

JPMorgan European Discovery Trust plc

Uncovering Europe's hidden gems

Annual Report and Financial Statements for the
Year – 31st March 2022

KEY FEATURES

Your Company

Objective

Capital growth from smaller Continental European companies.

Investment Policies

- To invest in a diversified portfolio of high-quality smaller companies in Continental Europe.
- To emphasise capital growth rather than income. Therefore shareholders should expect the dividend to vary from year to year.
- To manage liquidity and borrowings to increase potential returns to shareholders. The Board's current gearing policy is to be between 20% net cash and 20% geared.
- To invest no more than 15% of gross assets in other UK Listed investment companies (including investment trusts).

Risk

It should be noted that the Company invests in the shares of smaller companies, which tend to be more volatile than those of larger companies. The Company also employs gearing to generate greater returns. The Company's shares should therefore be regarded as carrying greater than average risk.

Further details on investment policies and risk management are given in the Strategic Report on page 24.

Company Name and Ticker

The Company changed its name from JPMorgan European Smaller Companies Trust plc to JPMorgan European Discovery Trust plc on 15th June 2021. The Company changed its London Stock Exchange stock ticker symbol (TIDM) from JESC to JEDT with effect from 17th June 2021.

Benchmark

MSCI Europe (ex UK) small cap net total return index.

Capital Structure

At 31st March 2022, the Company's issued share capital comprised 158,469,931 ordinary shares of 5p each.

Management Company

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager' or the 'Investment Manager') as its Alternative Investment Fund Manager. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM') which further delegates the management to J.P. Morgan Asset Management, Inc. All of these entities are wholly owned subsidiaries of J.P. Morgan Chase & Co.

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

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

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TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED) TO 31ST MARCH

	2022	2021	3 years cumulative	5 years cumulative	10 years cumulative
Return to shareholders ^{1,A}	-1.3%	+87.5%	+35.7%	+45.9%	+265.0%
Return on net assets ^{2,A}	+0.3%	+66.2%	+37.4%	+45.3%	+253.2%
Benchmark return ³	+3.8%	+57.9%	+43.1%	+51.7%	+219.5%
Net asset return compared to benchmark return ³	-3.5%	+8.3%	-5.7%	-6.4%	+33.7%
Shareholder return compared to benchmark return	-5.1%	+29.6%	-7.4%	-5.8%	+45.5%
Dividend	6.7p	6.7p			

¹ Source: Morningstar.² Source: Morningstar/J.P. Morgan using cum income net asset values per share.³ Source: Morningstar. The Company's benchmark is the MSCI Europe (ex UK) small cap net total return index.^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 94 and 95.

FINANCIAL HIGHLIGHTS

SUMMARY OF RESULTS

	2022	2021	% change
Total returns for the year ended 31st March			
Share price total return ^{1,A}	-1.3%	+87.5%	
Net asset value return ^{2,A}	+0.3%	+66.2%	
Benchmark return ³	+3.8%	+57.9%	
Net asset value, share price, discount and market data at 31st March			
Shareholders' funds (£'000)	833,719	846,304	-1.5
Net asset value per share ^A	526.1p	530.7p	-0.9
Share price	450.0p	462.0p	-2.6
Share price discount to net asset value per share ^A	14.5%	12.9%	
Shares in issue	158,469,931	159,462,885	
Revenue for the year ended 31st March			
Gross revenue return (£'000)	16,498	9,625	+71.4
Net revenue available for shareholders (£'000)	11,154	7,051	+58.2
Revenue return per share	7.00p	4.42p	+58.4
Dividend per share	6.7p	6.7p	
Gearing at 31st March			
	0.04%	8.85%	
Ongoing charges^A			
	0.93%	0.91%	

¹ Source: Morningstar.

² Source: Morningstar/JPMorgan, using cum income net asset value per share.

³ Source: Morningstar. the Company's benchmark is the MSCI Europe (ex UK) small cap total return Index.

^A Alternative Performance Measures ('APM')

A glossary of terms and APMs is provided on pages 94 and 95.

Dear Shareholder,

I am pleased to present the Company's results for the year ended 31st March 2022.

Investment Performance

It has been a challenging year as the world slowly came out of the pandemic only to be faced with increasingly embedded inflation and rising interest rates. The Company's total return on net assets, over the year to 31st March 2022, was 0.3%, while the Company's benchmark index, the MSCI Europe ex UK Small Cap Index, returned 3.8% over the same period. The total return to shareholders was -1.3%, reflecting a slight widening of the discount at which the Company's shares trade from 12.9% to 14.5% over the year. The Company's longer-term performance remains strong, with the 5 year and 10 year total return on net assets rising 45.3% and 253.2%, respectively, whilst the benchmark total return rose 51.7% and 219.5%. The basis for the under performance up to March 2022 is explained in the investment Managers' report on pages 8 to 14 which provides a detailed commentary on the portfolio positioning and the outlook for investing.

Marc van Gelder
Chairman

Gearing

Gearing can be a differentiator for an investment trust and the Board believes that it can be beneficial to performance. The Board sets the overall strategic gearing policy and guidelines and reviews these at each Board meeting. Borrowings during the year consisted of a EUR 125m revolving credit facility, of which EUR 90m was drawn down at the year end. During the year gearing varied between 8.7 geared and 1.4 cash.

Revenue and Dividends

The Board's dividend policy is to pay out the majority of the revenue available each year. This is set against the Company's objective of maximising capital growth and the Investment Managers are therefore not constrained to deliver income in any one financial year.

Net revenue return was higher for the year at £11.1m (2020: £7.1m). An interim dividend of 1.2 pence per share was paid on 28th January 2022, the same as last year. After taking into account the income received and the level of the Company's revenue reserves and subject to shareholder approval at the forthcoming Annual General Meeting, a final dividend of 5.5 pence per share will be paid on 29th July 2022 to shareholders on the register as at the close of business on 24th June 2022 (ex-dividend date 23rd June 2022).

Discounts and Share Repurchases

The discount of the Company's share price to net asset value widened during the Company's financial year, from nearly 12.9% as at the end of March 2021 to 14.5% as at 31st March 2022, with an average discount over the 12 months of 13.1%. As at 10th June 2022 the discount was 16.9%. The Board continues to monitor the level of the discount carefully and seeks to use its ability to repurchase shares to minimise the short term volatility and the absolute level of the discount when appropriate. During the financial year, the Company repurchased 992,954 shares. Since the year end, it has repurchased an additional shares of 995,000, for £4.2m.

Manager Evaluation

During the year, the Management Engagement Committee undertook a formal review of the Manager, covering the investment management, company secretarial, administrative and marketing services provided to the Company. The review took into account the Manager's investment performance record, management processes, investment style, resources and risk control mechanisms. The Board agreed with the Committee's recommendation that the continued appointment of the Manager is in the interests of shareholders as a whole.

Environmental, Social and Governance ('ESG')

The Board has continued to engage with the Manager on the integration of ESG factors into its investment process. While the investment managers have always considered environmental, social and governance ('ESG') issues in their investment process, it is now rigorously integrated into their investment processes so that ESG issues are considered at every stage of the investment decision. The Board shares the Investment Managers' view of the significance of ESG factors both when making long term investments and the requirement of sustained engagement with investee companies throughout the period of the investment. Further information on the Manager's ESG process and engagement is set out in the ESG Report on pages 21 to 23 with stock specific examples included in the Investment Managers' Report on pages 8 to 14.

The Board

As highlighted in the half year report 2021, the Board progressed its succession plans during the year resulting in the decision to appoint Sarah Watters as an independent non-executive director with effect from 1st July 2021. As planned and announced previously, Stephen White retired from the Board on 31st October 2021, having served as a Director for more than nine years. Further, as announced on 8th September 2021, due to external time commitments, Tanya Cordrey also stepped down from the Board, on 26th November 2021.

During the year, the Board undertook a search exercise to identify a new Director. Following successful conclusion of the search exercise and as announced on 4th February 2022, Suzy Ross joined the Board with effect from 1st March 2022. Suzy is currently working as a member of the leadership team of Google Cloud where she is Director - Strategic Customer Partnerships. Her recent roles include Senior Retail Adviser to Accenture, Acting Chief Customer Officer at Jaeger and Global Chief Marketing Officer at SpaceNK.

In line with the Board's succession planning, the intention had been for Ashok Gupta to stand down at this year's AGM, having served on the Board for nine years. However, in light of some of the recent changes in the Board composition, the Board agreed that it would be appropriate for the Company to continue to benefit from Ashok's extensive industry experience for a further few months. Therefore, subject to re-appointment by the shareholders at the upcoming AGM, he will continue as a director till the later part of the year.

Annual General Meeting

The Company's Annual General Meeting will be held on Monday, 18th July 2022 at 12.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP.

The Investment Managers will give a presentation to shareholders, reviewing the past year and commenting on the outlook for the current year. The meeting will be followed providing shareholders with the opportunity to meet the Directors and representatives of the Manager. We look forward to seeing as many shareholders as possible at the AGM.

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, will be available on the Company's website: www.jpmmorganeuropeandiscovery.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 by a poll. 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.

If you have any detailed or technical questions, it would be helpful if you could raise them in advance with the Company Secretary at 60 Victoria Embankment, London EC4Y 0JP or via the 'Ask a Question' link on the Company's website. Shareholders who are unable to attend the AGM are encouraged to use their proxy votes.

Outlook

Predicting the outlook in these uncertain times remains very challenging. The last few months have been difficult for global markets, with considerable uncertainty surrounding the implications of the re-emergence of inflation and the impact of Russia's invasion of Ukraine. However, the Board remains confident in the robust investment process and careful approach to risk management followed by the Investment Managers and believes that investing in European smaller companies will continue to deliver attractive long-term returns for shareholders.

Marc van Gelder
Chairman

14th June 2022

Investment Scope and Process

The objective of the Company is to achieve capital growth from a portfolio of quoted smaller European companies, excluding the United Kingdom. The investment universe is defined at the time of purchase by the countries and market capitalisation range of the constituents of the benchmark, the MSCI Europe ex UK Small Cap Index. At the end of March 2022 the benchmark index consisted of 778 companies with a free float adjusted market capitalisation range of GBP 45m to GBP 7.1 billion. This universe of potential investments is screened using a proprietary multi-factor model; we then apply fundamental analysis to the results of the screening process.

Francesco Conte
Investment Manager

The investment process is driven by bottom-up stock selection with a focus on identifying market leading growth companies with a catalyst for outperformance. Stock position sizing is determined by investment conviction and trading liquidity. Investments are sold when there is a fundamental deterioration in business prospects or the market capitalisation has significantly outgrown the benchmark index. The Board has set a liquidity range of between 20 per cent cash and 20 per cent gearing within which the Managers may operate. The policy is not to hedge the currency exposure of the portfolio's assets.

Market Review

Edward Greaves
Investment Manager

The twelve month period to 31st March 2022 saw a continued economic recovery from the global Covid-19 pandemic as the rapid response by governments and central banks succeeded in mitigating the detrimental impact to the economy.

However, the speed of the recovery resulted in extreme supply chain stress. This led to a substantial acceleration in inflation, which reached levels not seen in the past 30 years. This trend accelerated further following the Russian invasion of Ukraine in early 2022. Energy and other commodity prices increased rapidly due to the sanctions imposed on Russia and the disruption to Ukrainian exports. In March 2022, inflation reached 8.5% in the US and 7.4% in the Euro area. In the first quarter of 2022, central banks responded by turning more hawkish, resulting in an abrupt repricing of growth stocks. At the same time, continued supply chain disruptions and high inflation have had significantly detrimental impacts on measures of business optimism and consumer sentiment.

As a result of higher interest rates and increased economic uncertainty, the MSCI Europe ex UK Small Cap Index fell 7.9% in the first 3 months of 2022, although it was still up 3.8% over the twelve-month period to 31st March 2022.

Portfolio Performance

Due to our overweight in growth stocks, over the financial year the net asset value of the Trust rose by 0.3 per cent, underperforming its benchmark by 3.5 per cent.

Top performers over the period include Italian luxury yacht manufacturer Sanlorenzo, which continued to see very strong demand; D'leteren, the Belgian holding company, which announced a minority stake deal with private equity funds for its main asset, Belron, at a much higher valuation than expected by the market; Alten, the French R&D consulting company, which is benefitting from the gradual recovery in the automotive and aerospace markets; Ipsos, the French market research company, which has seen increased demand for research and insights as companies and public entities need to adapt to a post-Covid world; and Reply, the Italian IT consulting company, as demand for digital solutions including cybersecurity and cloud infrastructure has only been accelerated by the Covid crisis.

Stock detractors from performance included the Swiss software reseller, SoftwareOne, as their margins went under pressure following accelerated recruitment to build its services team; Aramis Group, the French used cars online platform, which suffered from shortages in the supply of cars and increased competition; and Tecan, the Swiss medical lab automation company, as investors took profit after a period where the company benefitted from strong Covid tailwinds. Our underweight to Rheinmetall, the German defence company, also detracted after Germany announced a substantial increase in their military budget.

PERFORMANCE ATTRIBUTION

YEAR ENDED 31ST MARCH 2022

	%	%
Contributions to total returns		
Benchmark return		3.8
Asset allocation	-4.3	
Stock selection	2.3	
Gearing/cash effect	-0.6	
Currency effect	-0.1	
Investment Managers' added contribution		-2.7
Portfolio return		1.1
Management fee/other expenses	-0.8	
Other effects		-0.8
Return on net assets ^A		0.3
Return to shareholders ^A		-1.3

Source: JPMAM/Morningstar.

All figures are on a total return basis.

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

^A Alternative Performance Measure ('APM')

A glossary of terms and APMs is provided on pages 94 and 95.

Portfolio Positioning**Top 10 Sector Active Positions**

TOP/BOTTOM ACTIVE SECTOR POSITIONS – MARCH 2022

TOP/BOTTOM ACTIVE SECTOR POSITIONS – MARCH 2021

Source: FactSet; including cash/gearing.

Industrials remained the main sector overweight during the period. In particular we increased our exposure to capital goods as we believe investments into energy efficiency and electrification have structurally accelerated. We therefore own companies that are enabling this transition such as the high voltage cable manufacturers Nexans, NKT and Prysmian. We also added to companies that are enabling buildings to be more energy efficient such as Belimo, which manufactures devices for HVAC in non-residential buildings; Signify, the Dutch manufacturer of energy-efficient lighting solutions; and Aalberts, the Dutch manufacturer of piping systems for buildings.

We reduced our overweight to Consumer Discretionary to a slight underweight over the period. We sold our positions in leisure companies Dometic, the Swedish manufacturer of accessories for recreational vehicles; Trigano, the French manufacturer of motorhomes and caravans; and Technogym, the Italian manufacturer of high-end fitness equipment. These companies have benefitted from exceptionally high demand over the last two years, which could become a headwind going forward as consumer confidence weakens.

We significantly reduced our underweight to Financials by increasing our exposure to the Insurance sector. The companies we have invested in are attractively valued, positively exposed to rising interest rates and have defensive business models.

Top 10 Country Active Positions

TOP/BOTTOM ACTIVE COUNTRY POSITIONS – MARCH 2022

TOP/BOTTOM ACTIVE COUNTRY POSITIONS – MARCH 2021

Source: FactSet; including cash/gearing. The above portfolio characteristics are shown for illustrative purposes only and are subject to change without notice. The Fund is an actively managed portfolio; holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

During the period France grew to be the Trust's largest country overweight. We added Rexel, a distributor of electrical products, which benefits from increased investment in building renovation and energy efficiency.

Belgium became the fourth largest country overweight through the addition of reopening beneficiaries such as Kinopolis, which operates cinemas in Europe and North America. We also added to high quality logistics real estate such as Warehouses de Pauw and VGP.

