



Annual Report 08

JPMorgan American
Investment Trust plc

Annual Report & Accounts for the year ended 31st December 2008

Features

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Objective

To achieve capital growth from North American investments by outperformance of the Company's benchmark.

Investment Policy

- To invest in quoted companies including, when appropriate, exposure to small and micro capitalisation sectors.
- To emphasise capital growth rather than income.
- To use gearing when appropriate to increase potential returns to shareholders.
- To hedge the currency risk only in respect of the geared portion of the portfolio.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

Further details of the Company's investment policy and risk management are given in the Directors' Report on page 17.

Benchmark

The S&P 500 Index expressed in sterling total return terms.

Capital Structure

The Company has an authorised share capital of 90,904,952 ordinary shares of 25p each, of which 42,725,949 were in issue at the year end.

The Company has a £50 million debenture at a fixed rate of 6.875%, repayable in June 2018.

Management Company

The Company employs JPMorgan Asset Management ('JPMAM') to manage its assets. The US equity management team consists of 56 investment professionals and manages around \$71 billion for its clients worldwide.

AIC

The Company is a member of the Association of Investment Companies.

Financial Results

Total Returns (capital plus income)

-4.1%

Return to shareholders¹
(2007: +3.5%)

-7.3%

Return on net assets
(2007: +6.0%)

-13.1%

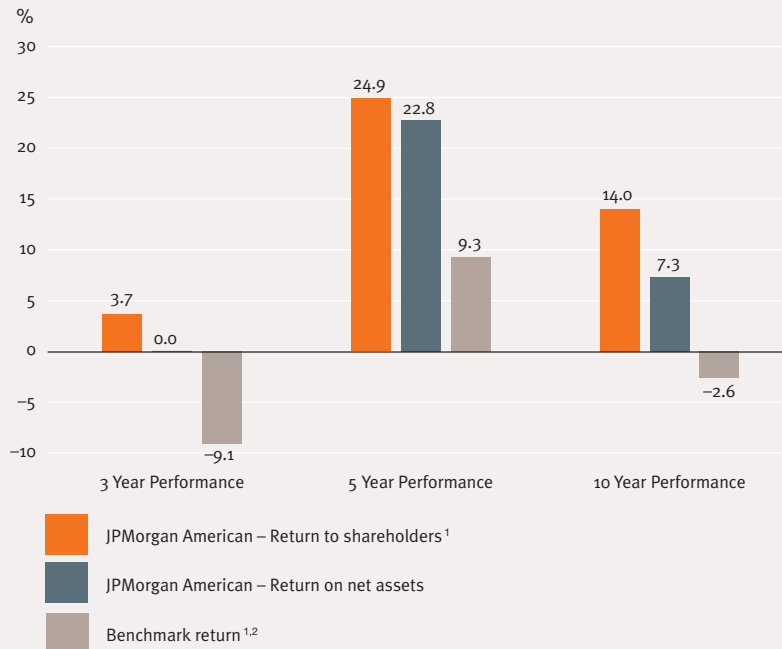
Benchmark return^{1,2}
(2007: +3.4%)

11.0p

Dividend
(2007: 11.0p)

Long Term Performance

for periods ended 31st December 2008



A glossary of terms and definitions is provided on page 50.

¹Source: Morningstar – www.morningstar.co.uk

²The Company's benchmark is the S&P 500 Index (in sterling total return terms).

Chairman's Statement



Investment Performance

Last year turned out to be an exceptionally depressing year for equity investors and the US markets proved to be no exception, with the S&P 500 Index falling by 37.2%, in Dollar terms, over the course of the year. Benefiting from strong relative investment performance and the weakness of sterling, your Company produced a total return on net assets in sterling terms of -7.3% for the year to 31st December 2008, outperforming the sterling total return of the S&P 500 Index (our benchmark) of -13.1%. The Company's total return to shareholders was stronger still, at -4.1%, reflecting a narrowing of the discount from 8.4% to 3.9%.

As stated above, our benchmark fell by 37.2% (total return) in Dollar terms over the course of the year and, on the same basis, the Company's net asset value fell by 33.0%. The Dollar, having begun 2008 at a rate of 1.99 to the pound, strengthened dramatically over the late summer and autumn, ending the year at 1.44. This weakness of sterling, has meant that UK based investors, saw their returns enhanced by 38.4%. In order to protect against currency fluctuations in respect of the Company's existing £50 million debenture, a currency hedge was put in place on 3rd October, 2001 at a \$/£ rate of 1.46.

The Company's net asset value in sterling total return terms thus outperformed our benchmark index by 5.8 percentage points over the year. Performance attribution data shows that the larger companies' portfolio outperformed by 9.0%, with the smaller companies' portfolio underperforming by 0.2%. The investment management team has continued its policy of investing in larger, blue chip growth companies on attractive valuations. Full details of the activities of the investment managers are set out in their report on pages 5 to 8.

Shareholders may be aware that the Company, under its contract with JPMorgan Asset Management (UK) Limited, has a performance fee mechanism in place. The strong performance achieved by our investment managers over the last six years means that the targets in respect of outperforming the benchmark index have now been achieved and the investment managers have earned a performance fee of £1,257,000. The performance fee is calculated at the rate of 10% of the difference between the net asset value capital return and the capital return of the S&P 500 Index, expressed in sterling terms. The performance fee due in respect of any single year is divided into equal parts payable over three years.

Revenue Account and Dividends

Net revenue return after taxation for the year was £4,853,000 (2007: £4,605,000) and earnings per share were 11.36p (2007: 10.70p). Revenue this year was boosted modestly by the successful conclusion of the action brought by JPMorgan Claverhouse Investment Trust and the Association of Investment Companies, against HMRC, for the recovery of VAT previously charged on management fees. Following agreement with JPMorgan Asset Management (UK) Limited, the Company recovered £185,000 of VAT, which was allocated between income and capital on the basis on which it was expensed, and £66,000 of associated interest, all of which was taken to income.

The Company's dividend policy has been to distribute all, or substantially all, of the available income in each year. In this instance, the Board is proposing to maintain last year's dividend of 11.0p per share and, in doing so, will be taking around £153,000 to revenue reserves. Shareholders should note that income streams can vary significantly, and the Company's dividend payouts are likely to reflect those variations. After accounting for the payment of the proposed final dividend, this leaves a balance in revenue reserves of £10.2m (equivalent to 23.8p per share). The dividend will be paid on 8th May 2009 to shareholders on the register on 3rd April 2009.

Gearing

The Board of Directors sets the overall gearing strategy and guidelines and reviews these at each meeting. The investment management team manages the gearing levels actively within these agreed guidelines. At present, there is an upper limit of 20% of shareholders' funds and this can only be increased with Board consent. The £50 million debenture provides the potential to gear up to around 117%. As at the year end, the Company's net gearing level (offsetting cash and near cash against our debenture) was 113% of shareholders' funds, having ranged between 97% and 116% during the year.

Investment Manager

The Company's objective is to provide shareholders with capital growth from a broad portfolio of North American investments. Your Board has once again thoroughly reviewed the capabilities of the Investment Manager in order to assess whether JPMorgan Asset Management remains the most appropriate manager of the Company's assets. In addition to scheduled Board Meetings, your Directors have undertaken additional strategy and investment meetings with the named investment managers, conducted comparisons with the peer group both in the UK and the US with regard to performance, fee rates and costs of management and spent time reviewing the investment management operation whilst in New York for a Board Meeting. We have concluded that the ongoing appointment of the existing Investment Manager is in the best interests of shareholders.

Management of the Discount

The Company's discount narrowed by 4.5 percentage points over the course of the year, finishing at 3.9%. During the year the Company's shares traded between a 9.0% discount and a 4.5% premium. Whilst the Company did not repurchase any shares during the year your Board believes that such a facility is an important tool in the management of discount volatility. A resolution to renew the authority to allow the Company to repurchase up to 14.99% of its share capital will be submitted to the Annual General Meeting.

The Board

Your Board has put in place procedures to ensure that the Company complies fully with the revised Combined Code and the AIC Code on Corporate Governance. Details are given in the Corporate Governance section of this report on pages 22 to 25.

In accordance with the Company's Articles of Association, Kate Bolsover and myself will retire at this year's Annual General Meeting. Kate Bolsover, who was appointed in July 2005, contributes significantly on a wide range of issues and will seek re-election from shareholders. Details of Kate's background and experience can be found on page 16 and the Board recommends her re-election. I am also retiring at this year's Annual General Meeting and will stand for re-election.

Annual General Meeting

Your Directors and I very much look forward to welcoming shareholders to the Annual General Meeting, which will be held at Trinity House, Tower Hill, London EC3N 4DH on Thursday 7th May 2009 at 2.30 p.m. Garrett Fish, our lead investment manager, will make a presentation to shareholders, reviewing the year and commenting on the outlook for the current year. It would be helpful if shareholders could submit, in advance, in writing any detailed or technical questions that they wish to raise at the Annual General Meeting to the Company Secretary at Finsbury Dials, 20 Finsbury Street, London, EC2Y 9AQ.

Chairman's Statement continued

Outlook

The last eighteen months have seen the second largest decline in US stock market history. Economic growth numbers continue to look poor and, with the government more intertwined in the workings of the economy than at any time in the recent past, the near term outlook appears less than promising. However, such dark times often herald better prospects; equity valuations are looking much more attractive, especially when compared to US Government Bonds, and any recovery would be boosted by the substantial volume of cash that has built up on the sidelines. There are plenty of risks and the very bearish tone continues, but our Managers perceive value in the market and have increased the Company's level of gearing accordingly.

