2021

Independent Auditor's Report to the members of JPMorgan China Growth and 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 2021 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of JPMorgan China Growth and Income plc (the 'Company') for the year ended 30th September 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and 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 appointed by the Board of Directors on 3rd February 2020 to audit the Financial Statements for the year ended 30th September 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is two years, covering the years ended 30th September 2020 to 30th September 2021. 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 management's method of assessing going concern in light of market volatility and the present uncertainties due to the COVID-19 pandemic;
- Assessing the liquidity position available to meet the future obligations and operating expenses for the next 12 months;
- Challenging the reasonableness of management's assumptions and judgements made in their forecasts with reference to historical actual results.

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 12 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 matter	2021	2020
Valuation and ownership of quoted investments	✓	✓

Materiality

Financial statements as a whole
 £ 4,700,000 (2020: £4,100,000) based on 1% (2020: 1%) of Net Assets

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 matters

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. These matters were 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 these matters.

Key audit matter**How the scope of our audit addressed the key audit matter****Valuation and ownership of quoted investments (note 1b and note 11)**

We responded to this matter by testing the valuation and ownership of 100% of the portfolio of quoted investments. We performed the following procedures:

The investment portfolio at the year-end comprised of investments held at fair value through profit or loss.

- Confirmed the year end bid price was used by agreeing to externally quoted prices and for all of the investments, assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value.
- Obtained direct confirmation from the custodian regarding the ownership of all investments held at the statement of financial position date.

The investment portfolio is the most significant balance in the Financial Statements and is the key driver of performance therefore there is a potential risk of overstatement of investment valuations.

Key observations:

Based on our procedures performed we did not identify any matters to suggest that the valuation and ownership of the quoted investments was not appropriate.

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.

INDEPENDENT AUDITOR'S REPORT

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

Conclusions relating to going concern

	Company Financial Statements	
	2021 £	2020 £
Materiality	4,700,000	4,100,000
Basis for determining materiality	1% of Net Assets	1% of Net Assets
Rationale for the benchmark applied	As an investment trust, the net asset value is a key measure for users of the Financial Statements.	
Performance materiality	3,550,000	2,870,000
Basis for determining performance materiality	Performance materiality was set at 75% of total materiality taking into consideration that this is a recurring audit and there is a low expectation of known and likely misstatements, based on prior year experience.	Performance materiality was set at 70% of total materiality as this was the first year as auditors.

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 £173,000 (2020: £231,000) which is based on 10% (2020: 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 £94,000 (2020: £82,000). We also agreed to report differences below this threshold 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 and financial statement, 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.

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

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> • the information given in the Strategic report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <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>
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Directors' remuneration	<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>
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Matters on which we are required to report by exception	<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"> • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the Financial Statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.
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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.

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 Chapter 3 Part 6 of the Income Tax Act 2007, the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS 102. We also considered the company's qualification as an Investment Trust under UK tax legislation. We assessed the susceptibility of the Financial Statements to material misstatement, including fraud and considered the significant fraud risk area to be management override of controls.

We focused on laws and regulations that could give rise to a material misstatement in the Company Financial Statements and the susceptibility of the entity's Financial Statements to material misstatement including fraud. 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;
- testing of journal postings, on a sample basis based on a defined risk criteria, made during the year to identify potential management override of controls;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations
- assessing the Company's qualification as an Investment Trust under UK tax legislation in line with the appropriate guidelines.

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. 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-Jayne Bradley (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

United Kingdom

3rd December 2021

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

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

	Notes	Revenue £'000	2021 Capital £'000	Total £'000	Revenue £'000	2020 Capital £'000	Total £'000
Net gains on investments held at fair value through profit or loss	3	–	3,485	3,485	–	164,024	164,024
Net foreign currency gains ¹		–	1,364	1,364	–	1,492	1,492
Income from investments	4	2,966	–	2,966	3,401	–	3,401
Other income	4	646	–	646	220	–	220
Gross return		3,612	4,849	8,461	3,621	165,516	169,137
Management fee	5	(1,143)	(3,429)	(4,572)	(683)	(2,050)	(2,733)
Other administrative expenses	6	(540)	–	(540)	(438)	–	(438)
Net return before finance costs and taxation		1,929	1,420	3,349	2,500	163,466	165,966
Finance costs	7	(195)	(580)	(775)	(188)	(564)	(752)
Net return before taxation		1,734	840	2,574	2,312	162,902	165,214
Taxation charges	8	(171)	–	(171)	(166)	–	(166)
Net return after taxation		1,563	840	2,403	2,146	162,902	165,048
Return per share	9	1.97p	1.06p	3.03p	2.95p	224.06p	227.01p