Germany became the largest underweight. We had a position in Hella, a German manufacturer of electronics for automotive, which was taken over by Faurecia. We also reduced our position in Eckert & Ziegler, the manufacturer of generators to produce nuclear isotopes for medical use, as we felt the stock's stretched valuation could become a headwind to future performance.

Sweden became the fourth largest underweight, having been the third largest overweight at the start of the period, as we took profits in high-growth companies, such as IVF equipment supplier Vitrolife and accounting software developer Lime. We also sold Dometic, the manufacturer of accessories for recreational vehicles, which benefitted from exceptional demand during the Covid-related travel bans.

By the end of the financial year we were 0.04 per cent geared.

ESG Considerations

The Company does not have an ESG based exclusion list of stocks or sectors. We do, however, consider the ESG challenges as part of our investment process.

For companies where we see ESG risks, we conduct due diligence on their business models and perform extensive engagement with management to ensure the sustainability of their long-term financial performance. As an example of this, we have engaged with the management of a Dutch environmental engineering consultant, Arcadis, on the work that they are undertaking to tackle PFAS chemicals, an emerging environmental issue which is quickly becoming a key global concern (see example box below).

Because of the huge amount of progress Arcadis have made on the issue of PFAS chemicals, we are very happy to hold a position in the company. We have determined that rather than being a future potential financial liability, their work in the sector could open up a new business opportunity for them to help remediate PFAS issues globally.

Example Box: Arcadis and PFAS chemicals

PFAS chemicals, chemicals which are also dubbed 'Forever Chemicals', are man-made molecules that are incapable of breaking down in the natural environment. They are used in everything from non-stick pans to moisture resistant materials, and their use is only increasing. The issue for us as investors is that the use of PFAS chemicals (and their ultimate leaching into the environment) has led to a dramatic build-up of their concentrations in soils and the water system. This build-up has been discovered to be a leading cause of several health issues, including cancer.

The reason for our engagement with Arcadis is that, though they are not directly responsible for the release of these forever chemicals, the nature of the concrete used in their infrastructure projects (past and present), leads directly to PFAS chemicals being released into the environment.

We spoke to Arcadis to understand what they were doing to remediate the issues with their previous infrastructure projects, and what they were changing about their ways of business to prevent it being an issue in the future. Firstly, we were happy to discover that Arcadis' scientists are already designing tools for site evaluation and restoration, and are currently developing next generation technologies to deal with future issues. Secondly to help in their work, Arcadis have partnered with chemical manufacturers around the world to develop surface sealants that should help deal with the fundamental issues of leaching. Alongside this, their Environmental Business Consulting business is in the process of helping past and current clients to identify and manage their risks before they can impact the environment.

Alongside our due diligence performed at the point of investment, the Portfolio Management team frequently engage with management teams on an ongoing basis to ensure that our investment companies maintain or improve their ESG profiles. We conducted over 200 such company meetings during the past financial year. As small cap investors, we often find that the companies we meet, and invest in, have very high ESG standards but can be poor at publicly communicating this. Generally, the companies we meet are small, sometimes new to the market and have small investor relations departments. In such instances, we see our role as stewards by helping these companies establish standards of best practice in areas such as governance, employee welfare and the environment. In the past year we have held deep formal engagements with businesses, including companies such as Alten, San Lorenzo, Signify, S.O.I.T.E.C., Georg Fischer, to help them to understand the ESG best practices that they should aim for.

During these engagements, we often discuss companies' current policies and what they are doing to become more sustainable. In last year's Annual Report, we discussed our engagement with ERG SPA, an Italian independent power producer focused on renewable energy. Over the last few years, we have engaged with the company's management team on their plans for their last remaining fossil fuel powered CCGT (combined cycle gas turbine) power plant in Sicily. We emphasised the importance of establishing a clear roadmap to becoming a pure renewable energy generation company. We are now very pleased to say that the ERG management team have recently announced the sale of this CCGT, and we see this as an excellent example of where our engagements have made a tangible impact.

Further information on our ESG approach and process, together with a voting record, is set out in the ESG report on pages 21 to 23 of this Annual Report.

Equity Valuation

GLOBAL FORWARD PRICE TO EARNINGS RATIOS

EUROPEAN SMALL CAP PRICE TO BOOK RATIO

Source: LHS: IBES, MSCI, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management. MSCI indices are used for all regions/countries (due to data availability), except for the US, which is represented by the S&P 500. Past performance is not a reliable indicator of current and future results. Guide to the Markets – Europe. Data as of 31st December 2020. RHS: Bloomberg, MSCI, J.P. Morgan Asset Management. Data as of 31st March 2022.

As corporate earnings rose strongly in 2021, the price to earnings ratios of large capitalisation companies are below the 30-year average in most regions, except in the US.

The price to book ratio is not impacted by transitory changes in earnings. The right-hand chart shows that the price to book ratio of European small caps is slightly below the long-term average. As a result, valuations do not appear stretched when considering normalised market conditions.

Outlook

We started the year believing like many market participants and policymakers that inflation would prove to be transient. The sad events in the Ukraine and more recently the lockdowns in China make it highly unlikely that rises in prices will be temporary. The positive aspect of equities unlike bonds is that there are companies and sectors that can still perform in inflationary environments and those are the companies which we have been increasingly investing in. Companies with high barriers to entry should be able to pass on inflation. Certain areas of insurance are positively correlated with rising bond yields. Prime property companies in areas where there is limited capacity such as logistics should also have pricing power. So, in the short term, we have adapted the portfolio to be better insulated from inflation.

It is difficult to predict when the current inflationary spiral will end. Historically, European smaller companies have been one of the best asset classes in the world, and we do not see the fundamentals that brought this about, changing. Innovation has powered smaller companies and will continue to do so long into the future. As always it is our job to find these opportunities.

Francesco Conte

Edward Greaves

Investment Managers

14th June 2022

TEN LARGEST EQUITY INVESTMENTS

AT 31ST MARCH

Company	Country	2022 Valuation		2021 Valuation			
		Number of shares	£'000	% ¹	Number of shares	£'000	% ¹
Alten Alten SA offers consulting and engineering services in telecommunication, computersystems, networking, multimedia, defense, aviation and information systems.	France	287,981	33,438	4.0	261,145	22,268	2.4
Helvetia² Helvetia Holding AG provides a broad range of life, casualty, liability, accident and transportation insurance. The Company insures individuals, property such as vehicles and buildings, and consumer good and personal belongings during transportation. Helvetia operates in Switzerland and in other European countries.	Switzerland	292,529	29,117	3.5	174,825	14,944	1.6
IPSOS² Ipsos conducts market research. The Company offers advertising, marketing, media, public opinion, and social research, Ipsos operates in Europe, Latin America, Asia/Pacific Rim, the United States, and Middle East.	France	693,771	26,412	3.2	504,481	13,816	1.5
Nexans Nexans manufactures cable. The company offers rigid and flexible wires, rods, conductors, switches, tools, connectors and spare parts. Nexans serves automotive, building, nuclear, mining, energy and telecom industries worldwide.	France	361,604	25,989	3.1	405,818	26,100	2.8
ASR Nederland² ASR Nederland N.V. is one of the largest insurance companies in the Netherlands. The Company offers a wide range of financial products such as corporate and individual pensions and life, health, travel and leisure and funeral insurance. In addition, ASR Nederland offeres savings and investment banking products and actively invests in property management and development.	Netherlands	726,103	25,894	3.1	407,804	13,274	1.4
Sanlorenzo² Sanlorenzo S.P.A. is a luxury yacht builder. Founded in 1958, the Company manufactures "made to measure" yachts and superyachts fully customized for each client. Sanlorenzo serves customers worldwide.	Italy	827,702	25,705	3.1	827,702	14,842	1.6
SPIE³ SPIE SA provides engineering services. The Company offers hvac systems, technical services, information and communication technology, dense networks, production equipment, manufacturing improvement, developing industrial sites, and designing solution. SPIE serves customers worldwide.	France	1,397,922	25,351	3.1	—	—	—
Unipol² Unipol Gruppo S.P.A sells life, property, and casualty insurance and re-insurance solutions. The Company provides non-life insurance coverage includes accident, health, automobile, railroad rolling stock, aircraft, marine, and fire. Unipol Gruppo serves customers in Italy.	Italy	5,567,663	23,431	2.8	2,842,308	11,549	1.3
Bravida Bravida Holding AB provides technical installation and service solutions for builders and plants. The company offers integrated solutions in electrical installations, heating and plumbing and HVAC. Bravida Holding services customers in Sweden, Norway and Denmark.	Sweden	2,655,582	23,352	2.8	2,812,727	28,254	3.1
Baloise³ Baloise Holding AG offers group and individual life, health, accident, liability property, and transportation insurance to customers in Europe. The Company also offers private banking and asset management services.	Switzerland	155,108	21,135	2.5	—	—	—
Total⁴		12,965,965	259,824	31.2			

¹ Based on total investments of £834.0m (2021: £921.2m).² Not included in the ten largest investments at 31st March 2021.³ Not held in the portfolio at 31st March 2021.⁴ At 31st March 2021, the value of the ten largest investments amounted to £227.4 million representing 24.7% of total investments.

PORTFOLIO INFORMATION

GEOGRAPHICAL ANALYSIS

	31st March 2022		31st March 2021	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
France	19.3	9.4	15.4	8.8
Italy	16.5	7.7	18.1	7.8
Switzerland	14.8	13.5	10.0	13.7
Sweden	14.3	18.0	22.9	19.4
Netherlands	12.5	6.4	8.5	6.8
Belgium	9.1	4.7	4.5	3.9
Germany	6.2	14.1	11.4	14.2
Denmark	2.4	4.6	1.7	4.3
Finland	1.9	4.2	–	4.5
Spain	1.2	5.4	–	5.7
Czech Republic	1.0	0.2	–	–
Norway	0.8	7.1	7.5	6.3
Austria	–	2.4	–	2.5
Ireland	–	1.6	–	1.5
Portugal	–	0.7	–	0.6
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £834.0m (2021: £921.2m).

SECTOR ANALYSIS

	31st March 2022		31st March 2021	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Industrials	46.3	27.7	34.5	27.4
Consumer Discretionary	13.9	11.8	12.7	8.8
Information Technology	13.1	9.3	15.2	9.5
Financials	11.9	14.3	5.6	13.2
Utilities	4.7	3.2	5.9	3.5
Real Estate	4.2	10.4	1.6	9.4
Health Care	3.9	7.1	8.7	8.7
Materials	1.0	6.0	1.8	7.7
Consumer Staples	1.0	5.6	6.8	4.9
Energy	–	2.5	–	2.0
Communication Services	–	2.1	7.2	4.9
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £834.0m (2021: £921.2m).

INVESTMENT ACTIVITY DURING THE YEAR ENDED 31ST MARCH 2022

	Value at 30th March 2021		Purchases	Sales	Changes in value	Value at 31st March 2022	
	£'000	%	£'000	£'000	£'000	£'000	%
France	141,601	15.4	134,399	(116,112)	1,009	160,897	19.3
Italy	167,113	18.1	40,580	(79,856)	10,052	137,889	16.5
Switzerland	92,623	10.0	119,439	(80,768)	(7,952)	123,342	14.8
Sweden	210,776	22.9	71,310	(157,243)	(5,401)	119,442	14.3
Netherlands	78,217	8.5	69,710	(53,305)	9,763	104,385	12.5
Belgium	41,678	4.5	61,078	(35,181)	8,093	75,668	9.1
Germany	104,714	11.4	38,389	(90,311)	(876)	51,916	6.2
Denmark	15,265	1.7	38,696	(29,810)	(4,481)	19,670	2.4
Finland	—	—	22,662	(2,176)	(4,763)	15,723	1.9
Spain	—	—	8,444	—	1,534	9,978	1.2
Czech Republic	—	—	8,477	—	61	8,538	1.0
Norway	69,213	7.5	8,361	(62,952)	(8,052)	6,570	0.8
Total investments	921,200	100.0	621,545	(707,714)	(1,013)	834,018	100.0

PORTFOLIO INFORMATION

LIST OF INVESTMENTS AT 31ST MARCH 2022

Company	Valuation £'000	Company	Valuation £'000	Company	Valuation £'000
FRANCE		SWEDEN		GERMANY	
Alten	33,438	Bravida	23,352	Bechtle	17,334
IPSOS	26,412	Trelleborg	16,618	CTS Eventim	16,417
Nexans	25,989	Electrolux Professional	14,646	Encavis	10,208
SPIE	25,351	AFRY	11,824	Eckert & Ziegler Strahlen- und Medizintechnik	7,957
Elis	18,392	Beijer Ref	10,172		51,916
Rexel	17,572	Fortnox	10,092		
Neoen	12,044	Sweco	9,026		
Aramis	1,699	Indutrade	8,804		
	160,897	Instalco	7,839		
		Vitrolife	7,069		
			119,442		
ITALY		NETHERLANDS		DENMARK	
Sanlorenzo	25,705	ASR Nederland	25,894	ALK-Abello	9,998
Unipol Gruppo	23,431	Aalberts	17,302	NKT	9,672
Prysmian	19,553	TKH	17,230		19,670
Reply	18,329	Arcadis	16,917		
Interpump	17,034	Signify	16,720		
Pirelli & C	16,118	BE Semiconductor Industries	10,322		
Intercos	8,970		104,385		
Ariston	8,749				
	137,889				
SWITZERLAND		BELGIUM		SPAIN	
Helvetia	29,117	Melexis	19,762	Solaria Energia y Medio Ambiente	9,978
Baloise	21,135	Warehouses De Pauw	17,964		9,978
SIG Combibloc	15,126	Kinopolis	12,268		
Kardex	13,683	Azelis	9,033		
Belimo	13,029	D'ieteren	8,445		
PSP Swiss Property	8,200	Lotus Bakeries	8,196		
Bachem	8,024		75,668		
Tecan	7,831				
Interroll	7,197				
	123,342				
				CZECH REPUBLIC	
				VGP	8,538
					8,538
				NORWAY	
				Fjordkraft	6,570
					6,570
				TOTAL INVESTMENTS	
					834,018

TEN YEAR PERFORMANCE

FIGURES WERE REBASED TO 100 ON 31ST MARCH 2012

¹ Source: Morningstar, share price. JPMorgan, share price total return calculation.

² Source: Morningstar, cum income net asset value per share. JPMorgan, net asset value total return calculation.

³ Source: Morningstar. The Company's benchmark is the MSCI Europe ex UK Small Cap Index (Net) (2019 and before: Euromoney Smaller European Companies (ex UK) Total Return Index in sterling terms).

TEN YEAR PERFORMANCE RELATIVE TO BENCHMARK

FIGURES WERE REBASED TO 100 ON 31ST MARCH 2012

TEN YEAR RECORD

TEN YEAR FINANCIAL RECORD

At 31st March	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total assets less current liabilities (£'m)	342.3	366.0	474.8	473.1	495.4	620.8	794.2	637.8	517.3	923.0	833.7
Net asset value per share (p) ^A	170.8	195.1	270.7	268.3	309.3	388.1	438.9	400.0	324.4	530.7	526.1
Share price (p)	144.4	169.8	240.0	233.5	276.0	334.0	406.0	349.0	251.0	462.0	450.0
Share price discount (%) ^A	15.5	13.0	11.3	13.0	10.8	13.9	7.5	12.8	22.6	12.9	14.5
Gearing (%) / (Net cash) ^A	7.6	12.9	12.6	7.5	(2.8)	5.3	7.9	(5.2)	3.8	8.8	0.0
Ongoing charges (%) ^A	1.27	1.26	1.31	1.32	1.18	1.15	1.03	1.07	1.05	0.91	0.93

Year ended 31st March

Gross revenue return (£'000)	10,215	8,481	8,016	8,586	8,448	10,771	13,251	15,837	15,077	9,625	16,498
Net revenue available for shareholders (£'000)	7,055	6,134	5,047	5,519	5,732	7,807	9,575	11,680	10,886	7,051	11,154
Revenue return per share (p)	3.42	3.29	2.99	3.45	3.58	4.88	5.98	7.31	6.83	4.42	7.0
Total dividend(s) per share (p)	3.4	3.2	2.9	3.2	3.2	4.7	6.7	6.7	6.7	6.7	6.7

Rebased to 100 at 31st March 2012

Total return to shareholders ^{1,A}	100	120.6	173.2	170.8	204.4	250.2	307.9	269.1	197.1	369.6	365.0
Total return on net assets ^{2,A}	100	116.7	164.1	164.6	191.9	243.2	278.1	257.2	211.9	352.2	353.3
Benchmark total return ³	100	114.6	152.2	152.4	163.3	210.6	231.7	223.3	194.9	307.7	319.6

¹ Source: Morningstar, share price. JPMorgan, share price total return calculation.