Hamish Buchan
Chairman

17 March 2009

Investment Manager's Report



Garrett Fish

Market Review

History will remember 2008 as one of the worst years of all time for US equity markets, with the S&P 500 Index down 37.2% in dollar terms and the small cap index declining by 38.5%. For the S&P 500, only 1931 and 1937 of the last hundred years had worse returns. Much has been written about the crisis of confidence that unfolded during the year as massive de-leveraging occurred, asset write-downs escalated and the creditworthiness of banks and other financial institutions was called seriously into question leading to the failure of two large investment banks, a government takeover of a multinational insurance conglomerate and numerous bank failures. The US Government also stepped in to takeover two government sponsored entities, Fannie Mae and Freddie Mac, as they were on the brink of failure. While the financial sector bore the brunt of the market's collapse, down a staggering 55% in 2008, the second half of the year saw the crisis spread to the broader market. Energy and materials stocks, trading at record levels just weeks earlier, were aggressively sold off early in the third quarter in anticipation of a sharp decrease in demand. Similarly, sectors that had held up relatively well, due to their exposure to stronger non-US economies, began to feel the pain. Technology stocks, once heralded for their exposure to Europe and Asia, fell as investors began to fear a more global and severe economic slowdown. By the autumn, the turmoil that began in the financial sector had spread to the entire market. The National Bureau of Economic Research, the official arbiter of recession dates, declared the US economy to be in recession as of December 2007.

This deterioration in the equity markets only accelerated as we entered the fourth quarter. The quarter was by far the worst of the year, but it was almost entirely driven by October's rout, with that month alone accounting for roughly half of the entire year's decline. October began with a vicious sell-off, coupled with an extreme rise in volatility as the effects of the Lehman Brothers bankruptcy instilled fear in investors. Three of the eight largest one-day moves in the market since 1929 occurred during that one month (ironically, two of the three were market gains). Once again, the financial sector led the way and fell by over 37% during the quarter. In response, a barrage of governmental policy announcements and actions by the Federal Reserve ('Fed') and the US Treasury set the tone for the rest of the quarter. An array of fiscal spending plans was announced as the federal government sought to counteract further tightening in bank lending standards. The Fed moved into quantitative easing mode (printing money), cutting the Federal Funds Rate to practically zero and committing to purchase private sector assets. Stocks continued to lose ground well into November, although December finished with a flourish, resulting in one of the year's better months as the market ended the year with the S&P 500 up nearly 17% from its November 20th low.

Overall Asset Allocation

The investment management team is responsible for managing the allocation between the two investment portfolios, together with the levels of cash and gearing. In recent years your investment team has worked closely with the Board of Directors to develop modelling tools to assist in both asset allocation and gearing decisions. In 2008, the Company's gearing ranged between 97% and 116% of shareholders' funds, with the level at the year end being 113%. The level of gearing is adjusted at regular intervals within the gearing guidelines laid down by the Board to reflect the outlook on risk and return for both equities and bonds. We began the year with 3% net cash as we had become increasingly worried about the risks in the market. By the end of September we had allocated more capital to the investment portfolio and gearing was 108%. As the equity market continued to fall we

Investment Manager's Report continued

Performance Attribution for the year to 31st December 2008

Contributions to Total Return	Year to 31st December 2008 %	Year to 31st December 2007 %
Net Asset Value Total Return (in sterling terms)	-7.3	6.0
Benchmark Total Return (in sterling terms)	-13.1	3.4
Excess Return	5.8	2.6
Analysis of relative return		
Large Cap Portfolio		
Allocation Effect	1.2	-0.3
Selection Effect	7.8	3.5
Small Cap Portfolio¹		
Allocation Effect	-0.2	-0.2
Selection Effect	0.0	0.0
Gearing/Cash Effect	-0.4	-0.1
Currency Hedge	-2.4	0.0
Management Fees/Expenses	-0.7	-0.7
Buybacks/Issuances	0.0	0.1
VAT Recovery	0.1	0.0
Performance Fee Accrual	-0.4	0.0
Residual*	0.8	0.3
Total	5.8	2.6

Source: Xamin, JPMAM and Fundamental Data. All figures are on a total return basis.

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

*The Residual arises principally from timing differences in the treatment of income flows.

The Xamin attribution system accounts for income on a received (on the xd date) basis whereas Fundamental Data calculates the Company's NAV Total Return using the actual dividend(s) paid by the Company (on the xd date).

considered that it, backed up by our gearing asset allocation model, became more attractively priced and we thus increased gearing to near the maximum level. As I mentioned in last year's report, we try to follow the investment maxim to buy on fear and sell on greed. In the second half of 2008 there was plenty of fear within the markets.

The weighting in the smaller companies portfolio ranged between 5.5% and 9.3% of the Company's total assets less current liabilities and ended the year at 8.1%. We believe that our ability to move between the two enhances potential returns to shareholders. Attribution data for 2008 shows that it was the larger companies portfolio that gave the greatest contribution towards the outperformance of the benchmark index. This large cap outperformance was driven more by stock selection than by sector positioning.

In contrast, because of the fall in the market over the year, gearing proved to be a negative factor. This was due to the Company being increasingly geared into a falling market and the interest costs on the debenture. Detailed reports on the larger and smaller companies portfolios are shown below.

Large Companies Portfolio

Our investment methodology continues to focus on investing in high quality, reasonably valued companies. This style leads us to invest in companies that exhibit good growth characteristics with growing earnings, strong cash flows and reasonable valuations. It was extremely important last year to pay attention to the sustainability and viability of both earnings and dividends, especially as the economic environment deteriorated throughout the year.

The large companies portfolio provided negative absolute returns during the year, but significantly outperformed the S&P 500 Index. We are pleased with our results in a year that active managers found it very difficult to beat the benchmark. We remain confident that our portfolio of robust, large companies, offers an attractive investment proposition given the very attractive valuations that pertain at present.

Sector Weightings of Large Cap Portfolio versus S&P 500 as at 31st December 2008

Sector	Large Company Portfolio %	S&P 500 %	Overweight/ Underweight %
Financial Services	17.5	14.3	3.2
Technology	17.5	14.3	3.2
Health Care	17.2	15.2	2.0
Integrated Oils	12.1	9.2	2.9
Consumer Discretionary	10.0	10.8	-0.8
Utilities	7.5	8.0	-0.5
Consumer Staples	7.5	9.8	-2.2
Producer Durables	6.4	4.7	1.7
Other	1.7	3.5	-1.8
Other Energy	1.3	4.0	-2.8
Auto & Transportation	1.1	2.6	-1.5
Materials & Processing	0.2	3.6	-3.4

Source: Wilshire

We began the year significantly underweight in financials and, more specifically, the investment banks as we believed that they were, as a group, 'over-earning'. Essentially these companies were very highly leveraged and the robust financial markets of previous years had significantly inflated earnings. All good things must come to an end and for those that rely on financial leverage and the confidence of their trading counterparties the end came very abruptly. During the year we increased our weighting in financials, mainly in those larger regional banks with astute management teams such as Wells Fargo and US Bancorp. We remained overweight in the insurance area as the valuations were reasonable and business trends remained generally positive throughout the year. Chubb was the outstanding performer as it maintained its discipline in pricing and has a more conservative investment portfolio. In times of turmoil, the strong companies often benefit if there is a flight to quality and Chubb was a beneficiary of this trend.

Our overweight position in technology served us well throughout the year, particularly our holdings in Mastercard, IBM, Oracle and Hewlett Packard, even though the sector as a whole underperformed the market. These companies all have very modest valuations, leadership positions in their sectors and very healthy balance sheets. Mastercard had a particularly strong start to the year as the growth of credit and debit transactions continued to gain share on other forms of payment. As the financial turmoil began to spread into the general economy and into the international markets however, the shares fell back. The most important metrics for Mastercard are the number of transactions on their network and their gross dollar volume; they do not have any exposure to the credit risk of the person using the credit or debit card.

We have remained underweight in the consumer discretionary sector. Consumer leverage, the continued fall in house prices and the deteriorating jobs market continued to weigh on spending and consumer confidence. Yet, the top stock contributor for 2008 came from this sector. McDonald's continues to benefit on a global basis from their refocused efforts on their menu offerings, expanded store hours and the value of their products. Many other mid-tier restaurants are struggling, as the global consumer looks for ways to economise, and McDonald's provides a quick and easy solution.

Our overweight position in health care and underweights in energy and consumer staples detracted from performance. Our holding in the managed care provider, WellPoint, demonstrates this as its share price fell, sparked by news that the company had cut its 2008 profit outlook due to unexpectedly high costs, disappointing enrollment and worsening economic conditions. Longer-term, we see value in the stock as it has a strong Blue Cross/Blue Shield franchise and is trading at a deep discount.

The table below shows the largest positive and negative stock contributors to portfolio performance:

Positive Contributors

Stock	Action	Price Performance %	Weighted Contribution %
McDonald's	I,D	8.5	1.0
MasterCard	I,D	-33.4	0.6
AIG *		-97.2	0.6
Lockheed Martin	I,D	-18.6	0.5
Chubb	I,D	-4.1	0.5

Investment Manager's Report continued

Negative Contributors

Stock	Action	Price Performance %	Weighted Contribution%
Wal-Mart Stores *	B,I	20.0	-0.5
JPMorgan Chase #		-25.1	-0.5
WellPoint	I,D	-52.0	-0.3
Corning	I,D	-59.8	-0.3
Merck	I,D	-45.3	-0.3

I = Increased; D = Decreased; S = Sold; B = Buy;

* Not held or underweighted in the portfolio at the year end.

Not held as Company unable to have position.

Source: Wilshire

Return in US\$

Smaller Companies Portfolio

Last year was a challenging environment for small cap companies with the highest growth stocks suffering the greatest reduction in price earnings ratios, as investors began to focus more on the near-term economic slow-down than long-term growth potential. At the sector level, stock selection in the technology and consumer discretionary sectors negatively impacted results while stock selection in energy and a portfolio overweight to the health care sector aided returns. Amongst individual stocks, the selection of Pacific Sunwear of California Inc., a specialty retailer of casual apparel, and Thinkorswim Group Inc., a provider of on-line futures and options trading, were major detractors. Thoratec Corp., a medical device manufacturer, and Gentiva Health Services Inc., a home health care company, contributed to overall performance. Over the course of the year, our small cap holdings had a minor detrimental effect on the overall performance of the Company.