¹ £2,057,000 due to an exchange gain on the loan which is denominated in US dollars. £693,000 due to net exchange loss on cash and cash equivalents (2020: £1,430,000 due to an exchange gain on the loan which is denominated in US dollars. £62,000 due to net exchange gains 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 64 to 83 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve ^{1,2} £'000	Capital reserves ² £'000	Revenue reserve ² £'000	Total £'000
At 30th September 2019	19,481	13,321	3	581	37,392	179,059	3,276	253,113
Net return	–	–	–	–	–	162,902	2,146	165,048
Dividend paid in the year (note 10)	–	–	–	–	–	(1,776)	(5,422)	(7,198)
At 30th September 2020	19,481	13,321	3	581	37,392	340,185	–	410,963
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)
At 30th September 2021	20,803	80,951	3	581	37,392	333,672	–	473,402

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

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

The notes on pages 64 to 83 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30TH SEPTEMBER 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	521,634	454,645
Current assets	12		
Debtors		4,264	819
Cash and cash equivalents		36	343
Current liabilities	13	4,300	1,162
Creditors: amounts falling due within one year		(4,206)	(44,844)
Net current assets/(liabilities)		94	(43,682)
Total assets less current liabilities		521,728	410,963
Creditors: amounts falling due after one year	14	(48,326)	–
Net assets		473,402	410,963
Capital and reserves			
Called up share capital	15	20,803	19,481
Share premium	16	80,951	13,321
Exercised warrant reserve	16	3	3
Capital redemption reserve	16	581	581
Other reserve	16	37,392	37,392
Capital reserves	16	333,672	340,185
Total shareholders' funds		473,402	410,963
Net asset value per share	17	569.0p	565.3p

The Financial Statements on pages 60 to 83 were approved and authorised for issue by the Directors on 3rd December 2021 and signed on their behalf by:

John Misselbrook
Chairman

The notes on pages 64 to 83 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 2021

Notes	2021 £'000	2020 £'000	
Net cash outflow from operations before dividends and interest	18	(5,140)	(2,885)
Dividends received		2,966	3,248
Interest received		8	18
Overseas tax recovered		–	1
Interest paid		(801)	(700)
Net cash outflow from operating activities		(2,967)	(318)
Purchases of investments		(385,098)	(174,168)
Proceeds from sale of investments		320,797	161,070
Settlement of foreign currency contracts		51	33
Net cash outflow from investing activities		(64,250)	(13,065)
Dividends paid		(17,923)	(7,198)
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		–	(67)
Drawdown of bank loans		6,800	17,895
Utilisation of bank overdraft		124	–
Net cash inflow from financing activities		66,960	10,630
Decrease in cash and cash equivalents		(257)	(2,753)
Cash and cash equivalents at start of year		343	3,134
Unrealised losses on foreign currency cash and cash equivalents		(50)	(38)
Cash and cash equivalents at end of year		36	343
Decrease in cash and cash equivalents		(257)	(2,753)
Cash and cash equivalents consist of:			
Cash at bank		36	343
		36	343

RECONCILIATION OF NET DEBT

	As at 30th September 2020 £'000	Cash flows £'000	Other non-cash charges £'000	As at 30th September 2021 £'000
Cash and cash equivalents:				
Cash	343	(257)	(50)	36
	343	(257)	(50)	36
Borrowings:				
Overdrafts	–	(124)	–	(124)
Bank Loan	(43,583)	(6,800)	2,057	(48,326)
	(43,583)	(6,924)	2,057	(48,450)
Total	(43,240)	(7,181)	2,007	(48,414)

The notes on pages 64 to 83 form an integral part of these Financial Statements.