² Source: Morningstar, cum income net asset value per share. JPMorgan, net asset value total return calculation.

³ Source: Euromoney. The Company's benchmark is the MSCI Europe ex UK Small Cap Index (Net) (2019 and before : Euromoney Smaller European Companies (ex UK) Total Return Index in sterling terms.

^A Alternative Performance Measure ('APM').

A glossary of terms and APMs definitions is provided on pages 94 and 95.

Manager's Approach to ESG and JPMorgan European Discovery Trust plc

Introduction

ESG is an acronym which stands for Environmental, Social and Governance and describes the broad field of sustainability in the corporate sector. It 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, the Board members of your Company, shareholders and potential shareholders in the Company and, indeed in society at large.

The basics: what is ESG?

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

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

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

Why do we integrate ESG into our investment processes?

Considerations of sustainability have long been intrinsic to our approach to managing the Company's portfolio. When we invest the Company's capital, we make judgements about future risks and rewards of any investment and 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 term. The same is true of businesses that neglect their social responsibilities or fail in matters of governance.

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

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

ESG Integration within the Company's portfolio

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

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

Engagement

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STATEMENT

A few examples of our engagement activity over the last year are provided below:

In Q1 2022, our investors met with **Signify**, the lighting company, on its efforts to grow through sustainability. The company has witnessed 20% growth in the connected lighting and horticulture space. They expect that, in 10 years, most of the lighting will be connected which will result in 20-30% energy efficiency, lower crime rates and less accidents. The company also intends to provide lighting for vertical farming which will help produce crops close to the consumers. An Artificial Intelligence programme designed to measure the impact of lighting observed a 5% increase in yield. This comes with an additional benefit of a 90% less water requirement, no transport of agriculture products, no waste and no pesticides.

We spoke to them last year to better understand an acquisition which has a degree of involvement in cannabis. The firm announced the acquisition of **Fluence**, an agriculture lighting technology company, that has the majority of its sales linked to cannabis, though they have a very fast-growing business focused on light usage for other crops. The cannabis exposure is less than 2% of the combined groups sales. The purpose of this acquisition was to broaden their presence in the segment from a technological and regional perspective.

We confirmed that Signify will not sell its products to individuals, only to approved firms and resellers who will be monitored to ensure the correct controls are in place. We have asked Fluence to declare and disclose as much as they can in their subsequent reporting, highlighting that this is a key point for us, and has increased the risk around the stock.

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

Proxy Voting

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

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

JPMorgan European Discovery Trust plc: Voting at shareholder meetings over the year to 31st March 2022

	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against/ Abstain
Routine Business	352	0	0	0	352	0.0
Director Related	545	12	0	12	557	2.2
Capitalisation	300	1	0	1	301	0.3
Reorganisation and Mergers	10	0	0	0	10	0.0
Non-salary Compensation	97	13	0	13	110	11.8
Antitakeover Related	49	1	0	1	50	2
TOTAL	1,353	27	0	27	1,380	2.0

A few examples of our proxy voting activity over the last year are provided below:

Valmet Corp is a Finnish developer and supplier of process technologies, automation, and services for the pulp, paper, and energy industries. At this year's annual shareholder meeting, the company sought shareholder approval for their remuneration report. As part of the remuneration arrangements, for the 2021 long term incentive plan, the awards are based on comparable EBITA margin, orders received growth and a strategic performance measure. However, two of the three performance metrics are measured over a performance period of just one year. We expect long term incentive metrics to be measured over a minimum three-year performance period in line with recognized best practice. As a result of these concerns, we voted against approving the remuneration report at the shareholder meeting.

Belimo Holding is a Swiss company that manufactures and sells electrical actuator solutions, valve systems, and sensors for heating, ventilation, and air conditioning (HVAC) systems. As part of our focus on gender diversity, Belimo was identified as a company which falls short of expected best practice with respect to gender diversity on the board with current board composition only having a gender diversity of 17 percent. We would normally highlight and vote against the election of the nomination committee chair due to insufficient gender diversity. However, on this occasion we felt that voting against the chair of the nomination committee, being the only female on the board, was not the correct course of voting action. As a result, we voted for their re-election and will engage the company for better alignment on gender diversity at Board level.

Aramis Group SAS is a French company that engages in the online sale of used cars in Europe. At this year's annual shareholder meeting, the company proposed the issuance of warrants reserved for specific beneficiaries. Under normal circumstances, we would have concerns with the use of warrants and options as alternative forms of compensation. However, the company explained that these warrants would be utilized in specific circumstances and to specific beneficiaries. As a result of the commitments given by the company and the adequate level of disclosure on remuneration, we chose to support the company proposed resolution at the AGM but will continue to review going forward.

The Future

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

J.P. Morgan Asset Management

14th June 2022

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 amongst other matters:

- the Company, its purpose, values, strategy and culture;
- the business of the Company and Investment Objective;
- its investment policies and risk management;
- the investment restrictions and guidelines;
- the performance and key performance indicators;
- share capital;
- borrowings;
- Board diversity;
- the Company's employees, social, environmental, community and human rights;
- Greenhouse Gas Emissions, Modern Slavery and Corporate Criminal Offence;
- the principal and emerging risks and how the Company seeks to manage those risks; and
- the Company's long term viability.

The Company's Purpose, Values, Strategy and Culture

The purpose of the Company is to provide a cost effective, investment vehicle for investors who seek capital growth from a portfolio of high-quality smaller companies in Continental Europe, over the long term. To achieve this, the Board of Directors is responsible for employing and overseeing an investment management company that has appropriate investment expertise, resources and controls in place to meet the Company's investment objective. The Company consists of the Board and its shareholders and has no employees or customers in the traditional sense. The culture of the Company is embodied in the Board of Directors whose values are trust and fairness.

Environmental, Social and Governance issues are also an important consideration for the Board. In seeking to deliver the Company's investment objectives for shareholders they seek to challenge constructively and in a respectful way with the Managers and other stakeholders, which include the Depositary and Custodian. To ensure that it is aligned with the Company's purpose, values and strategy, the Board comprises Directors from a diverse background who have a breadth of relevant experience and contribute in an open boardroom culture.

Business of the Company and Investment Objective

JPMorgan European Discovery Trust plc is an investment trust company that has a premium listing on the London Stock Exchange. It is a constituent of the FTSE 250 Index. The Company

is incorporated in England and Wales. Its objective is to achieve capital growth from smaller Continental European companies. In seeking to achieve this objective, the Company employs JPMorgan Funds Limited ('JPMF') which, in turn, delegates portfolio management to JPMorgan Asset Management (UK) Limited ('JPMAM') to actively manage the Company's assets. The Board has determined an investment policy and related guidelines and limits as described below. It aims to outperform the MSCI Europe (ex UK) small cap net total return index (prior to 31st March 2020 the benchmark was the Euromoney Smaller Companies (ex UK) net total return Index (in sterling terms).

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

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.

Investment Policies and Risk Management

In order to achieve its investment objective and to seek to manage investment risks, the Company invests in a diversified portfolio of high-quality smaller companies in Continental Europe. The investment universe is defined at the time of purchase by the countries and market capitalisation range of the constituents of the benchmark index which, at the end of March 2022, the new benchmark index consisted of 778 companies with a free float adjusted market capitalisation range of GBP 45m to GBP 7.1 billion.

The Company manages liquidity and borrowings with the aim of increasing potential Sterling returns to shareholders. The Company borrows in Euros in order to hedge the currency risk in respect of the geared portion of the portfolio. The Company does not normally hedge the foreign currency exposure of the remainder of the portfolio.

The investment policy emphasises capital growth rather than income and shareholders should therefore expect dividends to vary from year to year.

The Board has set no minimum or maximum limits on the number of investments in the portfolio but, in the year under review, the number of investments ranged between approximately 56-66.

To gain the appropriate exposure, the investment managers are permitted to invest in collective investment schemes. On a day-to-day basis, the assets are managed by two investment managers based in London, supported by a team of over 180 equity professionals.

It should be noted that the Company invests in the shares of smaller companies which tend to be more volatile than those of larger companies and the Company's shares should therefore be regarded as having greater than average risk.

Investment Restrictions and Guidelines

The Board seeks to manage the risks facing the Company by imposing various limits and restrictions;

- The Company will not invest more than 5% of its total assets in any one individual stock at the time of acquisition.
- No more than 25% of assets may be invested outside the benchmark. Any such investments must be in European ex UK companies or a UK investment company that invests in Europe.
- The Company does not normally invest in unquoted investments and to do so requires prior Board approval.
- No more than 25% of the Company's assets may be invested in the aggregate of: (i) securities not listed on a recognised exchange; and (ii) holdings in which the Company has 20% or more of the issued equities. It is unlikely that the Company would invest in companies that fall into either of these categories and did not do so in the year under review.
- In accordance with the FCA Listing Rules, the Company will not invest more than 15% of its gross assets in other UK listed closed-ended investment funds and will not invest more than 10% of its gross assets in UK listed closed-ended investment funds that themselves may invest more than 15% of gross assets in UK listed closed-ended investment funds. It is very unlikely that the Company would wish to have substantial positions in such companies and had no such investments in the year under review.
- The Board has set a normal gearing range of 20% net cash to 20% geared.
- The Company does not normally enter into derivative transactions and to do so requires prior Board approval.

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

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

Performance

In the year ended 31st March 2022, the Company produced a share price total return of -1.3% and a net asset value total return of 0.3%. This compares with the total return on the Company's benchmark index of 3.8%. As at 31st March 2022 the

value of the Company's investment portfolio was £834.0 million (2021: £921.2 million). The Investment Managers' Report on pages 8 to 14 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross gain for the year amounted to £14.3 million (2021: £347.2 million) and net total gain after deducting the management fee, other administrative expenses, finance costs and taxation amounted to £2.9 million (2021: £339.7 million). Net revenue return after taxation for the year amounted to £11.2 million (2021: £7.1 million). An interim dividend of 1.2p per share (2021: 1.2p) was paid during the year, costing £1.9 million (2021: £1.9 million). The Directors have proposed a final dividend of 5.5p (2021: 5.5p) per share costing £8.7 million. This dividend will cost £8.7 million and the total revenue reserve will amount to £0.9 million after the payment of this dividend. Further details are set out in note 10 to the financial statements.

Key Performance Indicators ('KPIs')

At each Board meeting the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The principal KPIs are performance relative to the benchmark index, performance against the Company's peers, performance attribution, share price discount to net asset value per share and ongoing charges. Unless there is a particular reason for the Board to change the KPIs (which would require an explanation to shareholders), consistency is maintained to provide continuity. Further details of the principal KPIs are given below.

• Performance relative to the benchmark index

This is the most important KPI by which performance is judged. Information on the Company's performance is given in the Chairman's Statement and the Investment Managers' Report on pages 8 to 14.

Performance Relative to Benchmark Index

FIGURES HAVE BEEN REBASED TO 100 SINCE 31ST MARCH 2012

KEY PERFORMANCE INDICATORS

Ten Year Performance

FIGURES HAVE BEEN REBASED TO 100 SINCE 31ST MARCH 2012

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

The principal objective is to achieve capital growth relative to the benchmark. However, the Board also monitors the performance relative to a broad range of competitor funds with similar objectives.

- **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 and asset allocation. Details of the attribution analysis for the year ended 31st March 2022 are given in the Investment Managers' Report on page 9.

- **Share price discount to net asset value ('NAV') per share**

The Board recognises that the possibility of a short term widening of the discount can be a key disadvantage of investment trusts that can discourage investors, but is of the view that over the long term it is not a material factor in long term shareholder return. The Board has for several years operated a share repurchase programme which seeks to address imbalances in the supply of and demand for the Company's shares within the market and thereby seek to manage the volatility and absolute level of the discount to NAV per share at which the Company's shares trade. In the year ended 31st March 2022, the discount ranged between -8.9% and -17.7%. More information on the Board's share repurchase policy is given in the Chairman's Statement on page 5.

Discount

- **Ongoing charges**

The ongoing charges represent the Company's management fee and all other operating expenses, excluding any finance costs, expressed as a percentage of the average daily net assets during the year. The ongoing charges for the year ended 31st March 2022 were 0.93% (2021: 0.91%). Each year the Board reviews an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers.

Share Repurchases

The Directors have authority on behalf of the Company to repurchase shares in the market either for cancellation or into Treasury and to sell Treasury shares or issue new Ordinary shares for cash.

During the financial year, the Company repurchased 992,954 shares, for a total consideration of £4.8 million. Since the year end, the Company has repurchased 995,000 shares, for a total consideration of £4.2 million.

No shares were issued during the year or since the year end.

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.

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

Capital Structure

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

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at 13th June 2022 are given in note 16 to the Notice of Annual General Meeting on page 92.

Borrowings

The Company has a EUR 125 million unsecured loan facility with Scotiabank. The facility was EUR 90 million drawn down at the year end. This agreement was renewed in July 2021 and expires on 17th January 2023.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board and the Board is diverse on a number of bases, namely gender, ethnicity and nationality. As at 31st March 2022, there were three male Directors and two female Directors on the Board. Three Directors are British, one is British Asian and one is Dutch. Please refer to page 40 for more information on the workings of the Nomination Committee. Full details of the skills and experience of the Directors can be found on page 35.

Employees, Social, Community, Environmental, Human Rights Issues and Greenhouse Gas Emissions

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

Companies that address ESG issues and adopt sustainable business practices are better placed to maximise their performance and create enduring value for shareholders. Corporate governance issues have the most direct bearing on the risk/reward profile of the Company's portfolio; as such it is the area most integrated into the Manager's investment process. However, environmental concerns and social issues are relevant and again the focus is on the economic impact of the involvement. The Manager engages in meaningful interactions with investee companies through dedicated meetings and exercises the Company's proxy votes in a prudent and diligent manner in the interests of our shareholders. Also see the Company's Corporate Governance and Voting Policy in the Directors' Report on page 43 for further details on Proxy Voting and Stewardship/Engagement.

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. As a low energy user under HMRC guidelines it is not required to disclose energy and carbon information. 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. See www.jpmorganinvestmenttrusts.co.uk/governance for further details.

The Modern Slavery Act 2015 (the 'MSA')

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation.

As the Company has no employees and does not supply goods and services, the MSA does not apply directly to it. The MSA requirements more appropriately relate to JPMF and JPMAM.

JPMorgan's statement on the MSA can be found on the following website: <https://www.jpmorganchase.com/about/our-business/human-rights>

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.