Outlook

2008 was the worst calendar year for the markets in more than 70 years and 2009 looks set up to be one of the worst for the global economy in decades. The urgency with which the fiscal stimulus needs to be enacted cannot be overstated, but it will likely be months before planning and political barriers are cleared and the money is deployed. In the meantime, private sector deleveraging will continue to savage economic growth and we expect GDP to contract in the first two quarters of the year, with only a mild recovery in the second half.

The good news is that financial markets tend to discount future economic problems well in advance and, after a year like 2008, we think that they have already gone a long way towards doing so. The relative resilience of markets in the last two months of the year, in the face of such grim economic data, is encouraging and, while we expect continued volatility, we believe that a bottoming process is now underway. As investors look forward to the impact of fiscal measures and as more areas of the secondary markets receive direct central bank support, a nervous recovery in risk assets is our base case for 2009.

Garrett Fish

Investment Manager

17 March 2009

Summary of Results

	2008	2007	
Total Returns (capital plus income) for the year ended 31st December			
Return to shareholders ¹	-4.1%	+3.5%	
Return on net assets	-7.3%	+6.0%	
Benchmark return ^{1,2}	-13.1%	+3.4%	
Net Asset Value, Share Price, Discount and Market Data at 31st December			% change
Net asset value per share with debt at par value	687.4p	752.4p	-8.6
Net asset value per share with debt at fair value ³	662.1p	737.7p	-10.2
Share price	626.0p	665.5p	-5.9
Discount of share price to net asset value with debt at fair value (after deducting the proposed final dividend)	3.9%	8.4%	
Shareholders' funds (£'000)	293,678	321,470	-8.6
Market capitalisation (£'000)	267,464	284,341	-5.9
S&P 500 Index in £ (capital only) ⁴	628.24	737.65	-14.8
Exchange rate	£1=\$1.4378	£1=\$1.9906	+38.4
Shares in issue	42,725,949	42,725,949	
Revenue for the year ended 31st December			
Net revenue attributable to ordinary shareholders (£'000)	4,853	4,605	+5.4
Earnings per share	11.36p	10.70p	+6.2
Dividend per share	11.00p	11.00p	—
Actual Gearing Factor at 31st December	112.8%	97.1%	
Total Expense Ratio	0.71%	0.69%	
Total Expense Ratio including one third of performance fee	0.84%	0.69%	
Management Fee ⁵	0.50%	0.50%	

A glossary of terms and definitions is provided on page 50.

¹ Source: Morningstar – www.morningstar.co.uk

² The Company's benchmark is the S&P 500 Index (in sterling total return terms).

³ The fair value of the £50m debenture issued by the Company has been calculated by comparison with the market value of an instrument carrying a similar interest rate, risk rating and repayment date.

⁴ Source: Datastream – capital only.

⁵ If applicable, a performance fee may be payable by the Company. Full details of the management and performance fees are given on page 20.

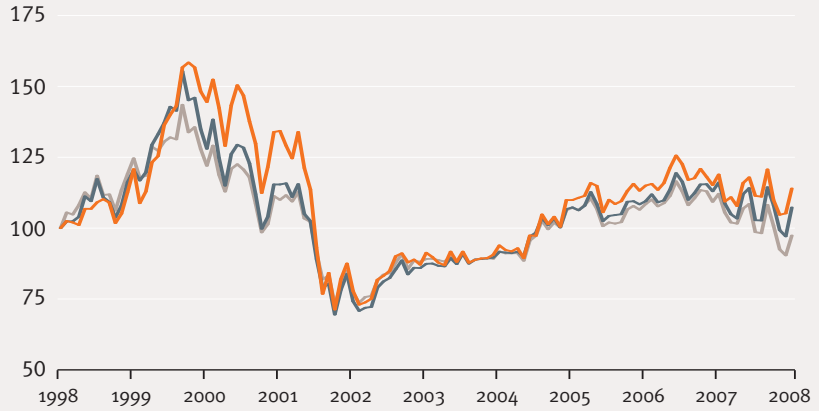
Performance

- JPMorgan American – Share price
- JPMorgan American – Net asset value
- Benchmark

Source: Morningstar – www.morningstar.co.uk /
 Fundamental Data Ltd a Morningstar
 company – www.FundData.com

Ten Year Performance

Figures have been rebased to 100 at 31st December 1998

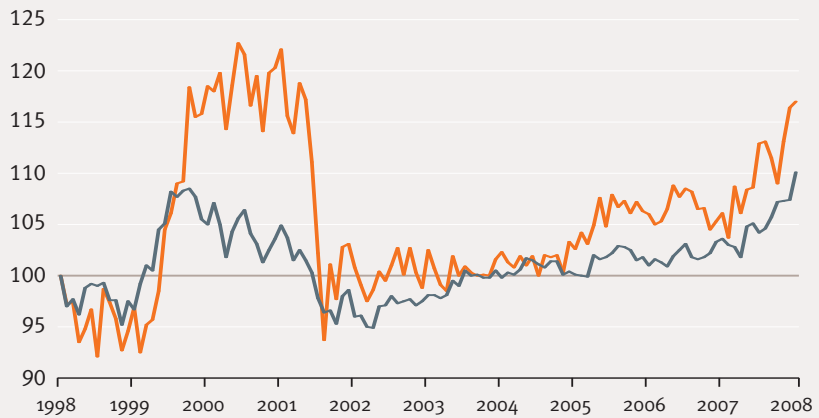


- JPMorgan American – Share price
- JPMorgan American – Net asset value
- Benchmark

Source: Morningstar – www.morningstar.co.uk /
 Fundamental Data Ltd a Morningstar
 company – www.FundData.com

Performance Relative to Benchmark

Figures have been rebased to 100 at 31st December 1998



Ten Year Financial Record

As at 31st December	1998	1999¹	2000	2001	2002	2003	2004²	2005	2006	2007	2008
Shareholders' funds (£m)	534.1	601.4	528.5	479.8	295.1	313.1	289.7	309.0	312.0	321.5	293.7
Net asset value per share (p) ³	692.0	830.6	880.0	786.9	502.3	586.3	615.1	710.7	720.9	752.4	687.4
Share price (p)	610.5	734.0	876.0	808.0	465.0	540.0	548.0	633.0	654.0	665.5	626.0
(Discount)/premium (%) ⁴	(11.8)	(11.6)	(0.4)	2.7	(7.4)	(7.9)	(8.1)	(7.3)	(6.3)	(8.4)	(3.9)
Actual gearing (%)	103.4	103.7	107.0	106.9	118.6	110.8	112.5	108.8	104.3	97.1	112.8
Exchange rate (£1=\$)	1.66	1.61	1.49	1.46	1.61	1.79	1.92	1.72	1.96	1.99	1.44
Year ended 31st December											
Earnings per share (p)	4.46	6.01	5.48	5.30	4.75	6.41	8.20	7.78	11.28	10.70	11.36
Dividend per share (p)	2.90	2.30	5.70	5.20	4.80	6.80	7.50	8.00	11.00	11.00	11.00
Total expense ratio (TER) (%)	0.54	0.60	0.62	0.62	0.69	0.73	0.72	0.72	0.76	0.69	0.71
Rebased to 100 at 31st December 1998											
Share price total return ⁵	100.0	120.8	144.5	134.3	77.8	91.3	93.9	109.9	115.0	118.9	114.0
Net asset value per share – total return ⁶	100.0	120.5	128.0	115.4	74.2	87.4	91.6	107.3	109.5	115.7	107.3
Benchmark – total return ⁷	100.0	124.6	122.0	110.0	77.2	89.1	91.8	107.2	108.5	112.1	97.4

A glossary of terms and definitions is provided on page 50.

¹ Figures have been restated, where necessary, to reflect the change in allocation of management fees and finance costs between the revenue account and capital account. Years prior to 1999 have not been restated.

² The results for the year ended 31st December 2004 have been restated, where necessary, in accordance with Financial Reporting Standards 21, 25 and 26. Years prior to 2004 have not been restated.

³ Assuming full conversion of convertible loan stock where applicable. The convertible loan stock expired in 1999.

⁴ For 2004 onwards the discount has been calculated using the NAV with debt at fair value and adjusted for the proposed final dividend.

⁵ Source: Morningstar – www.morningstar.co.uk

⁶ Source: Fundamental Data Ltd, a Morningstar company – www.FundData.com

⁷ Source: Datastream

Ten Largest Equity Investments

Company	Sub Sector	As at 31st December 2008		As at 31st December 2007	
		£'000	% ¹	£000	%
Exxon Mobil Exxon Mobil operates petroleum and petrochemicals businesses on a worldwide basis. The Company's operations include exploration and production of oil and gas, electric power generation, and coal and minerals operations. Exxon Mobil also manufactures and markets fuels, lubricants, and chemicals.	Integrated Oils	21,830	6.3	18,426	5.0
McDonald's McDonald's operates and franchises fast-food restaurants worldwide. The Company's franchised fast-food restaurants offer a variety of hamburgers and side dishes such as French fries.	Consumer Discretionary	12,643	3.7	11,799	3.2
Lockheed Martin Lockheed Martin is a diversified enterprise that primarily researches, designs, develops, manufactures, and integrates advanced technology products and services. The Company's businesses span space, telecommunications, electronics, information and services, aeronautics, energy, and systems integration. Lockheed Martin operates worldwide.	Producer Durables	8,450	2.5	8,291	2.2
Procter & Gamble² Procter & Gamble manufactures and markets consumer products in countries throughout the world. The Company provides products in the laundry and cleaning, paper, beauty care, food and beverage, and health care segments.	Consumer Staples	8,102	2.3	5,509	1.5
Microsoft Microsoft develops, manufactures, licences, sells, and supports software products. The Company offers operating system software, server application software, business and consumer applications software, software development tools, and Internet and intranet software. Microsoft also develops the MSN network of Internet products and services.	Technology	7,492	2.2	9,372	2.5
Oracle Oracle supplies software for enterprise information management. The Company offers databases and relational servers, application development and decision support tools, and enterprise business applications. Oracle's software runs on network computers, personal digital assistants, set-top devices, PCs, workstations, minicomputers and mainframes.	Technology	7,185	2.1	6,657	1.8
Hewlett Packard Hewlett Packard provides imaging and printing systems, computing systems, and information technology services for business and home. The Company's products include laser and inkjet printers, scanners, copiers and faxes, personal computers, workstations, storage solutions, and other computing and printing systems. Hewlett Packard sells its products worldwide.	Technology	6,942	2.0	7,239	2.0
Wells Fargo² Wells Fargo is a diversified financial services company providing banking, insurance, investments, mortgage, leasing, credit cards, and consumer finance. The Company operates through physical stores, the Internet and other distribution channels across North America and elsewhere internationally.	Financial Services	6,912	2.0	2,855	0.8
IBM IBM provides computer solutions through the use of advanced information technology. The Company's solutions include technologies, systems, products, services, software, and financing. IBM offers its products through its global sales and distribution organisation, as well as through a variety of third party distributors and resellers.	Technology	6,724	1.9	7,362	2.0
Wyeth² Wyeth is a research-driven pharmaceutical and health care products company. The Company discovers, develops, manufactures, and markets pharmaceuticals, vaccines, biotechnology products, and non-prescription medicines. Wyeth's major divisions include Wyeth Pharmaceuticals, Wyeth Consumer Health care, and Fort Dodge Animal Health.	Health Care	6,478	1.9	5,855	1.6
Total		92,758	26.9		

¹ Based on total assets less current liabilities of £344.2m (2007: £371.2m).