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

1. Accounting policies

(a) Basis of accounting

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

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

The Financial Statements 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 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 loan notes (ELNs) 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.

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. With effect from 1st April 2019, the management fee was amended from 1% per annum of the Company's total assets less current liabilities, after adding back any loans, to 0.9% per annum of the Company's net assets.
- 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 71.

(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 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.

1. Accounting policies *continued*

(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.

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 included in the Financial Statements in the year in which they are approved by shareholders.

(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. Gains on investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Realised net gains on sales of investments	80,990	33,930
Net change in unrealised gains and losses on investments	(77,463)	130,149
Other capital charges	(42)	(55)
Total net capital gains on investments held at fair value through profit or loss	3,485	164,024

4. Income

	2021 £'000	2020 £'000
Income from investments:		
Overseas dividends	2,788	3,245
Dividends from participatory notes	133	46
Scrip dividends	45	110
	2,966	3,401
Other income:		
Securities lending fees	638	202
Interest from liquidity fund	8	18
	646	220
Total income	3,612	3,621

5. Management fee

	Revenue £'000	2021 Capital £'000	Total £'000	Revenue £'000	2020 Capital £'000	Total £'000
Management fee	1,143	3,429	4,572	683	2,050	2,733

Details of the management fee is given in the Directors' Report on page 37.

6. Other administrative expenses

	2021 £'000	2020 £'000
Administration expenses	234	192
Directors' fees ¹	127	115
Safe custody fees	81	65
Depository fees ²	68	38
Auditor's remuneration for audit services ³	30	28
	540	438

¹ Full disclosure is given in the Directors' Remuneration Report on page 49.

² Includes £1,000 (2020: £1,000) irrecoverable VAT.

³ Includes £1,000 (2020: £1,000) irrecoverable VAT.

7. Finance costs

	Revenue £'000	2021 Capital £'000	Total £'000	Revenue £'000	2020 Capital £'000	Total £'000
Interest on bank loans and overdrafts	195	580	775	188	564	752

8. Taxation

(a) Analysis of tax charge for the year

	Revenue £'000	2021 Capital £'000	Total £'000	Revenue £'000	2020 Capital £'000	Total £'000
Overseas withholding tax	171	–	171	166	–	166
Total tax charge for the year	171	–	171	166	–	166

(b) Factors affecting total tax charge for the year

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

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

	Revenue £'000	2021 Capital £'000	Total £'000	Revenue £'000	2020 Capital £'000	Total £'000
Net return before taxation	1,734	840	2,574	2,312	162,902	165,214
Net return before taxation multiplied by the applicable rate of corporation tax of 19% (2020: 19%)	329	159	488	439	30,951	31,390
Effects of:						
Non taxable capital gains	–	(921)	(921)	–	(31,448)	(31,448)
Non taxable scrip dividends	(8)	–	(8)	(21)	–	(21)
Non taxable overseas dividends	(529)	–	(529)	(616)	–	(616)
Tax attributable to expenses and finance costs charged to capital	(762)	762	–	(497)	497	–
Unrelieved expenses	970	–	970	695	–	695
Overseas withholding tax	171	–	171	166	–	166
Total tax charge for the year	171	–	171	166	–	166

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £9,458,454 (2020: £6,217,974) based on a prospective corporation tax rate of 25% (2020: 19%). 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 unlikely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the Financial Statements.

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

9. Return per share

	2021 £'000	2020 £'000
Revenue return	1,563	2,146
Capital return	840	162,902
Total return	2,403	165,048
Weighted average number of shares in issue during the year	79,481,601	72,703,188
Revenue return per share	1.97p	2.95p
Capital return per share	1.06p	224.06p
Total return per share	3.03p	227.01p

10. Dividends

(a) Dividends paid and proposed

	2021 £'000	2020 £'000
Dividends paid		
2019 final dividend of 2.5p per share	–	1,818
2021 first quarterly interim dividend of 5.7p (2020: 3.7p)	4,144	2,690
2021 second quarterly interim dividend of 5.7p (2020: 3.7p)	4,366	2,690
2021 third quarterly interim dividend of 5.7p (2020: nil)	4,671	–
2021 fourth quarterly interim dividend of 5.7p (2020: nil)	4,742	–
Total dividends paid in the period	17,923	7,198
Dividends proposed		
2022 first quarterly interim dividend of 5.7p (2021: 5.7p) per share ¹	4,743	4,144

¹ First quarterly payment of 4% of 569.0p per share, being the NAV per share at 30th September 2021.