PRINCIPAL AND EMERGING RISKS

Principal and Emerging Risks

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company, as well as emerging risks. In assessing the risks and how they can be mitigated, the Board has given particular attention to those risks that might threaten the viability of the Company. These key risks fall broadly under the following categories:

Principal Risk	Description	Mitigating Activities
Underperformance and Inappropriate Strategy	An inappropriate investment strategy, or poor implementation of the strategy, for example excessive concentration of investments, asset allocation, the level of gearing or the degree of portfolio risk, may lead to underperformance against the Company's benchmark index and peer companies.	The Board manages these risks by diversification of investments and through its investment restrictions and guidelines which are monitored and reported on by the Manager. JPMF provides the Directors with timely and accurate management information. 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 Board sets strategic guidelines for gearing as well as investments; decisions on levels of gearing are delegated to the investment managers, whose decisions are subject to challenge by the Board. The Board holds a separate meeting devoted to strategy each year.
Loss of Manager	Investment performance could be adversely affected by the loss of one or more of the investment management team.	To reduce the likelihood of such an event, the Manager ensures appropriate succession planning and adopts a team-based approach as well as efforts to retain key personnel.
Market and Currency	Market risk arises from uncertainty about the future prices of the Company's investments which may reflect underlying uncertainties arising from economic, social, fiscal, climate, inflationary and regulatory changes. It represents the potential loss that the Company might suffer through holding investments in the face of negative market movements. Investing in smaller companies is inherently more risky and volatile, partly due to the potential lack of liquidity in some shares. The majority of the Company's assets, liabilities and income are denominated in Euros rather than in the Company's functional currency of Sterling (in which it reports). As a result, movements in the Euro: Sterling exchange rate may affect the sterling value of those items. Therefore, there is an inherent risk from these exchange rate movements.	The Board manages these risks by diversification of investments and monitoring of the implementation and results of the investment process with the investment manager. The Board includes an assessment of these risk factors at Board meetings and has placed investment restrictions and guidelines to limit these risks. The Company borrows in Euros in order to hedge the currency risk in respect of the geared portion of the portfolio. The Company does not hedge the foreign currency exposure of the remainder of the portfolio.
Discount Control Risk	Investment trust shares often trade at discounts to their underlying NAVs, although they can also trade at a premium. Discounts and premiums can fluctuate considerably leading to volatile returns for shareholders.	The Board continues to monitor the level of the discount carefully and seeks to use its ability to repurchase shares to minimise the short term volatility and the absolute level of the discount, when appropriate.

PRINCIPAL AND EMERGING RISKS

Principal Risk	Description	Mitigating Activities
Accounting, Legal and Regulatory Market and Currency	In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given under 'Business of the Company' on page 24. 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. In addition, changes to relevant regulations and legislation, such as financial or tax legislation, may have a negative impact on the Company.	The Section 1158 qualification criteria are continually monitored by JPMF and the results reported to the Board each month. The Board relies on the support of the services of its Company Secretary, the Manager and its professional advisers to ensure compliance with the Companies Act, the FCA Listing Rules, the Market Abuse Regulations ('MAR'), Disclosure Guidance and Transparency Rules ('DTRs'), the Alternative Investment Fund Managers Directive ('AIFMD') and all other relevant legislation. The Manager takes specialist advice, where necessary, to review the impact of new legislation on the Company.
Operational	Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the Depositary or Custodian's records may prevent accurate reporting and monitoring of the Company's financial position. 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 Managers 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. Details of how the Board monitors the services provided by JPMF and its associates and the key elements designed to provide effective risk management and internal control are included within the Risk Management and Internal Control section of the Corporate Governance Statement on page 45.
Cyber Crime	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 Board has received the cyber security policies for its key third party service providers and JPMF has provided assurance to the Directors that 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 and reported on every six months against the AAF Standard.

PRINCIPAL AND EMERGING RISKS

Principal Risk	Description	Mitigating Activities
Corporate Governance and Shareholder Relations	The Board considers failure to communicate effectively with investors and inappropriate sales and marketing strategy to be a risk to the Company.	The Board relies on the Manager to arrange regular meetings with major institutional holders and effective communication. Marketing Strategy and practices are regularly reviewed by the Board. 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 38 to 43.
Pandemic Risk	The global reach and disruption to markets caused by Covid-19 highlighted the speed and extent of economic damage that can arise from a pandemic, both on global stock markets and more widely. It also introduced risks, particularly in terms of controls, resulting from changes to works practices (including working from home). There is an ongoing risk that new Covid strains may not respond to current vaccines.	The Board regularly reviews the mitigation measures and business continuity plans which JPMorgan Asset Management and other key service providers have in place to maintain operational resilience. It is satisfied that these are appropriate even in during the worst extremes of the Covid-19 pandemic.
Climate Change	Climate change has become a critical issue confronting portfolio companies and their investors. Climate change can have a significant impact on the business models, sustainability and even viability of individual companies, sectors and asset classes.	The Board receives ESG reports from the Manager on the portfolio and the way ESG considerations are integrated into the investment decisions making so as to mitigate risk at the level of stock selection and portfolio construction. At the level of the Company, as extreme weather events become more common, the resiliency, business continuity planning and location strategies of the Company's service providers will come under greater scrutiny.
Emerging Risk	Description	Mitigating Activities
Geopolitical	There is an increasing risk to market stability and investment opportunities from geo-political conflicts, such as between Russian and Ukraine, and China and Taiwan.	The Company discusses global developments with the Manager and will continue to monitor these issues.
Global recession	Government/Central Banks fiscal or monetary responses to the debt burden from Covid-19 stimulus packages. This with inflation, recession, potential stagflation and the consequences of the war in Ukraine, could lead to material adverse movements in asset prices.	The Manager's market strategists are available to the Board and can discuss market trends. The Board can, with shareholder approval, look to amend the investment policy and objectives of the Company, if required, to enable investment in companies or assets which offer more appealing risk/return characteristics in prevailing economic conditions.

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. They have made that assessment by considering the principal and emerging risks, the risk of breaching the Company's debt covenants as a result of a reduction in its asset base, the Company's investment objective and strategy, the investment capabilities of the Manager and the current outlook for the European economies and equity markets. In addition, and in particular, the Directors have considered the potential and continuing impact of Covid-19 and the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience. The Directors do not believe that the continuing impact of the pandemic calls into question the long term viability of the Company, particularly as the Company has no loan covenants or liabilities that cannot be readily met. The Directors have reviewed income and expense projections and the liquidity of the investment portfolio in making their assessment.

Given the Company's objective of achieving long term capital growth, shareholders should consider the Company as a long term investment proposition. This is consistent with advice provided by investment advisers; that investors should consider investing in equities for a minimum of five years. *Thus, 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 and meet its liabilities as they fall due over the five year period of assessment.

Duty to promote the success of the Company

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

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

DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

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

Stakeholder Engagement

Shareholders

Continued shareholder engagement is critical to the continued existence of the Company and the successful delivery of its long term strategy. The Board is focused on fostering and maintaining good working relationships with shareholders and understanding the views of shareholders in order to incorporate them into the Board's strategic thinking and objectives. Full details on how the Board ensures it is fully appraised of shareholder views and how it engages with all shareholder groups can be found on page 40.

Manager

The principal supplier is the Manager, in particular the investment management team who are responsible for managing the Company's assets in order to achieve its stated investment objective. The Board maintains a good working relationship with the Manager, who also provides administrative support and promotes the Company through its investment trust sales and marketing teams. The Manager's investment management function is fundamental to the long term success of the Company through the pursuit of the investment objective. The Board monitors the Company's investment performance at each Board Meeting in relation to its objective and also to its investment policy and strategy. The Board also maintains strong lines of communication with the Manager via its dedicated company secretary and client director whose interactions extend well beyond the formal business addressed at each Board and Committee meeting. This enables the Board to remain regularly informed of the views of the Manager and the Company's shareholders (and vice versa).

Investee companies

The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Manager. In order to achieve this, the Manager has discretionary powers to exercise voting rights on behalf of the Company on all resolutions proposed by the investee companies. In respect of the year under review, the Manager voted at the annual general meetings and extraordinary meetings held during the year by the Company's portfolio companies (full details can be found in the ESG report on page 21). The Board monitors investments made and divested and questions the Manager's rationale for exposures taken and voting decisions made.

Other key service providers

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

Wider society and the Environment

Whilst strong long term investment performance is essential, 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.

The Manager is a signatory to the United Nations Principles for Responsible Investing (UNPRI) and has in the course of the year, with the support and encouragement of the Board, continued the process of integrating environmental, social and governance matters into its investment process.

DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

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

Key Decisions and Actions

Dividends Payable to Shareholders

The Board's decision to recommend a final dividend of 5.5 per share, providing a total of 6.7 per share to the shareholders for the year 31st March 2022 balances the Company's investment objective to provide capital growth with the value placed by some investors on the receipt of a dividend.

Succession Planning

The Board progressed its succession plans during the year resulting in the decision to appoint Suzy Ross as an independent non-executive director with effect from 1st March 2022. Further details are included in the Chairman's statement. 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.

Managing the Company's Discount

During the year, the Board had an active buyback policy which aimed to enhance value for investors by buying shares at anything wider than a small discount to NAV. In addition to the primary benefit of the NAV enhancement provided to existing shareholders, the buyback policy has the effect of reducing discount volatility and improving liquidity in the Company's shares, both of which should be beneficial to shareholders.

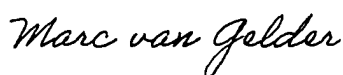
During the year 992,954 shares were purchased into Treasury, at a cost of £4.8 million, representing 0.6% of the Company's issued share capital.

Other Actions that Continue to Promote the Success of the Company

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

For and on behalf of the Board

Marc van Gelder
Chairman



14th June 2022

BOARD OF DIRECTORS

Marc van Gelder (Chairman)

A Director since 1st August 2016.

Last reappointed to the Board: 2021.

Other directorships: Chairman of Vastned N.V., listed on Euronext, Amsterdam (AMX) and Stichting Administratiekantoor Fugro N.V. Director of Stichting Administratiekantoor Continuïteit ABN AMRO Group. He has worked for 20 years in business in Europe and his former roles include CEO of Mediq, a Dutch listed pharmaceutical distributor, which was acquired by Advent in 2013.

Connections with the Manager: None.

Shared Directorships with other Directors: None.

Ashok Gupta

A Director since 1st January 2013.

Last reappointed to the Board: 2021.

Other directorships: Non-executive Director of Sun Life Financial Inc and Non-executive Chairman of eValue Ltd and Mercer Ltd. Formerly Non-executive Chairman of AA Insurance Services Limited and Skandia UK and director of The Pensions Regulator, St James's Place and the Phoenix Group.

Connections with the Manager: None.

Shared Directorships with other Directors: None.

Nicholas Smith (Chairman of the Audit Committee, Remuneration Committee and Senior Independent Director)

A Director since 1st May 2015.

Last reappointed to the Board: 2021.

Other directorships: None.

FCA with a long-term career in investment banking and, from 1993 to 1997, CFO of Jardine Fleming.

Connections with the Manager: None.

Shared Directorships with other Directors: None.

Sarah Watters

A director since 1st July 2021.

Other directorships: Executive Director at Bellecapital UK. Her recent roles include serving as the Head of Equities, UK, Europe and Emerging Markets at BP Investment Management Ltd.

Connections with the Manager: None.

Shared Directorships with other Directors: None.

Suzy Ross

A director since 1st March 2022.

Other directorships: Member of the leadership team of Google Cloud as a Director - Strategic Customer Partnerships. Her previous roles include Senior Retail Adviser to Accenture, Acting Chief Customer Officer at Jaeger and Global Chief Marketing Officer at SpaceNK.

Connections with the Manager: None.

Shared Directorships with other Directors: None.

All Directors are members of the Audit, Management Engagement, Nomination and Remuneration Committees and are considered by the Board to be independent of the Manager.

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31st March 2022.

Management of the Company

The Manager and Company Secretary is JPMorgan Funds Limited ('JPMF'). JPMF is employed under a contract which can be terminated on six months' notice, without penalty. The contract may also be terminated on three months' notice if Francesco Conte ceases to be one of the named managers of the Company's portfolio. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation. The active management of the Company's assets is delegated by JPMF to an affiliate, JPMorgan Asset Management (UK) Limited ('JPMAM'). The Manager is a wholly owned subsidiary of JPMorgan Chase Bank, N.A. which, through other subsidiaries, also provides accounting, banking, dealing and custodian services to the Company.

A dedicated Company Secretary is nominated by JPMF to service the Board.

The Management Engagement Committee conducts a formal evaluation of the performance of the contractual relationship with the Manager on an annual basis. Part of this evaluation includes a consideration of the management fees and whether the service received represents value for money for shareholders. The Committee has thoroughly reviewed the performance of the Manager in the course of the year. The review covered consideration of the investment strategy and process of the Manager, resources and risk controls, performance against the benchmark over the long term and the quality of support that the Company received including the marketing support provided. As a result of that 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.jpmeuropeandiscovery.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.

JPMF's remuneration disclosures are set out on page 84.

Management Fee

With effect from 1st April 2020 the management fee has been charged at the annual rate of 0.85% of the Company's net assets (until 31st March 2020 it was charged at 1.0% of the Company's net assets on the first £400 million and at 0.85% of net assets above that amount). The fee is calculated and paid monthly in arrears. An adjustment is made to exclude from the calculation, investments in funds on which the Manager charges a management fee and therefore attract no additional management fee.

Directors

All Directors of the Company who held office at the end of the period under review are detailed on page 35. Details of their beneficial shareholdings in the Company may be found in the Directors' Remuneration Report on page 47.

In accordance with corporate governance best practice, all Directors will be standing down from the Board, will retire at the Company's forthcoming Annual General Meeting and, will offer themselves for re-appointment by shareholders. Suzy Ross who joined the Board on 1st March 2022 will offer herself for appointment at the forthcoming Annual General Meeting. Please see the Chairman's Statement for details of changes to the composition of the Board of Directors. The Nomination Committee, having considered their qualifications, performance and contribution to the Board and to the Committees, confirms that each Director standing for re-appointment continues to be effective and demonstrate commitment to the role. The Board recommends to shareholders that they be re-appointed and that Suzy Ross be appointed.

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, each Director has the benefit of an indemnity which is a qualifying third party indemnity, as defined by Section 234 of the Companies Act 2006. For the Directors who served during the year under review, these indemnities were in place throughout the year and as at the date of this report and remains in place at the date of this report.

An insurance policy is maintained by the Company which insures 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 Auditors

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

- (a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act) of which the Company's Auditors are unaware, and
- (b) each of the Directors has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's Auditors are aware of that information.

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

Independent Auditors

Ernst & Young LLP were appointed as Auditors in 2019 and have expressed their willingness to continue in office as the Auditors. A resolution to reappoint Ernst & Young LLP for the ensuing year is being put to shareholders at the forthcoming Annual General Meeting and to authorise the Directors to determine their remuneration.

Notifiable Interests in the Company's Voting Rights

At the end of the financial year, the following had declared a notifiable interest in the Company's voting rights:

Shareholders	Number of voting rights	%
Allspring Global Investment, LLC	25,298,323	15.88

Miscellaneous Information

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

There are no restrictions 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 to which the Company is party that affect its control following a takeover bid; and no agreements between the Company and its Directors concerning compensation for loss of office.

Listing Rule 9.8.4R

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

Annual General Meeting

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

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting. The full text of the resolutions is set out in the Notice of Meeting on pages [X] to [X].

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

The Directors will seek renewal of the authority at the Annual General Meeting to issue new ordinary shares for cash or by way of a sale of Treasury shares up to an aggregate nominal amount of £393,687, such amount being equivalent to approximately 5% of the issued share capital (excluding Treasury shares) as at the latest practicable date before the publication of this document or, if different, the number of ordinary shares which is equal to 5% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the resolution. This authority will expire at the conclusion of the Annual General Meeting of the Company in 2023 unless renewed at a prior general meeting.

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

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

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2021 Annual General Meeting, will expire on 17th January 2023 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewal of this authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

Resolution 13 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 number of ordinary shares, representing approximately 14.99% of the Company's issued ordinary shares as at the latest practicable date before the publication of this document or, if less, the number of ordinary shares which is equal to 14.99% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the resolution. The authority also sets minimum and maximum prices.