² Not included in the ten largest investments at 31st December 2007.

As at 31st December 2007 the value of the ten largest investments amounted to £95.3m representing 25.7% of total assets less current liabilities.

Portfolio Analyses

Sector Analysis

Sector	at 31st December 2008		at 31st December 2007	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Financial Services	15.4	14.3	10.4	18.4
Technology	15.4	14.3	18.0	7.7
Health Care	15.2	15.2	12.8	12.2
Integrated Oils	10.7	9.2	10.0	7.8
Consumer Discretionary	8.8	10.8	9.7	11.0
Consumer Staples	6.6	9.8	6.3	8.0
Utilities	6.6	8.0	5.6	4.5
Producer Durables	5.7	4.7	1.6	14.1
Other	1.5	3.5	0.5	5.0
Energy	1.1	4.0	0.7	4.9
Auto & Transportation	1.0	2.6	0.8	2.3
Materials & Processing	—	3.6	—	4.1
Other/miscellaneous ¹	8.2	—	7.7	—
Net current assets ²	3.8	—	15.9	—
Total	100.0	100.0	100.0	100.0

¹ This includes small companies assets of 7.8% and unquoted companies of 0.4%.

² Includes investments in liquidity funds.

Based on total assets less current liabilities of £344.2m (2007: £371.2m).

Asset Analysis at 31st December 2008

	2008 %	2007 %
Large Companies	88.0	78.4
Small Companies	7.8	5.1
Unquoted investments	0.4	0.6
Net current assets ¹	3.8	15.9
Total	100.0	100.0

¹ Includes investments in liquidity funds.

Based on total assets less current liabilities of £344.2m (2007: £371.2m).

Investment Activity

	Valuation at 31st December 2007		Purchases £'000	Sales £'000	Change in valuation £'000	Value at 31st December 2008	
	£'000	%				£'000	%
Large Companies	291,195	87.1	76,905	51,777	(13,257)	303,066	87.7
Small Companies ¹	21,102	6.3	23,382	13,019	(3,387)	28,078	8.1
Liquidity Fund ²	21,926	6.6	297	13,806	5,952	14,369	4.2
Total Portfolio	334,223	100.0	100,584	78,602	(10,692)	345,513	100.0

¹ This includes investments in micro-capitalisation and unquoted companies.

² The dollar price per unit of this investment has not changed. Changes in valuation are due to exchange rate movements.

List of Investments

at 31st December 2008

Company	Valuation £'000	Company	Valuation £'000
Large Companies			
These are generally defined as companies which have a market capitalisation above \$3 billion.			
Exxon Mobile	21,830	Bank of New York Mellon	2,331
McDonald's	12,643	Amerisource Bergen	2,279
Lockheed Martin	8,450	Schwab (Charles)	2,198
Procter & Gamble	8,102	Dominion Resources (Virginia)	2,190
Microsoft	7,492	Coca-Cola	2,170
Oracle	7,185	Time Warner	2,156
Hewlett Packard	6,942	News Corporation	2,057
Wells Fargo	6,912	BlackRock	1,978
IBM	6,724	Unum	1,965
Wyeth	6,478	The Travelers Companies	1,939
Abbott Laboratories	6,440	Affiliated Computer Services	1,892
AT&T	6,332	PNC Financial Services	1,845
Merck	6,299	SunTrust Banks	1,746
Philip Morris International	5,988	TD Ameritrade	1,677
Pfizer	5,486	Xilinx	1,662
Boeing	5,427	State Street	1,616
Chevron	5,062	Johnson Controls	1,561
CVS	5,060	Apple	1,478
Medco Health Solutions	4,915	AON	1,468
Metlife	4,489	Intel	1,464
United Technologies	4,394	Valero Energy	1,347
Verizon Communications	4,317	Goldman Sachs	1,297
Occidental Petroleum	4,287	Assurant	1,295
ConocoPhillips	4,280	Marathon Oil	1,275
General Dynamics	4,150	Morgan Stanley	1,202
US Bancorp	4,133	Caterpillar	1,195
MasterCard	4,036	Cardinal Health	1,187
Chubb	3,915	Firstenergy	1,090
Baxter	3,492	Symantec	1,082
General Electric	3,472	Staples	1,054
Norfolk Southern	3,403	United Health	995
Schering-Plough	3,347	Citigroup	938
Yum Brands	3,325	Advance Auto Parts	893
Safeway	3,307	Texas Instruments	855
Corning	3,260	Hartford Financial Services	726
Duke Energy	3,257	Fluor	718
Altria	3,206	EMC	716
Wellpoint	3,155	Embarq	666
Johnson & Johnson	3,106		303,066
Bank of America	2,961	Small Companies	
Wal-Mart Stores	2,875	These are generally defined as companies which, at the date of investment, have a market capitalisation of less than \$3 billion.	
Qualcomm	2,804	JPM America Micro-Cap Fund	2,117
Cisco Systems	2,736	Thoratec	654
Omnicom	2,690	Viasat	579
Centurytel	2,535	Gentiva Health Services	577
Walt Disney	2,489	Myriad Genetics	567
Devon Energy	2,461	Meridian Bioscience	557
Google	2,437	MedAssets	555
Principal Financial	2,413	Omnicell	515
Edison International	2,364	Deckers Outdoor	474
		Iconix Brand	463

Company	Valuation £'000	Company	Valuation £'000
Neutral Tandem	443	Graco	187
Blackboard	438	Watson Wyatt Worldwide	176
Nuance Communications	432	K12	175
Waste Connections	413	Illumina	175
Psychiatric Solutions	405	Morningstar	168
Landstar Systems	382	IPG Photonics	165
Heico	381	Sucampo Pharmaceuticals	162
Bally Technologies	381	Calamos Asset Management	161
Comstock Resources	368	DealerTrack	160
ProAssurance	362	Investment Technology	150
Wabtec	349	Hub	150
Masimo	340	Digital River	148
Bankrate	333	Affiliated Managers	147
Microsemi	332	Varian Semiconductor Equipment	140
Syntel	331	NetSuite	136
Cabot Oil & Gas	329	Taleo	135
FTI Consulting	325	Enersys	127
Geo	308	THQ	127
ULTA Salon	307	Exelixis	122
Castlepoint	302	Simpson Manufacturing	121
Cbeyond Communications	300	Under Armour	116
Biomarin Pharmaceutical	298	Synaptics	115
Jack in the Box	293	Healthways	114
LKQ	293	Powell Industries	114
MSCI	292	Medivation	110
Icon	291	Bucyrus International	105
DSW	285	Tessera Technologies	99
Switch And Data Facilities	279	Innospec	98
Concho Resources	279	Energy Conversion Devices	82
FLIR Systems	278	Grand Canyon Education	74
Old Dominion Freight Line	277	Forest Oil	69
Hittite Microwave	276	Bruker	52
Hologic	271	GT Solar International	43
WSFS Financial	269		26,776
Enzo Biochem	268	Unquoted Companies	
Oceaneering International	258	Kane Holdings	1,063
thinkorswim	257	Fleming US Discovery III	237
Ansys	255	Portola Packaging	2
Theravance	243		1,302
HCC Insurance	240	Liquidity Fund	
DataDomain	239	JPMorgan US Dollar Liquidity	14,369
Insulet	224		14,369
Alexion Pharmaceutical	223	Total investments¹	345,513
Eagle Materials	218	Net current liabilities	(1,273)
Penn Virginia	216		
Art Technology	207	Total assets less current liabilities	344,240
Susser	205		
Beacon Roofing Supply	204		
California Pizza Kitchen	203		
Halozyne Therapeutics	203		
ViroPharma	203		
Genoptix	198		
UTI Worldwide	189		

¹ Total investments include 0.4% in unquoted companies. Investments are all equities except for the holding in the JPMorgan US Dollar Liquidity Fund.

Board of Directors



Hamish N Buchan (Chairman of the Board and Nomination Committee)

A Director since November 2000 and appointed Chairman in April 2003.

Currently a Director of Aberforth Smaller Companies Trust plc, Personal Assets Trust plc, Standard Life European Private Equity Trust plc, The Scottish Investment Trust plc, Scottish Community Foundation and Templeton Emerging Markets Investment Trust plc. Mr Buchan has been involved in the investment trust sector for forty years, mainly as an investment trust analyst and is currently a Director and immediate past Chairman of the Association of Investment Companies.



Sarah Bates

A Director since July 2005.