The first quarterly interim dividend has been declared in respect of the year ended 30th September 2022. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 30th September 2022.

(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 proposed in respect of the financial year, shown below.

The aggregate of the distributable reserves is £371,064,000 (2020: £377,577,000). 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 26 for further details).

	2021 £'000	2020 £'000
2021 first quarterly interim dividend of 5.7p (2020: 3.7p)	4,144	2,690
2021 second quarterly interim dividend of 5.7p (2020: 3.7p)	4,366	2,690
2021 third quarterly interim dividend of 5.7p (2020: nil)	4,671	–
2021 fourth quarterly interim dividend of 5.7p (2020: nil)	4,742	–
	17,923	5,380

The aggregate of the distributable reserves after the payment of the first quarterly dividend will amount to £366,321,000 (2020: £373,433,000). Please see page 5 for further details.

11. Investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Investments listed on a recognised stock exchange	521,634	454,645
Opening book cost	242,063	195,587
Opening investment holding gains	212,582	82,433
Opening valuation	454,645	278,020
Movements in the year:		
Purchases at cost	387,958	174,236
Sales proceeds	(324,496)	(161,690)
Net gains on investments	3,527	164,079
	521,634	454,645
Closing book cost	386,515	242,063
Closing investment holding gains	135,119	212,582
Total investments held at fair value through profit or loss	521,634	454,645

The company received £324,496,000 (2020: £161,690,000) from investments sold in the year. The book cost of these investments when they were purchased was £243,506,000 (2020: £127,760,000). 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 £794,000 (2020: £353,000) and on sales during the year amounted to £422,000 (2020: £242,000). These costs comprise mainly brokerage commission.

12. Current assets

	2021 £'000	2020 £'000
Debtors		
Securities sold awaiting settlement	4,242	572
Overseas tax recoverable	–	12
Dividends and interest receivable	–	204
Other debtors	22	31
	4,264	819

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.

13. Current liabilities

	2021 £'000	2020 £'000
Creditors: amounts falling due within one year		
Bank loan	–	43,583
Securities purchased awaiting settlement	3,792	977
Other creditors and accruals	162	130
Loan interest payable	128	154
Bank overdraft	124	–
	4,206	44,844

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 (in respect of Sterling denominated loans) and compounded SOFR (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) (2020: 1.40%) 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. 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 2021, the Company had drawn down US\$ 65.1 million (GBP 48.3 million) (2020: US\$56.3 million (GBP 43.6 million)) of this loan facility with Scotiabank at an interest rate of 1.27% (2020: 1.67%).

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

	2021 £'000	2020 £'000
Bank loan (see above)	48,326	–

15. Called up share capital

	2021 £'000	2020 £'000
Issued and fully paid share capital:		
Ordinary shares of 25p each¹		
Opening balance of 72,703,188 (2020: 72,703,188) shares ²	18,178	18,178
Opening balance of 5,211,777(2020: nil) shares held in Treasury	1,303	–
Subtotal 77,914,965 (2020: 72,703,188) shares	19,481	18,178
Issue of 5,287,500 (2020: nil) Ordinary shares	1,322	–
Nil (2020: 5,211,777) shares held in Treasury	–	1,303
Closing balance of 83,202,465 (2020: 77,914,965) including shares held in Treasury	20,803	19,481

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

² Opening balance of shares excluding treasury shares.

Further details of transactions in the Company's shares are given in the Strategic Report on page 27.

16. Capital and reserves

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Capital reserves ²			Revenue reserve ² £'000	Total £'000
					Other reserve ^{1,2} £'000	Gains and losses on sales of investments £'000	Investment holding gains and losses £'000		
2021									
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)
Closing balance	20,803	80,951	3	581	37,392	197,841	135,831	–	473,402

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

² These reserves form the distributable reserve of the Company and may be used to fund distribution to investors.