If resolution 13 is passed at the Annual General Meeting, the Board may repurchase the shares for cancellation or hold them in Treasury pursuant to the authority granted to it for possible reissue at a premium to NAV. Repurchases will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares as and when market conditions are appropriate. This authority will expire on 20th January 2024, or when the whole of the 14.99% has been acquired, whichever is the earlier, however it is the Board's intention to seek renewal of the authority at the 2023 Annual General Meeting.

Recommendation

The Board considers that resolutions 1 to 13 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do, where voting rights are exercisable, in respect of their own beneficial holdings which, as at the year end, amounted in aggregate to 99,100 shares representing less than 1% of the voting rights in the Company.

Corporate Governance Statement

Compliance

The Board takes its governance responsibilities very seriously and follows best practice requirements as closely as possible. The revised UK Code of Corporate Governance (the UK Code) published in 2018 requires enhanced disclosure setting out how we, as

Directors, have fulfilled our duties in taking into account the wider interests of stakeholders in promoting the success of the Company. As part of this reporting, and given the environmental, social and governance (ESG) issues that are faced by many companies, we have provided a detailed report on these matters in the Strategic Report on pages 21. We have also provided more information on our Manager's approach to shareholder engagement and voting activities.

The 2019 AIC Code applies to accounting periods beginning on or after 1st January 2019 and the Board has fully complied with the recommendations of the 2019 AIC Code. Copies of the UK Code and the AIC Code may be found on the respective organisation's websites: www.frc.org.uk and www.theaic.co.uk.

Role of the Board

A 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 the 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.

Following the introduction of The Bribery Act 2010, the Board 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 five times 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, 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, who is responsible to the Board for ensuring that Board procedures are followed and for compliance with applicable rules and regulations.

Board Composition

The Board, chaired by Marc van Gelder, currently comprises five non-executive Directors, all of whom, including the Chairman, are regarded by the Board as independent of the Company's Manager. The Directors have a breadth of investment knowledge, business, marketing and financial skills and experience relevant to the Company's business. Brief biographical details of each Director are set out on page 35.

During the year, as part of the Board succession planning process, Tyzack Partners a recruitment consultancy firm, were appointed to undertake a non-executive director search. After a short list for interview, the decision was made to appoint Suzy Ross as a Director. Tyzack Partners has no other connection with the Company.

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. In line with corporate governance practice, Mr Nicholas Smith, the Senior Independent Director, leads the evaluation of the Chairman and may be contacted by shareholders if they have concerns that cannot be resolved through discussions with the Chairman.

Reappointment of Directors

The Directors of the Company standing for re-appointment and their brief biographical details are set out on page [X]. The skills and experience that each Director brings to the Board, and hence why their contributions are considered important to the long term success of the Company, are summarised below.

Resolution 5 relates to the reappointment of Marc van Gelder. Marc has over 20 years working knowledge of European business.

Resolution 6 relates to the reappointment of Nicholas Smith. Nicholas is a chartered accountant with investment banking experience.

Resolution 7 relates to the reappointment of Ashok Gupta. He has a background in pensions, savings and risk management.

Resolution 8 relates to the reappointment of Sarah Watters. Sarah has extensive investment management experience.

Resolution 9 is for the appointment of Suzy Ross. She joined the Board with effect from 1st March 2022 and pending shareholder approval will be appointed as a Non-Executive Director. Suzy has extensive retail and marketing experience.

For details of current directorships of the Directors, please refer to page 35.

Tenure

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

Director's continued appointment is subject to the performance evaluation carried out each year, Board approval and shareholder reappointment. The Board has adopted corporate governance best practice and all Directors stand for annual reappointment.

The Board believes that Directors should be willing to serve at least two terms of at least three years and serve more than nine years only in exceptional circumstances, except in the case of a serving Chairman where the second term of three years in the role of Chairman would result in the nine year term being exceeded.

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 requirements of the UK Corporate Governance Code and the AIC Code, including the need to refresh the Board and its Committees periodically.

As mentioned in the Chairman's Statement, the intention had been for Ashok Gupta to retire at this year's AGM, having served on the Board for nine years. However, the Board agreed that for continuity and a smoother transition, it would be appropriate for Ashok to stay on for a few further months. Therefore, subject to reappointment by shareholders at the upcoming AGM, he will continue as a Director till the later part of the year.

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

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.

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 on page 40.

Meetings and Committees

The Board delegates certain responsibilities and functions to Committees. Details of the membership of these Committees are shown with the Directors' profiles on page 35.

The table below details the number of formal Board and Committee meetings attended by each Director. During the year there were five Board meetings, two Audit Committee meetings, one Management Engagement Committee meeting, one Nomination and one Remuneration Committee meeting.

DIRECTORS' REPORT

These meetings were supplemented by additional meetings held to cover procedural matters and formal approvals. There is also regular contact between the Directors and the Manager and Company Secretary throughout the year.

Meetings Attended

Director	Board	Management			
		Audit Committee	Engagement Committee	Nomination Committee	Remuneration Committee
Marc VanGelder	5	2	1	1	1
Nicholas Smith	5	2	1	1	1
Stephen White	5	2	1	1	1
Ashok Gupta	5	2	1	1	1
Tanya Cordrey	5	2	1	1	1
Sarah Watters ¹	4	1	1	1	1
Suzu Ross ²	-	-	-	-	-

¹ Joined the Board on 1 July 2021.

² Joined the Board on 1 March 2022.

Board Committees

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

Nomination Committee

The Nomination Committee, currently chaired by Marc van Gelder, consists of all Directors and meets at least annually. The Nomination Committee reviews the composition, structure and diversity of the Board, succession planning, the independence of the Directors and whether each Director has sufficient time available to discharge their duties effectively.

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.

The Committee conducts an annual performance evaluation of the Board, its committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, and how it works together. The Senior Independent Director leads the evaluation of the Chair's performance, which includes an appraisal of his Board leadership and effectiveness in the role. The Board undertook an externally facilitated board evaluation this year. The Company used an independent advisory firm who sent questionnaires to each Director to be completed. The responses were then collated and discussed by the Committee. The evaluation of the individual Directors is led by the Chairman and the Senior Independent Director leads the evaluation of the

Chairman's performance, which includes an appraisal of his Board leadership and effectiveness in the role.

Having completed the annual evaluation process, the Committee confirms that it believes that the Board has an appropriate balance of skills and experience, that all Directors should be considered as Independent in accordance with the provisions of the AIC Code and that all Directors have the time available to discharge their duties effectively.

In relation to the appointment of Suzy Ross, the Board engaged a recruitment consultant, Tyzack Partners, a firm with no other connections to the Company or the individual Directors. Open advertising was not used as part of the process as the use of a recruitment consultant was deemed sufficient.

Remuneration Committee

The Board has established a Remuneration Committee for the purpose of reviewing Directors' fees, replacing one of the previous functions of the Nomination and Remuneration Committee. It makes recommendations to the Board as and when appropriate, in relation to remuneration policy and implementation. All Directors are members of the Remuneration Committee and the Chairman is Nicholas Smith.

Management Engagement Committee

The membership of the Management Engagement Committee consists of all independent Directors and is chaired by Marc van Gelder. The Committee meets at least once a year to review the terms of the management agreement between the Company and the Manager, the performance of the Manager and fees, the notice period that the Board has with the Manager and to make recommendations to the Board on the continued appointment of the Manager following these reviews.

Audit Committee

The Report of the Audit Committee is set out on pages 44 and 45.

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 twice each year by way of the Annual Report and Financial Statements and the Half Year Report. These are supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares and the Company's level of gearing.

During the year the Company's brokers, the Investment Managers and JPMAM hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required including attending the AGM, to interact with and address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 97, or via the Company's website. Nicholas Smith, as Senior Independent

Director, may be contacted by shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

As mentioned in the Chairman's statement, this year's Annual General Meeting will be held on Monday, 18th July 2022 at 12.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP. Apart from the formal business of the meeting, the shareholders will have the opportunity to hear from our two portfolio managers, Francesco Conte and Edward Greaves who will be presenting, followed by a question and answer session. Shareholders are invited to attend the meeting and raise any questions they have, either by asking questions at the meeting, or in advance by writing to the Company Secretary at the address on page 97, or via email to invtrusts.cosec@jpmorgan.com. As is normal practice, all voting on the resolutions will be conducted on a poll. The Board strongly encourages all shareholders to exercise their votes by completing and returning their proxy forms in accordance with the notes to the Notice of Meeting on page 90.

The Company's Annual Report and Financial Statements are published in time to give shareholders at least twenty working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to do so via the Company's website or write to the Company Secretary at the address shown on page 97. A formal process is in place for all letters to the Directors to be immediately forwarded. 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 Annual General Meeting.

Risk Management and Internal Control

The AIC 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 the Manager 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 28 to 30). This process has been in place for the year under review and up to the date of the approval of the Annual Report and Financial Statements, and it accords with the Financial Reporting Council's guidance. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Manager's internal audit department conducts regular and rigorous reviews of the various functions within its asset management business. Any significant findings that are relevant to the Company and/or the Manager's investment trust business are reported to the Board. The key elements designed to provide effective 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.

- **Information Technology Systems**

The Manager and the Company's other suppliers have security systems in place to protect the Company's information. Information technology controls are tested and reported on regularly by independent third parties.

- **Management Agreement**

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

- **Management Systems**

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

- **Investment Strategy**

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

The Board, either directly or through 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 the Manager and its associates as follows:

- reviews the terms of the management agreement and receives regular reports from the Manager's Compliance department;

DIRECTORS' REPORT

- reviews reports on the risk management and internal control and the operations of its Custodian, JPMorgan Chase Bank, N.A., which is itself independently reviewed; and
- reviews every six months an independent report on the risk management and internal control and the operations of the Manager.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 31st March 2022 and to the date of approval of this Annual Report and Financial Statements.

The Board confirms that any failings or weaknesses identified during the course of its review of the system of risk management and internal control were not significant and did not affect the Company.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM through the Manager. The following 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 Environmental, Social and Governance considerations are included in the Strategic Report on pages 21 to 23.

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

JPMAM believes effective investment stewardship can materially contribute to helping build stronger portfolios over the long term for our clients. At the heart of 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 identified related themes it is seeking to address over a shorter time frame. These themes will evolve as JPMAM engages with companies to understand issues and promote best practice. This combination of long-term priorities and evolving, shorter-term themes provides JPMAM with a structured and targeted framework to guide its investors and investment stewardship teams globally as JPMAM engages with investee companies around the world.

JPMAM is also committed to reporting more widely on our activities, including working 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/gb/en/assetmanagement/institutional/about-us/investment-stewardship/>

Priyanka Vijay Anand

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

14th June 2022

Audit Committee Report

I am pleased to present my formal report to shareholders as chairman of the Audit Committee for the year ended 31st March 2022.

Composition

Membership of the Audit Committee consists of all the Directors and the Committee 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 Audit Committee and have a combination of financial, investment and other experience gained throughout their careers. Given the size of the Board, it has been determined that the Chairman of the Board, Marc van Gelder should be a member of the Audit Committee. This is permitted under the AIC Code because the Chairman was deemed to be independent on appointment. As a Chartered Accountant, I have recent and relevant experience, and the Committee as a whole has competence relevant to the sector.

Role and Responsibility

The Committee is responsible for monitoring and reviewing the principles, policies and practices adopted in the preparation and audit of the accounts of the Company and the integrity of the financial statements. The Committee is also responsible for monitoring the effectiveness of the internal controls and the risk management framework. The Audit Committee reviews the actions and judgements of the Manager in relation to the Half Year and Annual Report and Financial Statements and the Company's compliance with the AIC Code.

The Audit Committee keeps under review its Terms of Reference and recommends any necessary changes to the Board.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 31st March 2022, the Audit Committee considered the following significant issues, including those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments and derivatives are undertaken in accordance with the accounting policies, disclosed in note 1(b) and (g) to the accounts on page 61 and 62. 100% of the portfolio can be verified against daily published prices. Controls are in place to ensure valuations are appropriate and existence is verified through custodian and depositary reconciliations. The Board monitors controls and significant movements in the underlying portfolio by reviewing reports regularly in Board Meetings.

Significant issue	How the issue was addressed
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the financial statements on page 61. 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 April 2013 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.
Going Concern/Long Term Viability	The Audit Committee has reviewed the appropriateness of the adoption of the Going Concern basis in preparing the accounts. The Audit Committee recommended that the adoption of the Going Concern basis is appropriate (see Going Concern statement on page below). The Audit Committee also assessed the Long Term Viability of the Company and recommended to the Board its expectation that the Company would remain in operation for the five year period of the assessment.

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

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 market volatility since the Covid-19 outbreak in 2020 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 stresstest scenarios reviewed by the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Directors have also assessed the ability of the Company to repay the amount drawn down under its revolving credit facility, which expires in January 2023, and are satisfied as to its ability to do so on account of the ability of the Company to raise new finance via loans or share issuances, or alternatively through the realisation of investments in the Company's highly liquid quoted securities. 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 Company's longer-term viability is considered in the Viability Statement on page 31.

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 Audit Committee has concluded that the Annual Report and Financial Statements for the year ended 31st March 2022, taken as a whole, *is fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy, and has reported on any findings to the Board.* The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 51.

Risk and Internal Control

The Audit Committee also examines the effectiveness of the Company's internal control systems and receives information from the Manager's compliance department. The Directors' statement on the Company's system of Risk Management and Internal Control is set out on page 45. The Audit Committee also reviews the scope and results of the external audit, its cost effectiveness, the balance of audit and non-audit services and the independence and objectivity of the external Auditors. In the Directors' opinion the Auditors are independent.

The Audit Committee considers the key risks facing the Company and the adequacy and effectiveness of the risk management process.

The Company is in Compliance with the provisions of "The Statutory Audit Services for Large Companies Market Investigation" (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 as issued by the Competition & Markets Authority.

Auditor Appointment and Tenure

The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of external Auditors. Representatives of the Company's Auditors attend the Audit Committee meeting at which the draft Annual Report and Financial Statements are considered and also engage with the Directors as and when required.

Details of the fees paid for audit services are included in note 6 on page 68.

As part of its review of the continuing appointment of the Auditors, the Audit Committee considered the length of tenure of the audit firm, its fee, its quality of service and its independence from JPMF and the Investment Managers and any matters raised during the audit. A formal tender exercise was undertaken in 2019, as a result of which Ernst & Young LLP was appointed in place of PricewaterhouseCoopers LLP. This is the Audit Partner's (Caroline Mercer) third of a five year maximum term. Details of the fees paid for audit services are included in note 6 on page 68.

Provision on non-audit services

The Board reviews and approves any non-audit services provided by the independent Auditors and assesses the impact of any non-audit work on the ability of the auditors to remain independent. No such work was undertaken during the year. As part of its review of the continuing appointment of the auditors, the Audit Committee considered the length of tenure of the audit firm, its fee, its independence from JPMF and the Investment Managers and any matters raised during the audit.

Nicholas Smith
Chairman of the Audit Committee

14th June 2022

The Board presents the Directors' Remuneration Report for the year ended 31st March 2022 which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 as amended.

The law requires the Company's Auditors to audit certain disclosures provided. Where disclosures have been audited they are indicated as such. The Auditors' opinion is included in their report on pages 53 to 59.

Remuneration of the Directors is considered by the Remuneration Committee on a regular basis. The Committee makes recommendations to the Board as and when appropriate.

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote. However, the Board has decided to seek binding approval annually, and therefore an ordinary resolution to approve this policy will be put to shareholders at the forthcoming Annual General Meeting. The policy subject to the vote is set out in full below and is currently in force.

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

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

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

In the year under review, Directors' fees were paid at the following rates: Chairman £43,000; Chairman of the Audit Committee £35,000; and other Directors £28,500. With effect from 1st April 2022, the fees have been increased to the following rates: Chairman £45,000; Chairman of the Audit Committee £37,000; and other Directors £30,000.