A Director of St. James's Place plc, Invesco English and International Trust plc, MTI Partners Ltd., New India Investment Trust plc, Witan Pacific Investment Trust plc and a Deputy Chairman of the Association of Investment Companies. Ms Bates is also Chairman of the Stena Line (UK) Pension Scheme and of Rutley Russia Property Fund, and sits on the investment committees of Newnham College and the Cancer Research UK Pension fund and the Daily Mail Pension Funds as well as being an advisor to Merseyside and East Riding Pension funds and the Royal College of Surgeons' Charitable Funds. She publishes a guide to investment jargon and was formerly CEO of Invesco's UK Institutional (including investment trusts) business.



Kate Bolsover

A Director since July 2005.

Retired as Director of Corporate Communications at Cazenove & Co in June 2005. Ms Bolsover was previously Managing Director of Signature Financial Group. Ms Bolsover is Deputy Chairman of Tomorrow's People Trust Limited.



James G Fox (Chairman of the Audit Committee)

A Director since July 2003.

A Director of iimia Investment Trust plc. Mr Fox has more than forty years' experience of investment management and is a former Deputy Chairman of the Association of Investment Companies.



James P Williams

A Director since July 2003.

Mr Williams has been professionally involved in the investment management industry for over 35 years. He retired from Baring Asset Management in 2002, where he was Chief Investment Officer, and head of global investment strategy. He is a Director of Pan-Asia Special Opportunities Fund and of Prosperity Russia Domestic Fund.

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

Directors' Report

The Directors present their report for the year ended 31st December 2008.

Business Review

Business of the Company

The Company carries on business as an investment trust and was approved by HM Revenue and Customs as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31st December 2007. In the opinion of the Directors, the Company has subsequently conducted its affairs so that it continues to qualify. The Company will continue to seek approval under Section 842 of the Income and Corporation Taxes Act 1988 each year.

Approval for the year ended 31st December 2007 is subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 2 to 4 and the Investment Manager's Report on pages 5 to 8.

Objective

The Company's objective is to achieve capital growth from North American investments by out-performance of the Company's benchmark, the S&P 500 Index expressed in Sterling total return terms.

Investment Policy and Risk Management

In order to achieve its investment objectives and to seek to manage risk, the Company mainly invests in a diversified portfolio of quoted companies including, when appropriate, exposure to small and micro-capitalisation stocks. The Company currently has separate portfolios dedicated to large-capitalisation and small/micro-capitalisation exposure. The number of investments in the large-cap portfolio will normally range between 60-100 stocks representing between 80-100% of the Company's equity portfolio. The number of investments in the small/micro-cap portfolio will normally range between 100-120 stocks representing between 0-20% of the Company's equity portfolio. The Company may invest in pooled funds to achieve these aims.

As at the year end, the Company was invested in 88 large-capitalisation stocks and 96 small/micro capitalisation stocks, representing 88.1% and 7.7% of the Company's equity portfolio respectively.

Investment Limits and Restrictions (all at time of investment)

- The Company will not normally invest more than 8% of its gross assets in any one individual stock (31st December 2008: 6.3% largest individual stock).
- The Company will normally limit its 5 largest investments to 40% of its assets. (31st December 2008: 17.0%).
- The Company will not invest more than 10% of its gross assets in liquidity funds in normal market conditions (31st December 2008: 4.2%).
- The Company will not invest more than 10% of gross assets in companies that themselves may invest more than 15% of gross assets in UK listed investment companies.
- The Company will not invest more than 15% of its assets in other UK listed investment companies (31st December 2008: Nil).
- The Company will use gearing when appropriate to increase potential returns to shareholders; the Company's policy is to use gearing for tactical purposes in a range of 95-120% in normal market conditions (31st December 2008: 112.8%).
- The Company only hedges its currency risk in respect of the geared portion of the portfolio.

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

Performance

In the year to 31st December 2008, the Company produced a negative total return to shareholders of 4.1% and a negative total return on net assets of 7.3%. This compares with the negative return on the Company's benchmark index, in sterling terms, of 13.1%. As at 31st December 2008, the value of the Company's investment portfolio was £345.5 million. The Investment Manager's Report on pages 5 to 8 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 total loss for the year amounted to £15.3 million (2007: £24.5 million return) and net total loss after deducting interest, administrative expenses and taxation, amounted to £23.1 million (2007: £18.0 million return). Distributable income for the year totalled £4.9 million (2007: £4.6 million).

Directors' Report continued

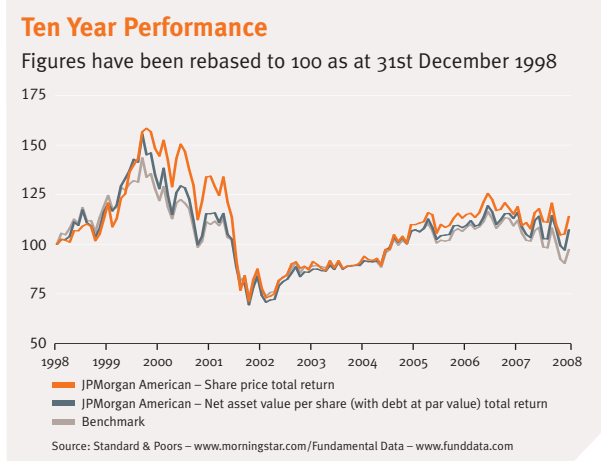
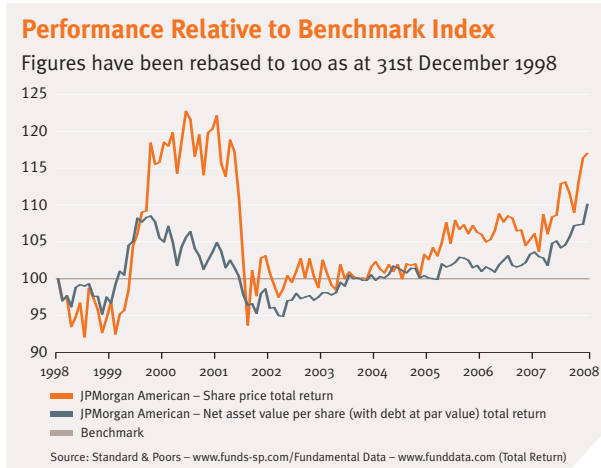
The Directors recommend a final dividend of 11.00p per share (2007: 11.00p), payable on 8th May 2009 to shareholders on the register at the close of business on 3rd April 2009. This distribution totals £4.7 million (2007: £4.7 million). After payment of the final dividend the revenue reserve will amount to £10.2 million (2007: £10.0 million).

Key Performance Indicators ('KPIs')

The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

- **Performance against the benchmark index**

This is the most important KPI by which performance is judged.



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

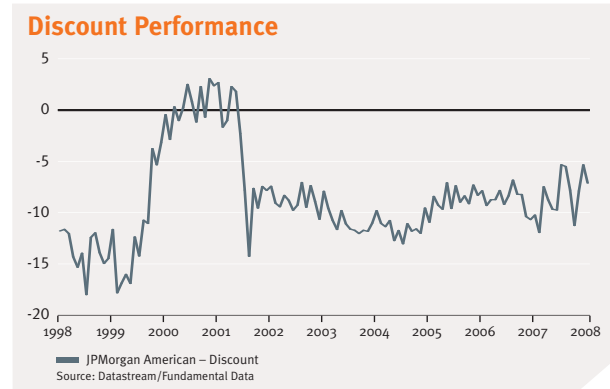
The principal objective is to achieve capital growth relative to the benchmark. However, the Board also monitors performance relative to a broad range of appropriate competitor funds both in the UK and the US.

- **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 asset allocation and stock selection. Details of the attribution analysis for the year ended 31st December 2008 are given in the Investment Manager's Report on page 6.

- **Discount to net asset value ('NAV')**

The Board has adopted a share repurchase policy that seeks to address imbalances in supply and demand of the Company's shares in the market and thereby minimise the volatility and absolute level of the discount to NAV at which the Company's shares trade. The Board's intention is to use its share repurchase powers with the aim of establishing a reasonably stable



long term level of discount (with debt at fair value). In the year to 31st December 2008, the shares traded between a discount of 11.5% and a premium of 3.8%.

- **Total expense ratio ('TER')**

The TER is an expression of the Company's management fees and all other operating expenses excluding interest and performance fee, as a percentage of the average of the opening and closing net assets. The TER for the year ended 31st December 2008 was 0.71% (2007: 0.69%). The Board reviews each year the Company's TER and its main component expenses with those of its peers. The total expense ratio including one third of the performance fee was 0.84% (2007: 0.69%).

Share Capital

The Company has authority to both purchase shares for cancellation and issue new shares in the market for cash.

The Company did not repurchase any shares for cancellation during the year (2007: 553,500). However, special resolutions to renew the authority to issue and repurchase shares will be put to shareholders for approval at the Annual General Meeting. The full text of the resolutions is set out in the Notice of Meeting on pages 51 and 52.

The Company did not issue any shares during the year (2007: nil) and has not issued or repurchased any shares since the year end.

Principal Risks

With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company. These key risks fall broadly under the following categories:

- **Investment and Strategy:** An inappropriate investment strategy, for example asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages this risk by diversification of investments through its investment restrictions and guidelines which are monitored and reported on regularly by the Managers. JPMorgan Asset Management ('JPMAM') provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Managers, who attend the majority of Board meetings, and reviews data which shows statistical measures of the Company's risk profile. The Investment Managers employ the Company's gearing tactically, within a strategic range set by the Board.
- **Market:** Market risk arises from uncertainty about the future prices of the Company's investments. This market risk comprises three elements – currency risk, interest rate risk and other price risk. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by JPMAM. The Board monitors the implementation and results of the investment process with the Manager. However, the fortunes of the portfolio are significantly determined by market movements in US equities, the rate of exchange between US Dollars and Sterling pounds and interest rate changes.

- **Accounting, Legal and Regulatory:** The Company operates within a framework of legislation and regulation which determines its tax status and ability to continue in business as an investment trust. The Directors seek to comply with all relevant regulation and legislation both in the UK and the US and rely on the services of its Company Secretary and Manager to monitor compliance with all relevant requirements.
- **Corporate Governance and Shareholder Relations:** Details of the Company's compliance with corporate governance best practice, including information on relations with shareholders, are set out in the Corporate Governance report on pages 22 to 25.
- **Operational:** Disruption to, or failure of, JPMAM's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by JPMAM and its associates and the key elements designed to provide effective internal control are included within the Internal Control section of the Corporate Governance report on pages 24 and 25.
- **Financial:** The financial risks faced by the Company include market price risk, interest rate risk, foreign currency risk, liquidity risk and credit risk. Further details are disclosed in note 22 on pages 42 to 46.