NOTES TO THE FINANCIAL STATEMENTS

16. Capital and reserves *continued*

2020	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve ^{1,2} £'000	Capital reserves ²		Revenue reserve ² £'000	Total £'000
						Gains and losses on sales of investments £'000	Investment holding gains and losses £'000		
Opening balance	19,481	13,321	3	581	37,392	99,405	79,654	3,276	253,113
Net exchange gains on cash and cash equivalents	–	–	–	–	–	62	–	–	62
Realised gain on sale of investments	–	–	–	–	–	33,930	–	–	33,930
Net change in unrealised gains and losses on investments	–	–	–	–	–	–	130,149	–	130,149
Unrealised exchange gains on multi currency loan	–	–	–	–	–	–	1,429	–	1,429
Realised exchange gains on repayment of foreign currency loan	–	–	–	–	–	1	–	–	1
Unrealised exchange loss on foreign currency loan now realised	–	–	–	–	–	(5)	5	–	–
Finance costs charged to capital	–	–	–	–	–	(564)	–	–	(564)
Management fee charged to capital	–	–	–	–	–	(2,050)	–	–	(2,050)
Other capital charges	–	–	–	–	–	(55)	–	–	(55)
Retained revenue	–	–	–	–	–	–	–	2,146	2,146
Dividend paid	–	–	–	–	–	(1,776)	–	(5,422)	(7,198)
Closing balance	19,481	13,321	3	581	37,392	128,948	211,237	–	410,963

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

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

17. Net asset value per share

	2021	2020
Net assets (£'000)	473,402	410,963
Number of shares in issue	83,202,465	72,703,188
Net asset value per share	569.0p	565.3p

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

	2021 £'000	2020 £'000
Net return before finance costs and taxation	3,349	165,966
Less capital return before finance costs and taxation	(1,420)	(163,466)
Scrip dividends received as income	(45)	(110)
Decrease in accrued income and other debtors	214	128
Increase in accrued expenses	19	25
Tax on unfranked investment income	(159)	(179)
Expenses charged to capital	(3,429)	(2,050)
Dividends received	(2,966)	(3,248)
Interest received	(8)	(18)
Realised (losses)/gains on foreign exchange transactions	(128)	99
Realised losses on liquidity fund	(567)	(32)
Net cash outflow from operations before dividends and interest	(5,140)	(2,885)

19. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2020: same).

20. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 37. The management fee payable to the Manager for the year was £4,572,000 (2020: £2,733,000).

Safe custody fees amounting to £81,000 (2020: £65,000) were payable to JPMorgan Chase Bank N.A. during the year of which £41,000 (2020: £14,000) 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 £28,000 (2020: £15,000).

Handling charges on dealing transactions amounting to £42,000 (2020: £55,000) were payable to JPMorgan Chase Bank N.A. during the year of which £20,000 (2020: £7,000) was outstanding at the year end.

The Company also held cash during the year in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £nil (2020: £nil). Interest amounting to £8,000 (2020: £18,000) was receivable during the year.

Fees amounting to £638,000 (2020: £202,000) were receivable from stock lending transactions during the year. JPMorgan Investor Services Limited commissions in respect of such transactions amounted to £71,000 (2020: £22,000).

At the year end, total cash of £36,000 (2020: £343,000) 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 49 and in note 6 on page 68.

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 64.

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

	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	476,548	–	436,285	–
Level 2	45,086 ¹	–	18,360 ²	–
Total	521,634	–	454,645	–

¹ Participatory notes (Amoy Diagnostics, Beijing Kingsoft, BOE Technology, Jiangsu Hengshun Vinegar Industry, Leader Harmonious Drive Systems, Montage Technology, OPT Machine Vision, Shanghai Baosight, Shanghai Lian, StarPower, Zhejiang Supcon, ZWSOFT).

² Participatory notes (Montage Technology, Shanghai Baosight, Fujian Anjoy Foods, Advanced Micro Devices, Autobio Diagnostics).