The Company's Articles of Association provide that any increase in the maximum aggregate annual limit on Directors' fees, currently £200,000, requires both Board and shareholder approval.

The Company has no Chief Executive Officer and no employees and therefore no consultation of employees is required, and there is no employee comparative data to provide, in relation to the setting of the remuneration policy for Directors.

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 takes account of those views.

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 39.

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report, which includes details of the Directors' remuneration policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 31st March 2022 and no changes are proposed for the year ending 31st March 2023.

At the Annual General Meeting held on 21st July 2021, of votes cast in respect of the Remuneration Policy, 99% were in favour (or granted discretion to the Chairman who voted in favour) and less than 1% were against. Abstentions were received from less than 1% of the votes cast. Of the votes cast in respect of the Remuneration Report, 99% were in favour (or granted discretion to the Chairman who voted in favour) and less than 1% were against. Abstentions were received from less than 1% of the votes cast.

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

Single total figure of remuneration

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

DIRECTORS' REMUNERATION REPORT

Single total figure table¹

Directors' Name	2022			2021		
	Taxable		Total	Taxable		Total
	Fees	expenses ²		Fees	expenses ²	
	£	£	£	£	£	£
Marc van Gelder	43,000	–	43,000	42,000	–	42,000
Ashok Gupta	28,500	–	28,500	27,500	–	27,500
Nicholas Smith	35,000	–	35,000	33,950	–	33,950
Stephen White ³	16,651	–	16,651	27,500	–	27,500
Tanya Cordrey ⁴	18,664	–	18,664	27,500	–	27,500
Sarah Watters ⁵	21,375	32	21,407	–	–	–
Suzy Ross ⁶	2,583	–	2,583	–	–	–
Total	165,773	32	165,805	158,450	–	158,450

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

² Taxable travel and subsistence expenses incurred in attending Board and Committee meetings (gross, including tax and NI).

³ Retired on 31st October 2021.

⁴ Retired on 26th November 2021.

⁵ Appointed on 1st July 2021.

⁶ Appointed on 1st March 2022.

A table showing the total remuneration for the Chairman over the five years ended 31st March 2022 is below:

Remuneration for the Chairman over the five years ended 31st March 2022

Year ended	Fees
31st March	
2022	£43,000
2021	£42,000
2020	£40,500
2019	£40,000
2018	£37,000

Directors' Shareholdings¹

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

Directors' Name	31st March 2022 or as at date of retirement	31st March 2021 or as at date of appointment
Marc van Gelder	80,000	80,000
Ashok Gupta	7,500	7,500
Nicholas Smith	11,600	11,600
Stephen White ¹	50,000	50,000
Tanya Cordrey ²	–	–
Sarah Watters ³	–	–
Suzy Ross ⁴	–	–

¹ Retired on 31st October 2021.

² Retired on 26th November 2021.

³ Appointed on 1st July 2021.

⁴ Appointed on 1st March 2022.

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

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

In accordance with the Companies Act 2006, a graph showing the Company's share price total return compared with its benchmark, (until 31st March 2020 the Euromoney Smaller European Companies (ex UK) Index), over the last 10 years is shown below. The Board believes that the current benchmark of the Company; the MSCI Europe (ex UK) small cap net total return index (the 'Index') is the most representative comparator for the Company, because the Company's investment universe is defined at the time of purchase by the countries and market capitalisation range of the constituents of the Index.

Ten Year Share Price and Benchmark Total Return Performance to 31st March 2022

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 31st March 2022:

Directors' Name	Percentage change for the	
	year to 31st March 2022	year to 31st March 2021
Marc van Gelder	2.4%	14.5%
Ashok Gupta	3.6%	4.3%
Nicholas Smith	3.1%	4.9%
Stephen White	n/a	4.3%
Tanya Cordrey	n/a	n/a
Sarah Watters ¹	n/a	n/a
Suzy Ross ²	n/a	n/a

¹ Appointed on 1st July 2021.

² Appointed on 1st March 2022.

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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 31st March	
	2022	2021
Remuneration paid to all Directors	165,805	158,450
Distribution to shareholders		
– by way of dividends paid	10,680,000	10,684,000
– by way of share repurchases	4,760,000	–

For and on behalf of the Board
 Nicholas Smith
 Chairman

14th June 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts 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 and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, the Annual Report and Accounts are fair, balanced and understandable, provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

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

and the Directors confirm that they have done so.

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

The financial statements are published on the www.jpmeuropeandiscovery.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 Auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditors accept no responsibility for any changes that have occurred to the

financial statements since they were initially presented on the website. The financial statements are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

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

Each Director, whose names and functions are listed on page 35 confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and return or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

For and on behalf of the Board

Marc Van Gelder

Chairman

14th June 2022

Independent Auditor's Report to the Members of JPMorgan European Discovery Trust Plc

Opinion

We have audited the financial statements of JPMorgan European Discovery Trust Plc ('the Company') for the year ended 31 March 2022 which comprise Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and the related notes 1 to xx, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of company in conducting the audit.

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 the following procedures:

- We confirmed our understanding of the Company's going concern assessment process and discussed with the directors and the Company Secretary those factors they considered important in their assessment. We considered whether the factors taken account of in the directors' assessment addressed those matters which we considered important.
- We inspected the directors' assessment of going concern, including the revenue forecast, for the period to 30 June 2023 which is at least twelve months from the date the financial statements were authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- We reviewed the factors and assumptions, including the impact of the COVID-19 pandemic and other significant events that could give rise to market volatility, as applied to the revenue forecast. We also reviewed the Company's assessment of the portfolio's liquidity under stressed market conditions and determined the impact of sensitivities on net asset value from the reverse stress testing performed. We considered the appropriateness of the methods used to be able to make an assessment for the Company.
- In relation to the Company's borrowing arrangements, we assessed the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We calculated the Company's compliance with debt covenants and performed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.
- We considered the mitigating factors included in the revenue forecasts and covenant calculations that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly.
- We reviewed the Company's going concern disclosures included in the annual report in order to assess that the disclosures were consistent with the financial statements and our understanding of the Company and in conformity with the reporting standards.

INDEPENDENT AUDITOR'S REPORT

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 assessed by the directors, being the period to 30 June 2023 which is 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income • Risk of incorrect valuation or ownership of the investment portfolio
Materiality	• Overall materiality of £8.34m which represents 1% of shareholders' funds.

An overview of the scope of our audit

Tailoring the scope

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

Climate change

There has been increasing interest from stakeholders as to how climate change will impact the companies. The Company has determined that the impact of climate change could affect the Company's investments and their valuations. This is explained in the principal risks section on page 28 and which forms part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in note 1(a) and conclusion that there was no material impact of climate change on the valuation of the investments. We also challenged the directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income <i>Refer to the Audit Committee Report (page 44); Accounting policies (page 65).</i> The total revenue for the year to 31 March 2022 was £16.50 million (2021: £9.63 million), consisting primarily of dividend income from listed equity investments. The Company received special dividends amounting to £0.93 million (2021: £0.39 million). All were classified as revenue. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. In addition, the directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of Comprehensive Income.	We performed the following procedures: We obtained an understanding of the Administrator's process and controls surrounding revenue recognition by performing walkthrough procedures. For all dividends received and accrued, we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed all exchange rates to an external source and, for a sample of dividends received and dividends accrued, we agreed the amounts to bank statements. To test completeness of recorded income, we tested that expected dividends for each investee company held during the year had been recorded as income with reference to an external source. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the entitlement arose prior to 31 March 2022. We agreed the dividend rate to corresponding announcements made by the investee company, recalculated the amount receivable and agreed the subsequent cash receipts to post-year end bank statements. For all investments held during the year, we inspected the type of dividends paid with reference to an external data source to identify those which were special dividends. We confirmed three special dividends, amounting to £0.93m, were received during the year. We tested two special dividends, amounting to £0.88m by recalculating the amount received and assessing the appropriateness of classification as revenue or capital by reviewing the underlying circumstances of the special dividends received.	The results of our procedures identified no material misstatements in relation to the risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.

INDEPENDENT AUDITOR'S REPORT

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation or ownership of the investment portfolio (<i>Refer to the Audit Committee Report (page 44) and Accounting policies (page 65)</i>) The valuation of the investment portfolio at 31 March 2022 was £834.02 million (2020: £921.20 million) consisting primarily of listed equities. The Company also holds exchange traded derivatives amounting to £2,000, that are classified separately in the financial statements. The valuation of investments held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or failure to maintain proper legal title of the investments held by the Company, could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments and exchange traded derivatives is determined using listed market bid prices at close of business on the reporting date.	We performed the following procedures: We obtained an understanding of the Administrator's processes and controls surrounding investment valuation and legal title by performing walkthrough procedures. For all listed investments and exchange traded contracts in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end. We inspected the stale pricing reports produced by the Administrator to identify prices that have not changed within one business day and verified whether the listed price is a valid fair value. We did not identify any investments with stale pricing. We compared the Company's investment holdings at 31 March 2022 to independent confirmations received directly from the Company's Custodian and Depositary.	The results of our procedures identified no material misstatements in relation to the risk of incorrect valuation or ownership of the investment portfolio.

Our application of materiality

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

Materiality

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

We determined materiality for the company to be £8.34 million (2021: £8.46 million), which is 1% (2021: 1%) of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measure of the Company's performance.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £6.25m (2021: £6.35m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for Investment Trusts, we also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £0.66 million (2021: £0.42million), being 5% of the net revenue return before taxation.

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.42m (2021: £0.42m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

INDEPENDENT AUDITOR'S REPORT

Corporate Governance Statement

We have reviewed 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 by the Listing Rules.

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

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 65;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate on page 31;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 65;
- Directors' statement on fair, balanced and understandable page 45;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 28;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 45; and;
- The section describing the work of the Audit Committee set out on pages 44 and 45.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 51, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

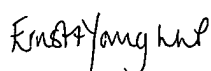
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Company at its annual general meeting on 10 July 2019 to audit the financial statements for the year ending 31 March 2020 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is three years, covering the period from our appointment through to the period ending 31 March 2022
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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



Caroline Mercer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
14 June 2022

STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31ST MARCH 2022**

			2022			2021	
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	3	–	(1,046)	(1,046)	–	334,333	334,333
Foreign exchange (losses)/gains on liquidity fund		–	(860)	(860)	–	(402)	(402)
Net foreign currency (losses)/gains		–	(253)	(253)	–	3,689	3,689
Income from investments	4	16,360	–	16,360	9,154	–	9,154
Interest receivable and similar income	4	138	–	138	471	–	471
Gross return/(loss)		16,498	(2,159)	14,339	9,625	337,620	347,245
Management fee	5	(2,360)	(5,507)	(7,867)	(1,828)	(4,264)	(6,092)
Other administrative expenses	6	(719)	–	(719)	(675)	–	(675)
Net return/(loss) before finance costs and taxation		13,419	(7,666)	5,753	7,122	333,356	340,478
Finance costs	7	(271)	(633)	(904)	(288)	(672)	(960)
Net return/(loss) before taxation		13,148	(8,299)	4,849	6,834	332,684	339,518
Taxation	8	(1,994)	–	(1,994)	217	–	217
Net return/(loss) after taxation		11,154	(8,299)	2,855	7,051	332,684	339,735
Return/(loss) per share	9	7.00p	(5.21)p	1.79p	4.42p	208.63p	213.05p

A final dividend of 5.5p per share (2021: 5.5p per share) is proposed in respect of the year ended 31st March 2022, costing £8,716,000 (2021: £8,770,000). More details can be found in note 10(a) on page 70.

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

The 'Total' column of this statement is the profit and loss account of the Company and the revenue and capital columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

The net return/(loss) on ordinary activities after taxation represents the profit for the year and also Total Comprehensive Income.

The notes on pages 65 to 82 form an integral part of these financial statements.

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2022

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves ¹ £'000	Revenue reserve ¹ £'000	Total £'000
At 31st March 2020	7,974	1,312	7,662	487,512	12,793	517,253
Net return on ordinary activities	–	–	–	332,684	7,051	339,735
Dividends paid in the year (note 10)	–	–	–	–	(10,684)	(10,684)
At 31st March 2021	7,974	1,312	7,662	820,196	9,160	846,304
Repurchase and cancellation of the Company's own shares	(50)	–	50	(4,760)	–	(4,760)
Net (loss)/return on ordinary activities	–	–	–	(8,299)	11,154	2,855
Dividends paid in the year (note 10)	–	–	–	(1,520)	(9,160)	(10,680)
At 31st March 2022	7,924	1,312	7,712	805,617	11,154	833,719

¹ These reserves form the distributable reserves of the Company and may be used to fund distribution of profits to investors via dividend payments. The dividend payment was split between revenue reserve and capital reserve as the revenue reserve opening balance was entirely exhausted.

The notes on pages 65 to 82 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AT 31ST MARCH 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	834,018	921,200
Current assets	12		
Derivative financial instruments		2	–
Debtors		2,266	1,160
Cash and cash equivalent		75,318	1,407
		77,586	2,567
Current liabilities	13a		
Creditors: amounts falling due within one year		(77,885)	(796)
Net current assets		(299)	1,771
Total assets less current liabilities		833,719	922,971
Creditors: amounts falling due after more than one year	13b	–	(76,667)
Net assets		833,719	846,304
Capital and reserves			
Called up share capital	14	7,924	7,974
Share premium	15	1,312	1,312
Capital redemption reserve	15	7,712	7,662
Capital reserves	15	805,617	820,196
Revenue reserve	15	11,154	9,160
Total shareholders' funds		833,719	846,304
Net asset value per share	16	526.1p	530.7p

The financial statements on pages 61 to 64 were approved and authorised for issue by the Directors on 14th June 2022 and were signed on their behalf by:

Marc van Gelder

Marc van Gelder
Director

The notes on pages 65 to 82 form an integral part of these financial statements.

Company registration number: 2431143.

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2022

	Notes	2022 £'000	2021 £'000
Net cash outflow from operations before dividends and interest	17	(10,675)	(5,524)
Dividends received		13,119	7,492
Interest received		1	2
Overseas tax recovered		215	1,089
Interest paid		(919)	(1,001)
Net cash inflow from operating activities		1,741	2,058
Purchases of investments and derivatives		(620,647)	(810,999)
Sales of investments and derivatives		707,608	746,221
Settlement of forward currency contracts		118	120
Net cash inflow/(outflow) from investing activities		87,079	(64,658)
Dividends paid		(10,680)	(10,684)
Repurchase and cancellation of the Company's own shares		(4,602)	–
Repayment of bank loans		–	(30,510)
Net cash outflow from financing activities		(15,282)	(41,194)
Increase/(decrease) in cash and cash equivalents		73,538	(103,794)
Cash and cash equivalents at start of year		1,407	106,257
Exchange movements		373	(1,056)
Cash and cash equivalents at end of year		75,318	1,407
Increase/(decrease) in cash and cash equivalents		73,538	(103,794)
Cash and cash equivalents consist of:			
Cash and short term deposits		430	268
Cash held in JPMorgan Euro Liquidity Fund		74,888	1,139
Total		75,318	1,407

The notes on pages 65 to 82 form an integral part of these financial statements.

RECONCILIATION OF NET DEBT

	As at 31st March 2021 £'000	Cash flow £'000	Unrealised FX movements £'000	As at 31st March 2022 £'000
Analysis of changes in net debt				
Cash	268	342	(180)	430
Cash equivalents	1,139	73,196	553	74,888
	1,407	73,538	373	75,318
Borrowings				
Debt due more than one year	(76,667)	–	611	(76,056)
	(76,667)	–	611	(76,056)
Total	(75,260)	73,538	984	(738)

FOR THE YEAR ENDED 31ST MARCH 2022

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in April 2021. In preparing these financial statements the directors have considered the impact of climate change risk as a principal risk as set out on page [xx], and have concluded that it does not have a material impact on the Company's investments. In line with FRS 102 investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the 31 March 2022 and therefore reflect market participants view of climate change risk.