Future Developments

Clearly, the future development of the Company is much dependent upon the success of the Company's investment strategy in the light of economic and equity market developments. The Investment Manager discusses the outlook in his report on page 8.

Management

The Manager and Secretary is JPMorgan Asset Management (UK) Limited ('JPMAM'). JPMAM is employed under a contract terminable on six month's notice, without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

JPMAM is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides banking, dealing and custodian services to the Company.

The Board has evaluated the performance of the Manager and confirms that it is satisfied that the continuing appointment of the Manager is in the interest of shareholders as a whole. In arriving at this view, the Board

Directors' Report continued

considered the investment strategy and process of the Investment Manager, noting consistent outperformance of the benchmark over the last five years and the support that the Company receives from JPMAM.

Management and Performance Fees

The basic management fee is calculated monthly and paid quarterly in arrears and is charged at a rate of 0.5% per annum of the Company's assets less current liabilities. Investments in funds on which JPMAM or any of its associated companies earn a management fee are excluded from the calculation and therefore attract no fee. In addition, a performance fee may be payable.

The performance fee is calculated at the rate of 10% of the difference between the net asset value capital return and the capital return of the S&P 500 Index, expressed in sterling terms. The performance fee due in respect of any single year is divided into equal parts payable over three years.

Any negative fee resulting from underperformance is deducted from any unpaid fees brought forward from prior years with any remaining amount of the negative fee carried forward to be absorbed in future years.

The performance fee payable in any one year will not exceed 0.25% of the fully diluted net asset value as at the previous 31st December, with any unpaid excess being carried forward until paid in full.

In the year ended 31st December 2008 the Company's net asset value capital return outperformed the capital return of the S&P 500 Index, expressed in sterling terms, by 6.5 percentage points on the above basis. This results in a positive performance fee calculation of £1,904,000. After deducting the negative fee of £647,000 brought forward, this produces a fee of £1,257,000 to be paid in equal parts over three years. Thus £419,000 falls due immediately and the balance of £838,000 is carried forward until paid in full or offset against future underperformance.

Going Concern

The Directors believe, having considered the Company's investment objectives (see page 17), risk management policies (see note 22 on pages 42 to 46), capital management policies and procedures (see note 23 on page 47), nature of the portfolio and expenditure projections; that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Payment Policy

It is the Company's policy to obtain the best terms for all business and therefore it has no standard payment terms. In general the Company agrees with its suppliers the terms on which business will take place and it is the Board's policy to abide by these terms. As at 31st December 2008, the Company had no outstanding trade creditors (2007: nil).

Directors

The Directors of the Company who held office at the end of the year, together with their beneficial interests in the Company's share capital, are shown below:

	31st December 2008	1st January 2008
Hamish Buchan	10,000	10,000
Sarah Bates	5,000	5,000
Kate Bolsover	1,113	1,113
James Fox	35,800	35,800
James Williams	6,000	6,000

Other than as disclosed above, no changes in the above holdings have been recorded to the date of this report.

In accordance with the Company's Articles of Association the Directors retiring by rotation at the forthcoming Annual General Meeting will be Kate Bolsover and Hamish Buchan who, being eligible, offer themselves for re-election by shareholders.

During the year an insurance policy has been maintained by the Company which indemnifies the Directors of the Company against certain liabilities arising in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

Disclosure of information to Auditors

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

- (a) so far as each of the Directors is aware, there is no relevant audit information (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 they ought to have taken as a Director in order to make themselves 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 provisions of S234ZA of the Companies Act 1985.

Section 992 Companies Act 2006

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

Capital Structure

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

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note 11 to the Notice of AGM on page 52.

Notifiable Interests in the Company's Voting Rights

At the date of this report, the following had declared a notifiable interest in the Company's voting rights:

Shareholders	Number of voting rights	%
Rensburg Sheppards Investment Management Limited	3,626,347	8.49
Brewin Dolphin Limited	2,156,281	5.05
JPMorgan Chase & Co ¹	2,152,326	5.04
Legal & General Group plc	1,688,968	3.95

¹All shares held by JPMorgan Elect plc.

Independent Auditors

Deloitte LLP have expressed their willingness to continue in office as auditors to the Company and a resolution proposing their re-appointment and authorising the Directors to determine their remuneration for the ensuing year will be put to shareholders at the Annual General Meeting.

Annual General Meeting

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

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

(i) Authority to repurchase the Company's shares (Resolution 7)

At the Annual General Meeting held on 8th May 2008, shareholders gave authority to the Company to purchase up to 14.99% of its then issued share capital. At that time, shareholders were informed that this authority would

expire on 7th November 2009 and could be renewed by shareholders at any time at a General Meeting of the Company. The Directors consider that the renewal of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying net asset value ('NAV') enhances the NAV of the remaining shares and helps to control the discount and its volatility. The full text of the resolution renewing the share repurchase authority is set out as resolution number 7 in the Notice of Meeting on page 51.

(ii) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 8 and 9)

At the Annual General Meeting the Directors will seek renewal of the authority to issue up to 2,136,297 new ordinary shares for cash up to an aggregate nominal amount of £534,074. Such amount being equivalent to 5% of the present issued share capital. The full text of the resolutions is set out in the Notice of Meeting on page 51.

It is advantageous for the Company to be able to issue new shares to participants purchasing shares through the JPMorgan savings products and also to other investors when the Directors consider that it is in the best interests of shareholders to do so. As such issues are only made at prices greater than the net asset value (the 'NAV'), they increase the NAV per share and spread the Company's administrative expenses, other than the management fee which is charged on the value of the Company's assets, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies.

Recommendation

The Board considers that resolutions 7 to 9 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 in respect of their own beneficial holdings which amount in aggregate to 57,913 shares representing approximately 0.1% of the existing issued share capital of the Company.

By order of the Board
Andrew Norman, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary
17 March 2009

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 27, indicates how the Company has applied the principles of good governance of the Financial Reporting Council Combined Code (the 'Combined Code') and the AIC's Code of Corporate Governance (the 'AIC Code'), which complements the Combined Code and provides a framework of best practice for investment trusts.

The Board is responsible for ensuring the appropriate level of corporate governance and considers that the Company has complied with the best practice provisions of the Combined Code, insofar as they are relevant to the Company's business, and the AIC Code throughout the year under review.

Role of the Board

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

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

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

Board Composition

The Board consists of five non-executive Directors, chaired by Hamish Buchan, all of whom are considered to be

independent of the Company's Manager. The Directors have a breadth of investment, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 16.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which may be found below. The Board has considered whether a senior independent director should be appointed and has concluded that, as the Board is comprised entirely of non-executive directors, this is unnecessary. However, the Chairman of the Audit Committee, James Fox, is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

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 elected by shareholders. Thereafter, a Director's appointment will run for a maximum term of three years. Subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for the Director to seek an additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking re-election but, when making a recommendation, the Board will take into account the ongoing requirements of the Combined Code, including the need to refresh the Board and its Committees. Any Director who has served for a period of more than nine years will stand for annual re-election thereafter.

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

As a result of the Board's evaluation process described below, it confirms that Kate Bolsover and Hamish Buchan, who retire by rotation at this year's AGM, continue to be very effective as Directors and demonstrate commitment to their role, and thus the Board recommends their re-election.

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Details of membership of committees are shown with the Directors' profiles on page 16.

The table below details the number of Board and Committee meetings attended by each Director. During the year there were five Board meetings, including a private meeting of the Directors to evaluate the Manager. In addition, two Audit

Committee meetings and a meeting of the Nomination Committee were held.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended
Hamish Buchan	5	2	1
Sarah Bates	5	2	1
Kate Bolsover	5	2	1
James Fox	5	2	1
James Williams	5	2	1

Training and Appraisal

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter regular briefings are provided on changes in regulatory requirements that affect the Company and Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts.

The Board has agreed procedures for the formal evaluation of the Manager, its own performance and that of its committees and individual Directors. Questionnaires, drawn up by the Board, are completed by each Director. The responses are collated and then discussed at a private meeting. The evaluation of individual Directors is led by the Chairman, whilst the other Directors evaluate the performance of the Chairman himself. The Board as a whole evaluates the Manager, its own performance and that of its committees.

Board Committees

Nomination Committee

The Nomination Committee, chaired by Hamish Buchan and comprising all of the Directors, meets at least annually to ensure that the Board has an appropriate balance of skills to carry out its fiduciary duties and to select and propose suitable candidates, when necessary, for appointment. A variety of sources, including the use of external search consultants, are used to ensure that a wide range of candidates are considered.

The Committee undertakes an annual performance evaluation, as described above, to ensure that all members of the Board have devoted sufficient time and contributed adequately to the work of the Board. The Committee also reviews Directors' fees and makes recommendations to the Board as and when required.

Audit Committee

The Audit Committee, chaired by James Fox and comprising all of the Directors, meets at least twice each year. The members of the Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual accounts and the Company's compliance with the Combined Code. It reviews the terms of the management agreement, examines the effectiveness of the Company's internal control systems and receives information from the Manager's compliance department. It also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors, including the provision of non-audit services. Representatives of the Company's auditors attend the Committee meeting at which the draft annual report and accounts are considered. The Directors' statement on the Company's system of internal control is set out below.

Terms of Reference

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

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders four times a year by way of the Annual Report and Accounts, the Half Year Report and two Interim Management Statements. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares.

All shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet with shareholders and answer questions. In addition, a presentation is given by one of the New York based members of the investment management team who reviews the Company's performance. During the year the investment management team, JPMAM and the Company's brokers hold regular discussions with larger shareholders.

Corporate Governance continued

The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 48.