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.

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 Yuan. 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.

22. Financial instruments' exposure to risk and risk management policies *continued*
(a) Market risk *continued*
(i) Currency risk *continued*
Foreign currency exposure *continued*

	US Dollar £'000	Hong Kong Dollar £'000	2021 Taiwan Dollar £'000	Chinese Yuan £'000	Total £'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
Total net foreign currency exposure	48,419	264,864	6,659	153,581	473,524
	US Dollar £'000	Hong Kong Dollar £'000	2020 Taiwan Dollar £'000	Chinese Yuan £'000	Total £'000
Current assets	195	814	36	64	1,109
Creditors	(43,737)	(977)	–	–	(44,714)
Net current (liabilities)/assets	(43,542)	(163)	36	64	(43,605)
Investments held at fair value through profit or loss	116,670	201,621	3,051	133,304	454,646
Total net foreign currency exposure	73,128	201,458	3,087	133,368	411,041

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 monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2020: 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 volatility of exchange rates during the year.

	2021		2020	
	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	(297)	297	(342)	342
Capital return	4,811	(4,811)	4,361	(4,361)
Total return after taxation	4,514	(4,514)	4,019	(4,019)
Net assets	4,514	(4,514)	4,019	(4,019)

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.

Interest rate exposure

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

	2021 £'000	2020 £'000
Exposure to floating interest rates:		
Cash and short term deposits	36	343
Bank overdraft	(124)	–
Bank loan	(48,326)	(43,583)
Total exposure	(48,414)	(43,240)

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 (2020: Interest receivable on cash balances, or payable on overdrafts, is at a margin below or above LIBOR respectively).

Interest rate sensitivity

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

22. Financial instruments' exposure to risk and risk management policies *continued*
(a) Market risk *continued*
(ii) Interest rate risk *continued*
Interest rate sensitivity *continued*

	2021		2020	
	1% Increase in rate £'000	1% Decrease in rate £'000	1% Increase in rate £'000	1% Decrease in rate £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	(122)	122	(106)	106
Capital return	(362)	362	(327)	327
Total return after taxation for the year	(484)	484	(433)	433
Net assets	(484)	484	(433)	433

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.

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:

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	521,634	454,645

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 20 to 22. 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 10% (2020: 20%) in the market value of equity investments. 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 equity investments, adjusting for changes in the management fee but with all other variables held constant.

	2021		2020	
	10% increase in fair value £'000	10% decrease in fair value £'000	20% increase in fair value £'000	20% decrease in fair value £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	(118)	118	(204)	204
Capital return	51,812	(51,812)	90,316	(90,316)
Total return after taxation	51,694	(51,694)	90,112	(90,112)
Net assets	51,694	(51,694)	90,112	(90,112)

(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 14 on page 72.

Liquidity risk exposure

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

	2021			Total £'000
	Three months or less £'000	More than three months but no more than one year £'000	More than one year £'000	
Creditors:				
Securities purchased awaiting settlement	3,792	–	–	3,792
Bank overdraft	124	–	–	124
Other creditors and accruals	162	–	–	162
Bank loan - including interest	280	464	48,811	49,555
	4,358	464	48,811	53,633

22. Financial instruments' exposure to risk and risk management policies *continued*
(b) Liquidity risk *continued*
Liquidity risk exposure *continued*

	2020			Total £'000
	Three months or less £'000	More than three months but no more than one year £'000	More than one year £'000	
Creditors:				
Securities purchased awaiting settlement	977	–	–	977
Bank loan including interest	43,768	–	–	43,768
Other creditors and accruals	130	–	–	130
	44,875	–	–	44,875

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.

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

	2021 £'000	2020 £'000
BNP Paribas	5,517	5,229
CICC Financial	–	1,345
Morgan Stanley	6,398	–
UBS	33,171	11,786
Total Exposure to Credit Risk from Counterparties in P Note transactions	45,086	18,360

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.

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 Depository, Bank of New York Mellon (International) Limited, is responsible for the safekeeping of all custodial assets of the Company and for verifying and maintaining a record of all other assets of the Company. However, no absolute guarantee can be given on the protection of all the assets of the Company.