The Company's operations are of a continuing nature.

The financial statements have been prepared on a going concern basis. 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 the Covid-19 and the mitigation measures which key service providers including Managers, have in place to maintain operational resilience particularly in light of Covid-19. The Directors have reviewed income and expense projections to 30th June 2023 and the liquidity of the investment portfolio in making their assessment. Further details of Directors' considerations regarding this are given in the Chairman's Statement, Investment Managers' report, Going Concern Statement, Viability Statement and Principal Risks section of this Annual Report.

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

(b) Valuation of investments

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

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. 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 classified by the Company as held at fair value through profit or loss. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts. Investments that are subject to securities lending arrangements are recognised in the Statement of Financial Position.

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

(c) Accounting for reserves

Gains and losses on sales of investments including the related foreign exchange gains and losses, realised gains and losses on foreign currency cash balances and loans, realised gains and losses on foreign currency contracts, management fee and finance costs allocated to capital and any other capital charges, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Gains and losses on sales of investments'.

Increases and decreases in the valuation of investments held at the year end including the related foreign exchange gains and losses, plus unrealised gains and losses on foreign currency contracts or foreign currency loans 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.

Overseas dividends are included gross of any withholding tax.

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

NOTES TO THE FINANCIAL STATEMENTS

(d) Income (continued)

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.

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

Securities lending income is taken to revenue on a receipts basis.

The Directors exercise judgement in assessing the classification of special dividends as revenue or capital income.

(e) Expenses

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

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

(f) Finance costs

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

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

(g) Financial instruments

Financial instruments are recognised only when the Company becomes a party to contractual provisions of the instruments. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or are settled. Financial liabilities are derecognised when the obligation specified in the contract is discharged, is cancelled or expires.

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.

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 and overdrafts are recorded initially at the proceeds received net of direct issue costs. Loans are subsequently recorded at amortised cost using the effective interest method. Interest payable on the bank loan is accounted for on an accruals basis in the Statement of Comprehensive Income. The Company has adopted the amendments related to interest rate benchmark reform. The transition of finance cost calculation basis from LIBOR to SONIA is economically equivalent, and does not have a significant impact on the current year financial statements.

The private placement in issue is classified as financial liabilities at amortised cost. It was initially measured at the proceeds net of direct issue costs and subsequently measured at amortised cost. The amortisation of direct issue costs are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method.

Derivative financial instruments, including short term forward currency contracts, are valued at fair value, which is the net unrealised gain or loss, and are included in current assets or current liabilities in the Statement of Financial Position. Any profits or losses on the closure or revaluation of positions are recognised in the statement of Comprehensive Income and taken to capital reserves.

(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.

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 the capital column.

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.

1. Accounting policies *continued*

(i) Value Added Tax ('VAT')

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

(j) Foreign currency

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates.

The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the financial statements are presented.

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

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 paid.

(l) Repurchase 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) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. The Directors are of the opinion that the Company is engaged in a single segment of investment business. The Directors manage the business in this way.

2. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements on occasion requires management 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 accounting judgements or estimates have been applied to this set of financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

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

	2022 £'000	2021 £'000
Realised gains on sales of investments	18,918	168,125
Net change in unrealised gains and losses on investments	(19,931)	166,255
Other capital charges	(33)	(47)
Total capital (losses)/gains on investments held at fair value through profit or loss	(1,046)	334,333

NOTES TO THE FINANCIAL STATEMENTS

4. Income

	2022 £'000	2021 £'000
Income from investments		
Overseas dividends	16,360	8,747
Scrip dividends	–	407
	16,360	9,154
Interest receivable and similar income		
Securities lending income	136	469
Deposit interest	2	2
	138	471
Total income	16,498	9,625

5. Management fee

	Revenue £'000	2022 Capital £'000	Total £'000	Revenue £'000	2021 Capital £'000	Total £'000
Management fee	2,360	5,507	7,867	1,828	4,264	6,092

Details of the management fee are given in the Directors' Report on page 36.

6. Other administrative expenses

	2022 £'000	2021 £'000
Administrative expenses	401	379
Directors' fees ¹	166	158
Depositary fees ²	114	102
Auditors' remuneration for audit services ³	38	36
	719	675

¹ Full disclosure is given in the Directors' Remuneration Report on pages 47 to 49.

² Includes £nil (2021: £12,000) irrecoverable VAT.

³ Includes £nil (2021: £4,000) irrecoverable VAT.

7. Finance costs

	Revenue £'000	2022 Capital £'000	Total £'000	Revenue £'000	2021 Capital £'000	Total £'000
Interest on bank loans and overdrafts	271	633	904	288	672	960

NOTES TO THE FINANCIAL STATEMENTS

8. Taxation

(a) Analysis of tax charge for the year

	2022 £'000	2021 £'000
Overseas withholding tax	1,994 ¹	(217)
Total tax charge for the year	1,994	(217)

¹ Contains 2021 overseas withholding tax claims that have been recognised on receipt post changes to the EU law claims percentage.

(b) Factors affecting total tax charge for the year

The tax charged for the year is lower (2021: lower) than the Company's applicable rate of corporation tax for the year of 19% (2021: 19%). The factors affecting the total tax charge for the year are as follows:

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

	Revenue £'000	2022 Capital £'000	Total £'000	Revenue £'000	2021 Capital £'000	Total £'000
Net return/(loss) before taxation	13,148	(8,299)	4,849	6,834	332,684	339,518
Net return/(loss) before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2021: 19%)	2,498	(1,577)	921	1,299	63,210	64,509
Effects of:						
Non taxable capital losses/(gains)	–	410	410	–	(64,148)	(64,148)
Non taxable overseas dividends	(3,108)	–	(3,108)	(1,662)	–	(1,662)
Overseas withholding tax	1,994	–	1,994	(217)	–	(217)
Tax attributable to expenses and finance costs charged to capital	(1,167)	1,167	–	(938)	938	–
Unutilised expenses c/fwd to future periods	1,777	–	1,777	1,301	–	1,301
Total tax charge for the year	1,994	–	1,994	(217)	–	(217)

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £27,388,000 (2021: £18,854,000) based on a prospective corporation tax rate of 25% (2021: 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 £109,553,000 (2021: £99,232,000) the cumulative excess of deductible expenses over taxable income.

Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

9. Return/(loss) per share

	2022 £'000	2021 £'000
Revenue return	11,154	7,051
Capital (loss)/return	(8,299)	332,684
Total return/(loss)	2,855	339,735
Weighted average number of shares in issue during the year	159,257,259	159,462,885
Revenue return per share	7.00p	4.42p
Capital (loss)/return per share	(5.21)p	208.63p
Total return/(loss) per share	1.79p	213.05p

10. Dividends

(a) Dividends paid and proposed

	2022 £'000	2021 £'000
Dividends paid		
2020 final dividend of 5.5p (2019: 5.5p) per share	8,770	8,770
2021 interim dividend of 1.2p (2020: 1.2p) per share	1,910	1,914
Total dividends paid in the year	10,680	10,684
Dividend proposed		
2022 final dividend of 5.5p (2021: 5.5p) per share	8,716	8,770

All dividends paid and declared in the period have been funded from the revenue reserve.

The final dividend has been proposed in respect of the year ended 31st March 2022 and is subject to approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 31st March 2023.

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

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year, shown below. The revenue available for distribution by way of dividend for the year is £9,160,000 (2021: £7,051,000). The revenue reserve after payment of the final dividend will amount to £2,438,000 (2021: £390,000).

	2022 £'000	2021 £'000
Interim dividend of 1.2p (2021: 1.2p) per share	1,910	1,914
Final dividend of 5.5p (2021: 5.5p) per share	8,716	8,770
	1,910	10,684

NOTES TO THE FINANCIAL STATEMENTS

11. Investments

	2022 £'000	2021 £'000
Investments listed on a recognised stock exchange	834,018	921,200
Opening book cost	790,833	572,924
Opening investment holding gains/(losses)	130,367	(35,888)
Opening valuation	921,200	537,036
Movements in the year:		
Purchases at cost	621,545	785,595
Sales – proceeds	(707,714)	(735,811)
(Losses)/gains on investments	(1,013)	334,380
	834,018	921,200
Closing book cost	723,582	790,833
Closing investment holding gains/(losses)	110,436	130,367
Total investments held at fair value through profit or loss	834,018	921,200

Transaction costs on purchases during the year amounted to £719,000 (2021: £958,000) and on sales during the year amounted to £442,000 (2021: £435,000). These costs comprise mainly brokerage commission.

The company received £707,714,000 (2021: £735,811,000) from investments sold in the year. The book cost of these investments when they were purchased was £688,796,000 (2021: £567,676,000). 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.

12. Current assets

	2022 £'000	2021 £'000
Derivative financial instruments		
Forward foreign currency and spots contracts	2	–
	2	–
Debtors		
Securities sold awaiting settlement	64	–
Overseas tax recoverable	1,939	1,099
Dividends and interest receivable	207	14
VAT recoverable	29	24
Other debtors	27	23
	2,266	1,160

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

Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

13a. Current liabilities

	2022 £'000	2021 £'000
Current liabilities		
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	1,333	435
Loan interest payable	170	185
Bank Loan	76,056	–
Repurchases of the Company's own shares awaiting settlement	158	–
Other creditors and accruals	168	176
	77,885	796

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

13b. Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Bank Loan	–	76,667

The Company has a Euro 125 million multicurrency rate facility with ScotiaBank Ireland. This facility was renewed in January 2020 for three years and expires on 17th January 2023.

At this year end the Company had drawn down Euro 76 million of the loan (2021: Euro 90 million).

Interest on the loan facility is payable at a margin of 1.025% over SONIA as offered in the market for the loan period plus the 'mandatory costs' rate, which is the lender's cost of complying with certain regulatory requirements.

14. Called up share capital

	2022 £'000	2021 £'000
Ordinary shares allotted and fully paid		
Opening balance of 159,462,885 (2020: 159,462,885) shares of 5p each	7,974	7,974
Repurchase and cancellation of 992,954 (2021: nil) shares	(50)	–
Closing balance of 158,469,931 (2020: 159,462,885) shares of 5p each	7,924	7,974

Further details of transactions in the Company's shares are given in the Strategic Report on page 26.

NOTES TO THE FINANCIAL STATEMENTS

15. Capital and reserves

2022	Capital reserves ¹						Total £'000
	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	Revenue reserve ¹ £'000	
Opening balance	7,974	1,312	7,662	688,555	131,641	9,160	846,304
Net foreign currency losses on cash and cash equivalents	–	–	–	(1,726)	–	–	(1,726)
Unrealised gains on foreign currency contracts	–	–	–	–	2	–	2
Realised gains on investments	–	–	–	18,918	–	–	18,918
Unrealised gains on investments	–	–	–	–	(19,931)	–	(19,931)
Repurchase and cancellation of the Company's own shares	(50)	–	50	(4,760)	–	–	(4,760)
Unrealised gains on loans	–	–	–	–	611	–	611
Management fee and finance costs allocated to capital	–	–	–	(6,140)	–	–	(6,140)
Other capital charges	–	–	–	(33)	–	–	(33)
Dividends paid in the year	–	–	–	(1,520)	–	(9,160)	(10,680)
Retained revenue for the year	–	–	–	–	–	11,154	11,154
Closing balance	7,924	1,312	7,712	693,294	112,323	11,154	833,719

¹ These reserves form the distributable reserves of the Company and may be used to fund distribution of profits to investors.

2021	Capital reserves						Total £'000
	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	Revenue reserve ¹ £'000	
Opening balance	7,974	1,312	7,662	525,745	(38,233)	12,793	517,253
Net foreign currency losses on cash and cash equivalents	–	–	–	(150)	–	–	(150)
Unrealised gains on forward foreign currency contracts from prior period now realised	–	–	–	16	(16)	–	–
Realised gains on investments	–	–	–	168,125	–	–	168,125
Unrealised gains on investments	–	–	–	–	166,255	–	166,255
Unrealised gains on loans	–	–	–	–	2,976	–	2,976
Realised gains on repayment of loans	–	–	–	461	–	–	461
Transfer loans repaid in period	–	–	–	(659)	659	–	–
Management fee and finance costs allocated to capital	–	–	–	(4,936)	–	–	(4,936)
Other capital charges	–	–	–	(47)	–	–	(47)
Dividends paid in the year	–	–	–	–	–	(10,684)	(10,684)
Retained revenue for the year	–	–	–	–	–	7,051	7,051
Closing balance	7,974	1,312	7,662	688,555	131,641	9,160	846,304

¹ This reserve forms the distributable reserve of the Company and may be used to fund distribution of profits to investors.

NOTES TO THE FINANCIAL STATEMENTS

16. Net asset value per share

	2022 £'000	2021 £'000
Net assets (£'000)	833,719	846,304
Number of shares in issue	158,469,931	159,462,885
Net asset value per share	526.1p	530.7p

17. Reconciliation of net return before finance costs and taxation to net cash outflow from operations before dividends and interest

	2022 £'000	2021 £'000
Net return before finance costs and taxation	5,753	340,478
Add capital losses/(less capital return) on before finance costs and taxation	7,666	(333,356)
Scrip dividends received as income	–	(407)
Increase in accrued income and other debtors	(202)	(19)
Increase/(decrease) in accrued expenses	1	(23)
Overseas withholding tax	(3,049)	(1,241)
Management fee allocated to capital	(5,507)	(4,264)
Dividends received	(13,119)	(7,492)
Interest received	(1)	(2)
Realised (loss)/gain on foreign currency transactions	(804)	148
Exchange (loss)/gain on liquidity fund	(1,413)	654
Net cash outflow from operations before dividends and interest	(10,675)	(5,524)

18. Contingent liabilities and capital commitments

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

19. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 36. The management fee payable to the Manager for the year was £7,867,000 (2021: £6,092,000) of which £nil (2021: £nil) was outstanding at the year end.

During the year £nil (2021: £nil), including VAT, was payable to JPMAM for the marketing and administration of savings scheme products, of which £nil (2021: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 68 are safe custody fees payable to JPMorgan Chase amounting to £122,000 (2021: £98,000) excluding VAT of which £20,000 (2021: £37,000) 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 £nil (2021: £nil) of which £nil (2021: £nil) was outstanding at the year end.

The Company also holds cash in JPMorgan Euro Liquidity Fund, which is managed by JPMF. At the year end, this was valued at £74.9 million (2021: £1.1 million). Interest amounting to £nil were payable (2021: £nil) during the year of which £nil (2021: £nil) was outstanding at the year end.

Securities lending income amounting to £136,000 (2021: £469,000) were receivable by the Company during the year. JPMAM commissions in respect of such transactions amounted to £15,000 (2021: £52,000).

Handling charges on dealing transactions amounting to £33,000 (2021: £47,000) were payable to JPMorgan Chase during the year of which £6,000 (2021: £15,000) was outstanding at the year end.

At the year end, a bank balance of £430,000 (2021: £268,000) was held with JPMorgan Chase Bank N.A. A net amount of interest of £2,000 (2021: £2,000) was receivable by the Company during the year from JPMorgan Chase of which £1,000 (2021: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 48.

20. Disclosures regarding financial instruments measured at fair value

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

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 65.

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

	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	834,018	–	921,200	–
Level 2 ¹	2	–	–	–
Total	834,020	–	921,200	–

¹ Includes forward currency contracts.

There have been no transfers between Levels 1, 2 or 3 during the year (2021: nil).

21. 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 European equity shares, 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;
- short term forward currency contracts for the purpose of settling short term liabilities; and
- loan facilities, the purpose of which are to finance the Company's operations.