The Company's Annual Report and Accounts is published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 48.

Details of the proxy voting position on each resolution will be published on the Company website shortly after the Annual General Meeting.

Internal Control

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by JPMAM and its associates, the Company's system of internal control mainly comprises monitoring the services provided by JPMAM and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. The Company does not have an internal audit function of its own, but relies on the internal audit department of JPMAM which reports any material failings or weaknesses. This arrangement is kept under annual review. 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.

Management Agreement – Evaluation and appointment of a manager and custodian regulated by the Financial Services Authority ('FSA'), whose responsibilities are clearly defined in a written agreement.

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

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

The Board keeps under review the effectiveness of the Company's system of internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

- the Board, through the Audit Committee, reviews the terms of the management agreement and receives regular reports from JPMAM's Compliance department;
- the Board reviews a report, which is also independently reviewed, on the internal controls and the operations of its custodian, JPMorgan Chase Bank; and
- the Directors review every six months an independent report on the internal controls and the operations of JPMAM.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of internal control for the year ended 31st December 2008, and to the date of approval of this Annual Report and Accounts.

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

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM. The following is a summary of JPMAM's policy statement on corporate governance and voting policy which has been noted by the Board. The full policy is available from JPMAM on request, or can be downloaded from the internet as follows:

go to www.jpmorganassetmanagement.co.uk/institutional and within the “Commentary & Analysis” tab you will find a section on Corporate Governance.

“JPMAM is committed to delivering superior investment performance to its clients worldwide. We believe that one of the drivers of investment performance is an assessment of the corporate governance principles and practices of the companies in which we invest our clients’ assets and we expect those companies to demonstrate high standards of governance in the management of their business.

Proxy voting is an important part of the corporate governance process, and we view seriously our obligation to manage the voting rights of the shares entrusted to us as we 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.

In order to do this we have formulated detailed guidelines for each region, which set out our stance on a variety of key corporate governance issues, including disclosure and transparency, board composition and independence, control structures, remuneration, as well as social and environmental issues. These guidelines form the basis of our proxy voting decisions, although it should be noted that JPMAM makes all of its voting decisions on a case by case basis, taking into account the individual circumstances of each vote.”

JPMAM’s voting policies have been discussed in some detail with the Manager in New York. All votes cast against resolutions are reported to the Board.

Corporate Social Responsibility

The following is a summary of JPMAM’s policy statement on corporate social responsibility which has been noted by the Board:

“We believe it is our primary duty to act in the best financial interests of our clients and to achieve good financial returns consistent with an acceptable level of risk. We recognise that non financial issues, such as social and environmental issues, can have an economic impact and that any company run in the long-term interests of its shareholders will need to manage effectively relationships with its employees, suppliers and customers, to behave ethically and to have regard to the environment and society as a whole. Our investment managers take these factors into account as part of any investment decision.”

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution to approve this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The auditors' opinion is included in their report on page 28.

The total Directors' fees were last increased at the Annual General Meeting held on 23rd April 2004, and for the year under review they were paid at the fixed rate of £30,000 for the Chairman, £23,000 for the Chairman of the Audit Committee and £20,000 for all other Directors:

Directors' Remuneration (Audited Information)		
Director's Name	2008 £	2007 £
Hamish Buchan (Chairman)	30,000	30,000
Sarah Bates	20,000	20,000
Kate Bolsover	20,000	20,000
James Fox (Chairman of the Audit Committee)	23,000	23,000
George Greener	7,128	20,000
James Williams	20,000	20,000
Total	120,128	133,000

The total Directors' fees of £120,128 (2007: £133,000) were all paid to Directors and nil paid to third parties. (2007: £nil).

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

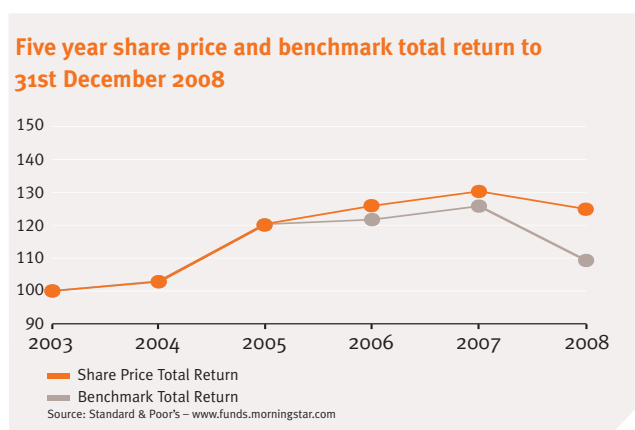
As all of the Directors are non-executive, the Board has not established a Remuneration Committee. Instead, the Nomination Committee reviews Directors' fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on information provided by the Manager, JPMAM, and relevant third parties on the level of fees paid to the Directors of the Company's peers and within the investment trust industry generally. Having reviewed the fees during the course of the year, the Committee recommended no change. The Directors' fees are

not performance-related. The Articles stipulate that aggregate fees must not exceed £175,000. Any increase in this amount requires both the Board's and shareholders' approval.

The Company does not operate any type of incentive or pension scheme and therefore no Directors receive bonus payments or pension contributions from the Company or hold options to acquire shares in the Company. Directors are not paid compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in connection with attending the Company's business.

The Directors do not have service contracts with the Company. Details of the Board's policy on tenure are set out on page 22.

A graph showing the Company's share price total return compared with its benchmark index, the S&P 500 Index (in sterling terms), over the last five years is shown below:



By order of the Board
Andrew Norman, for and on behalf of JPMorgan Asset
Management (UK) Limited,
Secretary

17 March 2009

Directors' Responsibilities in Respect of the Accounts

The Directors are responsible for preparing the annual report and the accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these accounts, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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 Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The accounts are published on the www.jpnamerican.co.uk website, which is maintained by the Company's Manager, JPMorgan Asset Management (UK) Limited ('JPMAM'). The maintenance and integrity of the website maintained by JPMAM is, so far as it relates to the Company, the responsibility of JPMAM.

Statement under the Disclosure & Transparency Rules

4.1.12

The Directors each confirm to the best of their knowledge that:

- (a) the accounts, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- (b) this Annual 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 they face.

For and on behalf of the Board
 Hamish Buchan
 Chairman
 17 March 2009

Independent Auditors' Report

We have audited the financial statements of JPMorgan American Investment Trust plc for the year ended 31st December 2008 which comprise the primary financial statements such as the Income Statement, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2008 and of its loss for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Chartered Accountants and Registered Auditors
London, United Kingdom

17 March 2009

Income Statement

for the year ended 31st December 2008

	Notes	Revenue £'000	2008 Capital £'000	Total £'000	Revenue £'000	2007 Capital £'000	Total £'000
(Losses)/gains from investments held at fair value through profit or loss	2	—	(10,732)	(10,732)	—	16,742	16,742
Net foreign currency losses		—	(12,726)*	(12,726)	—	(275)*	(275)
Income from investments	3	7,846	—	7,846	7,098	—	7,098
Other interest receivable and similar income	3	310	—	310	968	—	968
Gross return/(loss)		8,156	(23,458)	(15,302)	8,066	16,467	24,533
Management fee	4	(351)	(1,406)	(1,757)	(345)	(1,378)	(1,723)
Performance fee	4	—	(1,257)	(1,257)	—	—	—
VAT recovered	5	100	85	185	—	—	—
Other administrative expenses	6	(423)	—	(423)	(450)	—	(450)
Net return/(loss) on ordinary activities before finance costs and taxation		7,482	(26,036)	(18,554)	7,271	15,089	22,360
Finance costs	7	(694)	(2,774)	(3,468)	(692)	(2,768)	(3,460)
Net return/(loss) on ordinary activities before taxation		6,788	(28,810)	(22,022)	6,579	12,321	18,900
Taxation	8	(1,935)	870	(1,065)	(1,974)	1,101	(873)
Net return/(loss) on ordinary activities after taxation	10	4,853	(27,940)	(23,087)	4,605	13,422	18,027
Return/(loss) per share	10	11.36p	(65.40)p	(54.04)p	10.70p	31.18p	41.88p

*Includes £14,182,000 loss (2007: £311,000 loss) on forward FX contract.

Dividends proposed in respect of the year ended 31st December 2008 total 11.0p per share (2007: 11.0p per share) costing £4,700,000 (2007: £4,700,000). More details can be found in note 9 on page 37.

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 'Total' column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.

The notes on pages 33 to 47 form an integral part of these accounts.

Reconciliation of Movements in Shareholders' Funds

for the year ended 31st December 2008

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st December 2006	10,820	18,906	8,013	259,381	14,867	311,987
Repurchase and cancellation of shares	(138)	—	138	(3,783)	—	(3,783)
Net return from ordinary activities	—	—	—	13,422	4,605	18,027
Dividends appropriated in the year	—	—	—	—	(4,761)	(4,761)
At 31st December 2007	10,682	18,906	8,151	269,020	14,711	321,470
Repurchase and cancellation of shares ¹	—	—	—	(5)	—	(5)
Net (loss)/return from ordinary activities	—	—	—	(27,940)	4,853	(23,087)
Dividends appropriated in the year	—	—	—	—	(4,700)	(4,700)
At 31st December 2008	10,682	18,906	8,151	241,075	14,864	293,678

¹ Comprises stamp duty on shares repurchased for cancellation.

The notes on pages 33 to 47 form an integral part of these accounts.

Balance Sheet

at 31st December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Investments at fair value through profit or loss	11	331,144	312,297
Investment in liquidity fund at fair value through profit or loss		14,369	21,926
		345,513	334,223
Current assets			
Derivative instrument	12	—	11,863
Debtors		627	2,393
Cash and short term deposits		2,899	23,748
		3,526	38,004
Current liabilities			
Creditors: amounts falling due within one year	13	(2,480)	(1,062)
Derivative instrument		(2,319)	—
Net current (liabilities)/assets		(1,273)	36,942
Total assets less current liabilities			
		344,240	371,165
Creditors: amounts falling due after more than one year	14	(49,724)	(49,695)
Provisions for liabilities and charges			
	15	(838)	—
Total net assets			
		293,678	321,470
Capital and reserves			
Called up share capital	16	10,682	10,682
Share premium	17	18,906	18,906
Capital redemption reserve	17	8,151	8,151
Capital reserves	17	241,075	269,020
Revenue reserve	17	14,864	14,711
Shareholders' funds			
		293,678	321,470
Net asset value per share			
	18	687.4p	752.4p

The accounts on pages 29 to 47 were approved by the Directors and authorised for issue on 17 March 2009:

Hamish Buchan
Chairman

The notes on pages 33 to 47 form an integral part of these accounts.