Credit risk exposure

The amounts shown in the Statement of Financial Position under debtors and cash and cash equivalents represent the maximum exposure to credit risk at the current and comparative year ends.

The aggregate value of securities on loan at 30th September 2021 amounted to £44.2 million (2020: £33.7 million) and the maximum value of stock on loan during the year amounted to £107.1 million (2020: £50.8 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 2021, investment grade non-cash collateral of £42.7 million, consisting of sovereign debt and treasury bonds, and cash collateral of £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.

23. Capital management policies and procedures

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

	2021 £'000	2020 £'000
Debt:		
Bank loan	48,326	43,583
	48,326	43,583
Equity:		
Called up share capital	20,803	19,481
Reserves	452,599	391,482
	473,402	410,963
Total debt and equity	521,728	454,546

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.

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	521,634	454,645
Net assets	473,402	410,963
Gearing	10.2%	10.6%

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.

Regulatory Disclosures

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ('AIFMD') DISCLOSURES (UNAUDITED)**Leverage**

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

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD, as at 30th September, which gives the following figures:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit ¹	200%	200%
Actual	112%	111%

¹ 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/gb/en/asset-management/gim/per/legal/emea-remuneration-policy>. This Remuneration Policy Statement includes details of how remuneration and benefits are calculated, including the financial and non-financial criteria used to evaluate performance, the responsibilities and composition of the Firm's Compensation and Management Development Committee, and the measures adopted to avoid or manage conflicts of interest. A copy of this policy can be requested free of charge from the Management Company.

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

REGULATORY DISCLOSURES

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 2020 Performance Year in June 2020 with no material changes and was satisfied with its implementation.

Quantitative Disclosures

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

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 30 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 40 sub-funds) as at 31st December 2020, with a combined AUM as at that date of £20.4 billion and £22.5 billion respectively.

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

The aggregate 2020 total remuneration paid to AIFMD Identified Staff was USD \$63,330,000, of which USD \$5,620,000 relates to Senior Management and USD \$57,710,000 relates to other Identified Staff.¹

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

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

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to SFTR for the accounting year ended 30th September 2021 are detailed below.

Global Data**Amount of securities on loan**

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is 12.5%. Total lendable assets represents the aggregate value of assets types forming part of the Fund'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	44,160	9.3%

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:

Collateral	Country of Incorporation	Value £'000
Morgan Stanley	United States of America	16,352
JP Morgan	United States of America	11,115
Goldman Sachs	United States of America	5,188
Citigroup	United States of America	3,332
Deutsche Bank	Germany	2,691
UBS	Switzerland	2,642
Merrill Lynch	United States of America	1,538
Credit Suisse	Switzerland	1,301
Total		44,160

Maturity tenure of Security lending transactions

The Company's securities lending transactions have open maturity.

REGULATORY DISCLOSURES

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	19,910
United Kingdom Treasury	10,924
Japan Treasury	6,134
French Republic Government	1,930
Federal Republic of Germany Government	1,777
Kingdom of Belgium Government	1,569
Republic of Austria Government	673
Republic of Finland Government	363
Kingdom of Netherlands Government	357
Total	42,738

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	12,737
Sovereign Debt	Investment Grade	GBP	10,924
Sovereign Debt	Investment Grade	EUR	6,670
Sovereign Debt	Investment Grade	JPY	6,134
Treasury Notes	Investment Grade	USD	5,918
Treasury Bills	Investment Grade	USD	355
Total			42,738

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	206
1 week to 1 month	314
1 to 3 months	1,081
3 to 12 months	2,583
More than 1 year	38,554
Total	42,738

Settlement and clearing

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

Re-use of collateral

Share of collateral received that is reused and reinvestment return

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

Cash collateral (£4.0 million) 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 (£46.7 million) 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 is hereby given that the twenty-seventh Annual General Meeting of JPMorgan China Growth & Income plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Friday, 28th January 2022 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 2021.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th September 2021.
4. To reappoint David Graham as a Director of the Company.
5. To reappoint Alexandra Mackesy as a Director of the Company.
6. To appoint Joanne Wong a Director of the Company.
7. To appoint May Tan a Director of the Company.
8. To appoint 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 2nd December 2021, 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 2023 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 2nd December 2021, 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 2nd December 2021, 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 2023 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 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 2nd December 2021, 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 27th July 2023 unless the authority is renewed at the Company's Annual General Meeting in 2023 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.