NOTES TO THE FINANCIAL STATEMENTS

(a) Market risk

The fair value of 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 the currency in which it reports. 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 five occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Foreign currency borrowing may be used to limit the Company's exposure to anticipated changes in exchange rates which might otherwise adversely affect the sterling value of the portfolio of investments. This borrowing is limited to currencies and amounts commensurate with the asset exposure to those currencies. 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.

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure at 31st March are shown below. Where the Company's equity investments (which are not monetary items) are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2022					
	Euro £'000	Swiss francs £'000	Danish krone £'000	Swedish krona £'000	Norwegian krone £'000	Total £'000
Current assets	76,454	1,772	166	15	—	78,407
Creditors	(77,413)	(1,075)	—	—	—	(78,488)
Foreign currency exposure on net monetary items	(959)	697	166	15	—	(81)
Investments held at fair value through profit or loss	564,996	123,341	19,670	119,441	6,570	834,018
Total net foreign currency exposure	564,037	124,038	19,836	119,456	6,570	833,937

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

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

(a) Market risk *continued*

(i) Currency risk *continued*

Foreign currency exposure *continued*

	2021					
	Euro £'000	Swiss francs £'000	Danish krone £'000	Swedish krona £'000	Norwegian krone £'000	Total £'000
Current assets	1,577	612	222	58	–	2,469
Creditors	(77,288)	–	–	–	–	(77,288)
Foreign currency exposure on net monetary items	(75,711)	612	222	58	–	(74,819)
Investments held at fair value through profit or loss	533,321	92,624	15,265	210,777	69,213	921,200
Total net foreign currency exposure	457,610	93,236	15,487	210,835	69,213	846,381

In the opinion of the Directors, the above year end amounts are broadly representative of the exposure to foreign currency risk throughout 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% (2021: 10%) appreciation or depreciation in sterling against the Euro, Swiss francs, Danish krone, Swedish krona, Norwegian krone and US dollar to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2022		2021	
	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return ¹	(1,636)	1,636	(915)	915
Capital return	8	(8)	7,482	(7,482)
Total return after taxation	(1,628)	1,628	6,567	(6,567)
Net assets	(1,628)	1,628	6,567	(6,567)

¹ The sensitivity is calculated on the income received during the year.

In the opinion of the Directors, the above sensitivity analysis is broadly representative of the current and comparative year.

NOTES TO THE FINANCIAL STATEMENTS

(ii) Interest rate risk

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

Management of interest rate risk

The Company does not normally hold significant cash balances. Short term borrowings are used when required. The Company may finance part of its activities through borrowings at levels approved and monitored by the Board.

The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Company borrows on the floating rate loan facility. However, amounts drawn down on this facility are for short term periods and therefore there is limited exposure to interest rate risk.

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

Interest rate exposure

The Company has a loan carrying a fixed rate of interest and the exposure is therefore already quantifiable. The exposure of financial assets and liabilities to floating interest rates using the year end figures, giving cash flow interest rate risk when rates are reset, is shown below.

	2022 £'000	2021 £'000
Exposure to floating interest rates:		
Cash and short term deposits	430	268
JPMorgan Euro Liquidity Fund	74,888	1,139
Loan Facility	(76,056)	(76,667)
Total exposure	(738)	(75,260)

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above SONIA respectively (2021: Interest receivable on cash balances, or paid 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% (2021: 1%) increase or decrease in interest rates with regard to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date, with all other variables held constant.

	2022		2021	
	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	525	(525)	(216)	216
Capital return	(532)	532	(537)	537
Total return after taxation	(7)	7	(753)	753
Net assets	(7)	7	(753)	753

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 Company's loan facilities.

21. Financial instruments' exposure to risk and risk management policies *continued***(a) Market risk** *continued***(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 31st March comprises its holdings in equity investments as follows:

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	834,018	921,200

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 16 and 17. This shows that all of the investments' value is in European companies and there is no concentration of exposure to any one country. 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% (2021: 10%) 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 equities, adjusting for changes in the management fee but with all other variables held constant.

	2022		2021	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(213)	213	(235)	235
Capital return	82,906	(82,906)	91,572	(91,572)
Total return after taxation	82,693	(82,693)	91,337	(91,337)
Net assets	82,693	(82,693)	91,337	(91,337)

NOTES TO THE FINANCIAL STATEMENTS

(b) Liquidity risk

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

Management of the risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary. 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 and working capital requirements and to gear the Company as appropriate.

Liquidity risk exposure

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

	2022			Total £'000
	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	
Creditors				
Securities purchased awaiting settlement	1,333	—	—	1,333
Repurchase of the Company's own shares	158	—	—	158
Other creditors	168	—	—	168
Bank loan, including interest	378	76,524	—	76,902
	2,037	76,524	—	78,561

	2021			Total £'000
	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	
Creditors				
Securities purchased awaiting settlement	435	—	—	435
Other creditors	176	—	—	176
Bank loan, including interest	408	680	77,390	78,478
	1,019	680	77,390	79,089

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

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

(c) Credit risk

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

Management of credit risk

Portfolio dealing

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

Cash and cash equivalents

Counterparties are subject to regular credit analysis by the Manager and deposits can only be placed with counterparties that have been approved by JPMAM's Counterparty Risk Group. The Board regularly reviews the counterparties used by the Manager. The JPMorgan Euro Liquidity Fund has a AAA rating.

Exposure to JPMorgan Chase

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading. The Depositary, BNY Mellon Trust and Depositary (UK) 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 31st March 2022 amounted to £42.7 million (2021: £36.9 million) and the maximum value of stock on loan during the year amounted to £42.8 million (2021: £114.9 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. Full details of the collateral is disclosed on pages 86 to 89.

(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.

22. Capital management policies and procedures

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

	2022 £'000	2021 £'000
Debt:		
Bank Loan	76,056	76,667
Equity:		
Called up share capital	7,924	7,974
Reserves	825,795	838,330
	833,719	846,304
Total debt and equity	909,775	922,971

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

The Board's policy is to limit gearing within the range of 20% net cash to 20% geared.

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	834,018	921,200
Net assets	833,719	846,304
Gearing/(Net cash)	0.04 %	8.85%

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;
- the opportunity for issues of new shares, including issues from Treasury; and
- the level of dividend distributions in excess of that which is required to be distributed.

23. Subsequent events

The Directors have evaluated the period since the year end and have not rated any subsequent events.

Regulatory Disclosures

REGULATORY DISCLOSURES

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

Leverage

For the purposes of the Alternative Investment Fund Managers Directive ('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 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's maximum and actual leverage levels at 31st March 2022 are shown below:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	109%	109%

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

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

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

Remuneration Policy

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

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

The JPM Fund's Board reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. As at 31st December 2021, the Board last reviewed and adopted the Remuneration Policy in May 2021 with no material changes and was satisfied with its implementation.

Quantitative Disclosures

The table below provides an overview of the aggregate total remuneration paid to staff of the Management Company in respect of the 2021 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JP Morgan Asset Management (UK) Ltd (the relevant employing entity) and the number of beneficiaries, both apportioned to the Management Company on an Assets Under Management ('AUM') weighted basis.

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

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

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

REGULATORY DISCLOSURES

SECURITIES FINANCING TRANSACTIONS

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 SFT for the accounting period ended 31st March 2022 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 5.1%. 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	42,728	5.13%

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
Citigroup	United States of America	10,728
Goldman	United States of America	10,285
BNP	France	5,771
Societe Generale	France	4,860
Morgan Stanley	United States of America	4,049
Jefferies	United States of America	3,873
JP Morgan	United States of America	934
Nomura	Japan	762
Barclays	United Kingdom	641
Merrill Lynch	United States of America	481
Credit Suisse	Switzerland	226
HSBC	United Kingdom	119
Total		42,728

Maturity tenure of security lending transactions

The Company's securities lending transactions have open maturity.

Collateral issuers

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

Issuer	Collateral Value £'000
United States of America Treasury	20,057
French Republic Government	9,307
United Kingdom Treasury	7,171
Federal Republic of Germany Government	4,566
Kingdom of Belgium Government	1,580
Republic of Austria Government	1,911
Kingdom of Netherlands Government	340
Republic of Finland Government	285
Total	45,216

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	15,951
Sovereign Debt	Investment Grade	EUR	17,988
Treasury Bills	Investment Grade	USD	17
Sovereign Debt	Investment Grade	GBP	7,171
Treasury Bonds	Investment Grade	USD	4,089
Total			45,216

Maturity tenure of collateral

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

Maturity	Value £'000
1 day to 1 week	—
1 to 4 weeks	1
1 to 3 months	3
3 to 12 months	46
more than 1 year	45,165
	45,216

REGULATORY DISCLOSURES

Settlement and clearing

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

Re-use of collateral

Share of collateral received that is reused and reinvestment return

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

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

Safekeeping of collateral

All collateral received (£45,216,000) by the Fund 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 Securities Lending Transactions. The remainder of the revenue, 90%, is received by the Company, i.e. for the benefit of Shareholders.

Shareholder Information

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of JPMorgan European Discovery Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Monday, 18th July 2022 at 12.30 p.m. for the following purposes:

1. To receive the Directors' Report, the Financial Statements and the Auditors' Report for the year ended 31st March 2022.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st March 2022.
4. To declare a final dividend of 5.5 pence per share.
5. To reappoint Marc van Gelder as a Director of the Company.
6. To reappoint Nicholas Smith as a Director of the Company.
7. To reappoint Ashok Gupta as a Director of the Company.
8. To reappoint Sarah Watters as a Director of the Company.
9. To appoint Suzy Ross as a Director of the Company.

To consider the following resolution as an ordinary resolution:

10. THAT Ernst & Young be reappointed as Auditor of the Company and that their remuneration be fixed by the Directors.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

11. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £393,687 or, if different the aggregate nominal amount representing approximately 5% of the Company's issued ordinary share capital (excluding Treasury shares) as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2023 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot 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

12. THAT subject to the passing of Resolution 11 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 11 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £393,687 or, if different, the aggregate nominal amount representing approximately 5% of the issued share capital as at the date of the passing of this resolution (excluding Treasury shares) at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 11 above, save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

13. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of its issued ordinary shares in the capital of the Company on such terms and in such manner as the Directors may from time to time determine:

PROVIDED ALWAYS THAT

- (i) the maximum number of ordinary shares hereby authorised to be purchased shall be the number of ordinary shares which is equal to 14.99% of the Company's issued share capital (less shares held in Treasury) as at the date of the passing of this Resolution;
- (ii) the minimum price which may be paid for an ordinary share shall be the nominal value of such ordinary share;
- (iii) the maximum price 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 contracted to be purchased; or

NOTICE OF ANNUAL GENERAL MEETING

(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 17th January 2024 unless the authority is renewed at the Company's Annual General Meeting in 2022 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.

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

14th June 2022

Notes

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

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

NOTICE OF ANNUAL GENERAL MEETING

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. A corporation, which is a shareholder, may appoint individuals to act as its representatives and to vote in person at the meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

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

8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the Meeting; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous Meeting, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
10. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the

resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

11. A copy of this Notice of Meeting has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy 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.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting, the total voting rights members are entitled to exercise at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice of Meeting will be available on the Company's website www.jpmeuropeandiscovery.co.uk
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). They will also be available for inspection at the Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
15. As an alternative to completing a hard copy Form of Proxy/Voting Instruction 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 Instruction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
16. As at 13th June 2022 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 157,474,931 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 157,474,931.

NOTICE OF ANNUAL GENERAL MEETING

Electronic appointment – CREST members

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

ALTERNATIVE PERFORMANCE MEASURES ('APMs') AND GLOSSARY OF TERMS (UNAUDITED)

Return to Shareholders (APM)

Total return to the shareholder, 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.

	Page	Year ended 31st March 2022	Year ended 31st March 2021	
Total return calculation				
Opening share price (p)	4	462.0	251.0	(a)
Closing share price (p)	4	450.0	462.0	(b)
Total dividend adjustment factor ¹		1.013793	1.018875	(c)
Adjusted closing share price (d = b x c)		456.2	470.7	(d)
Total return to shareholders (e = d / a - 1)		-1.3%	87.5%	(e)

¹ The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the 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.

	Page	Year ended 31st March 2022	Year ended 31st March 2021	
Total return calculation				
Opening cum-income NAV per share (p)	4	530.7	324.4	(a)
Closing cum-income NAV per share (p)	4	526.1	530.7	(b)
Total dividend adjustment factor ¹		1.011652	1.015970	(c)
Adjusted closing cum-income NAV per share (d = b x c)		532.2	539.2	(d)
Total return on net assets (e = d / a - 1)		0.3%	66.2%	(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 total return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested, without transaction costs, in the shares of the underlying companies at the time the shares were quoted ex-dividend.

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

Net asset value per share (APM)

The value of the Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please see note 16 on page 69 for detailed calculations.

ALTERNATIVE PERFORMANCE MEASURES ('APMs') AND GLOSSARY OF TERMS (UNAUDITED)

Gearing/(Net Cash) (APM)

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

		31st March 2022 £'000	31st March 2021 £'000	
Gearing calculation	Page			
Investments held at fair value through profit or loss	63	834,018	921,200	(a)
Net assets	4	833,719	846,304	(b)
Gearing/(net cash) ($c = a / b - 1$)		0.04%	8.85%	(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.

		31st March 2022 £'000	31st March 2021 £'000	
Ongoing charges calculation	Page			
Management fee	61	7,867	6,092	
Other administrative expenses	61	719	675	
Total management fee and other administrative expenses		8,586	6,767	(a)
Average daily cum-income net assets		9925,207	741,466	(b)
Ongoing charges ($c = a / b$)		0.93%	0.91%	(c)

Share Price Discount/Premium to Net Asset Value ('NAV') per Share (APM)

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share.

The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium (page 4).

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

You can invest in a J.P. Morgan investment trust through the following:

1. Via a third party provider

Third party providers include:

AJ Bell You Invest	Halifax Share Dealing
Barclays Smart Investor	Hargreaves Lansdown
Charles Stanley Direct	Interactive Investor
Fidelity Personal Investing	

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These are third party providers and J.P. Morgan Asset Management does not endorse or recommend any. Please observe each provider and their 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	31st March
Final results announced	June
Half year end	30th September
Half year results announced	November
Annual General Meeting	July

History

On 24th April 1990, the Company acquired the undertaking and assets of Fleming European Fledgeling Fund Limited (the 'Fund') in exchange for the issue of its shares and warrants. That Fund was an open-ended, unquoted investment company based in Jersey with the same objectives and investment policies as the Company. The Company changed its name from JPMorgan European Smaller Companies Trust plc to JPMorgan European Discovery Trust plc on 15th June 2021. It is a constituent of the FTSE 250 index.

Company Numbers

Company registration number: 2431143
 London Stock Exchange number: 0341969
 ISIN: GB00BMTS0Z37
 Bloomberg code: JEDT LN
 LEI: 54930049CEWDI46Y3U28

Market Information

The Company's net asset value ('NAV') per share is published daily, via the London Stock Exchange. The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times and on the Company's website at www.jpmeuropeandiscovery.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmeuropeandiscovery.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: 020 7742 4000

For company secretarial issues and administrative matters, please contact Priyanka Vijay Anand.

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 1083
 Aspect House
 Spencer Road
 Lancing
 West Sussex BN99 6DA
 Telephone: 0371 384 2325

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 1083.

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

Independent Auditors

Ernst & Young LLP
 Statutory Auditor
 Atria One
 144 Morrison Street
 Edinburgh EH3 8EB

Brokers

Cenkos Securities plc
 6.7.8 Tokenhouse Yard
 London EC2R 7AS

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

The Company currently conducts its affairs so that the shares it issues can be recommended by 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 'Appropriateness' rules and guidance in the COB sourcebook.



The Association of
Investment Companies

A member of the AIC

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J.P.Morgan
Asset Management