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

3rd December 2021

Notes

These notes should be read in conjunction with the notes on the reverse of the proxy form. As stated in note 1 below, other notes to this Notice of Meeting will be subject to COVID-19 restrictions.

1. If law or Government guidance so requires at the time of the Meeting, the Chairman of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the Meeting. In addition, the Company may still impose entry restrictions on certain persons wishing to attend the AGM in order to secure the orderly and proper conduct of the Meeting.
2. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. However, please note that, in the light of the ongoing COVID-19 pandemic and associated Government guidance, it may be the case that your vote will not be counted where a proxy other than the Chairman of the Meeting is appointed as additional third parties may not be permitted entry to the meeting.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person. 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 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 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.jpmchinagrowthandincome.co.uk.

NOTICE OF ANNUAL GENERAL MEETING

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. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
17. As at 2nd December 2021 (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.

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 2021	Year ended 30th September 2020	
Opening share price (p)	4	552.0	309.5	(a)
Closing share price (p)	4	518.0	552.0	(b)
Total dividend adjustment factor ¹		1.034454	1.023965	(c)
Adjusted closing share price (d = b x c)		535.8	565.3	(d)
Total return to shareholders (e = d / a - 1)		-2.9%	82.6%	(e)

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

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 2021	Year ended 30th September 2020	
Opening cum-income NAV per share (p)	4	565.3	348.1	(a)
Closing cum-income NAV per share (p)	4	569.0	565.3	(b)
Total dividend adjustment factor ¹		1.034471	1.022516	(c)
Adjusted closing cum-income NAV per share (d = b x c)		588.6	578.0	(d)
Total return on net assets (e = d / a - 1)		4.1%	66.1%	(e)

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

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 16 on page 73 for detailed calculations.

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.

Gearing calculation	Page	30th September 2021	30th September 2020	
Investments held at fair value through profit or loss	62	521,634	454,645	(a)
Net assets	62	473,402	410,963	(b)
Gearing (c = a / b - 1)		10.2%	10.6%	(c)

Ongoing charges (APM)

The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of the daily cum-income net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

Ongoing charges calculation	Page	30th September 2021	30th September 2020	
Management Fee	60	4,572	2,733	
Other administrative expenses	60	540	438	
Total management fee and other administrative expenses		5,112	3,171	(a)
Average daily cum-income net assets		514,343	315,530	(b)
Ongoing charges (c = a / b)		0.99%	1.00%	(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 4).

Performance attribution

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

Performance Attribution Definitions:

Asset allocation

Measures the impact of allocating assets differently 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 effect

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.

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 yuan.

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.

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	Fidelity Personal Investing
Barclays Smart Investor	Halifax
Charles Stanley Direct	Hargreaves Lansdown
EQi	Interactive Investor

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These websites are third party sites and J.P. Morgan Asset Management does not endorse or recommend any. Please observe each site's privacy and cookie policies as well as their platform charges structure.

The Board encourages all of its shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability to receive company documentation, to vote their shares and to attend general meetings, at no cost. Please refer to your investment platform for more details, or visit the Association of Investment Companies ('AIC') website at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms for information on which platforms support these services and how to utilise them.

2. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead. You can find an adviser at unbiased.co.uk

You may also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority (FCA) adviser charging and commission rules, visit fca.org.uk

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at www.fca.org.uk/consumers/report-scam-unauthorised-firm. You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at
www.fca.org.uk/scamsmart



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	March/June/September/December
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: 54930058M91P5FYONY25

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, The Times, The Daily Telegraph, The Scotsman and on the J.P. Morgan website at www.jpchinagrowthandincome.co.uk, where the Ordinary share price is updated every 15 minutes during trading hours.

Website

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
1 Canada Square
London E14 5AL

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.

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



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