Cash Flow Statement

for the year ended 31st December 2008

	Notes	2008 £'000	2007 £'000
Net cash inflow from operating activities	19	4,982	5,008
Returns on investments and servicing of finance			
Interest paid		(3,439)	(3,452)
Capital expenditure and financial investment			
Purchases of investments		(98,970)	(84,586)
Sales of investments		80,500	113,299
Other capital charges		(7)	(26)
Net cash (outflow)/inflow from capital expenditure and financial investment		(18,477)	28,687
Dividends paid		(4,700)	(4,761)
Net cash (outflow)/inflow before financing		(21,634)	25,482
Financing			
Repurchase and cancellation of the Company's shares		(671)	(3,117)
Net cash outflow from financing		(671)	(3,117)
(Decrease)/increase in cash for the year	20	(22,305)	22,365

The notes on pages 33 to 47 form an integral part of these accounts.

Notes to the Accounts

for the year ended 31st December 2008

1. Accounting policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 1985, United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (the 'SORP') issued by the Association of Investment Companies (AIC) in January 2009. All of the Company's operations are of a continuing nature.

The disclosures on going concern on page 20 of the Directors' Report form part of these financial statements.

(b) Valuation of investments

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. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as '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 in the capital column of the income statement at the time of acquisition. Subsequently, the investments are valued at fair value which is bid market price for listed investments. Unlisted and restricted investments are valued at fair value by the Board. In making its valuations, the Board takes into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values and other relevant factors.

Changes in the fair value of investments held at fair value through profit or loss and gains or losses on disposal are included in the income statement within '(Losses)/gains from investments held at fair value through profit or loss'. Transaction costs incurred on the purchase and sale of investments are also included within this caption. All purchases and sales are accounted for on a trade date basis.

(c) 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 taken to capital.

Overseas dividends are included gross of withholding tax.

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 as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital return.

Interest receivable from debt securities together with any premiums or discounts on purchase are allocated to revenue on a time apportionment basis so as to reflect the effective interest rate of those securities.

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

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

(d) Expenses

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

- performance fees are allocated 100% to capital.
- management fees are allocated 20% to revenue and 80% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise broker commission. Details of transaction costs are given in note 11 on page 38.

(e) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest rate method in accordance with the provisions of FRS 25 'Financial Instruments: Presentation' and FRS 26 'Financial Instruments: Measurement'.

Finance costs are allocated 20% to revenue and 80% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(f) Financial instruments

Cash at bank and in hand may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Notes to the Accounts continued

1. Accounting policies continued

(f) Financial instruments continued

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

The debenture in issue, bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in profit or loss using the effective interest rate method.

Derivative instruments are valued at fair value in the balance sheet. Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

(g) Foreign currency

In accordance with FRS23: 'The effects of changes in Foreign Currency Exchange Rates' the Company is required to nominate a functional currency, being the currency in which the Company predominantly 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 accounts are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates as at the date of the transaction. Assets and liabilities 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 income statement as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature.

(h) Taxation

Deferred tax is accounted for in accordance with FRS 19: 'Deferred Tax'.

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 probable 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 allocated to capital.

(i) Dividends

In accordance with FRS 21: 'Events after the Balance Sheet Date', final dividends are included in the accounts in the year in which they are approved by shareholders.

(j) VAT

Irrecoverable VAT is included in the expense on which it has been suffered. The basis on which it has been calculated is the partial exemption method using the proportion of taxable supplies to non taxable supplies. Further information regarding VAT on management fees is given in note 5 on page 35.

	2008 £'000	2007 £'000
2. (Losses)/gains from investments held at fair value through profit or loss		
Gains on sales of investments held at fair value through profit or loss based on historical cost	1,322	9,226
Amounts recognised in investment holding gains in the previous year in respect of investments sold during the year	(3,132)	(10,211)
Losses on sales of investments based on carrying value at previous balance sheet date	(1,810)	(985)
Net movement in investment holding gains	(8,882)	17,748
Discount on debt security taken to income	(29)	—
Other capital charges	(11)	(21)
Total capital (losses)/gains from investments held at fair value through profit or loss	(10,732)	16,742

	2008 £'000	2007 £'000
3. Income		
Income from investments		
Dividends from listed overseas investments	7,222	5,823
Dividends from liquidity funds	577	1,151
Interest from unlisted overseas investments	47	124
	7,846	7,098
Other interest receivable and similar income		
Interest on VAT recovered ¹	66	—
Deposit interest	239	800
Stock lending fees	5	168
	310	968
Total income	8,156	8,066

¹ This represents interest on VAT recovered during the year. Further details are given in note 5 below.

	Revenue £'000	2008 Capital £'000	Total £'000	Revenue £'000	2007 Capital £'000	Total £'000
4. Management fee and performance fee						
Management fee	351	1,406	1,757	350	1,400	1,750
VAT written back	—	—	—	(5)	(22)	(27)
	351	1,406	1,757	345	1,378	1,723
Performance fee	—	1,257	1,257	—	—	—

Details of the management fee and performance fee are given in the Directors' Report on page 20.

5. VAT recovered

No VAT has been charged on management fees since November 2007 when HM Revenue & Customs announced acceptance that VAT was not chargeable on investment trust management fees. The Company has since recovered VAT of £185,000 and interest of £66,000 in respect of VAT paid in the past. The VAT recovered has been allocated between revenue and capital on the same basis as it was originally expensed. The interest recovered has been allocated wholly to revenue and is included in 'Other interest receivable and similar income' in note 3 above.

	2008 £'000	2007 £'000
6. Other administrative expenses		
Other management expenses	196	213
Directors' fees ¹	120	133
Savings product ²	77	81
Auditors' remuneration – for audit services	22	18
Auditors' remuneration – for all other services	8	5
	423	450

¹ Full disclosure is given in the Directors' Remuneration Report on page 26.

² These fees were paid to JPMAM for the marketing of 'wrapper' products.

Notes to the Accounts continued

	Revenue £'000	2008 Capital £'000	Total £'000	Revenue £'000	2007 Capital £'000	Total £'000
7. Finance costs						
Debenture stock	694	2,772	3,466	690	2,758	3,448
Bank loans and overdrafts	—	2	2	2	10	12
	694	2,774	3,468	692	2,768	3,460

	Revenue £'000	2008 Capital £'000	Total £'000	Revenue £'000	2007 Capital £'000	Total £'000
8. Taxation						
(a) Analysis of tax charge in the year						
UK corporation tax at 28.5% (2007: 30%)	1,035	—	1,035	877	—	877
Double taxation relief	(1,035)	—	(1,035)	(877)	—	(877)
Overseas withholding tax	1,065	—	1,065	873	—	873
Tax attributable to expenses and finance costs charged to capital	870	(870)	—	1,101	(1,101)	—
Current tax charge for the year	1,935	(870)	1,065	1,974	(1,101)	873

(b) Factors affecting current tax charge for the year

	Revenue £'000	2008 Capital £'000	Total £'000	Revenue £'000	2007 Capital £'000	Total £'000
Net return/(loss) on ordinary activities before taxation	6,788	(28,810)	(22,022)	6,579	12,321	18,900
Net return/(loss) on ordinary activities before taxation multiplied by the applicable rate of corporation tax of 28.5% (2007: 30%)	1,935	(8,211)	(6,276)	1,974	3,696	5,670
Effects of:						
Non taxable capital losses/(returns)	—	6,686	6,686	—	(4,940)	(4,940)
Income taxed in different periods	(58)	—	(58)	4	—	4
Tax relief on capitalised expenses	(1,525)	1,525	—	(1,244)	1,244	—
Overseas withholding tax	1,065	—	1,065	873	—	873
Unrelieved expenses and charges	683	—	683	143	—	143
Relief for overseas taxation	(1,035)	—	(1,035)	(877)	—	(877)
Tax attributable to expenses charged to capital	870	(870)	—	1,101	(1,101)	—
Current tax charge for the year	1,935	(870)	1,065	1,974	(1,101)	873

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £6,171,000 (2007: £5,979,000) which has arisen because deductible expenses have exceeded taxable income. This asset may be utilised in future years where there is an excess of taxable income over deductible expenses. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future.

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 deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

9. Dividends

	2008	2007
	£'000	£'000
(a) Dividends paid and proposed		
2007 final dividend paid of 11.0p (2006: 11.0p)	4,700	4,761
Final dividend proposed of 11.0p (2007: 11.0p)	4,700	4,700

The final dividend has been proposed in respect of the year ended 31st December 2008 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 accounts for the year ending 31st December 2009.

(b) Dividends for the purposes of section 842 of the Income and Corporation Taxes Act 1988

The requirements of section 842 of the Income and Corporation Taxes Act 1988 are considered on the basis of dividends proposed in respect of the financial year, as follows:

	2008	2007
	£'000	£'000
Final dividend proposed of 11.0p (2007: 11.0p)	4,700	4,700

The revenue available for distribution by way of dividend for the year is £4,853,000 (2007: £4,605,000).

10. Return/(loss) per ordinary share

The revenue return per ordinary share of 11.36p (2007: 10.70p) is based on the revenue earnings attributable to the ordinary shares of £4,853,000 (2007: £4,605,000) and on the weighted average number of shares in issue during the year of 42,725,949 (2007: 43,043,333).

The capital loss per ordinary share of 65.40p (2007: 31.18p return) is based on the capital loss attributable to the ordinary shares of £27,940,000 (2007: £13,422,000 gain) and on the weighted average number of shares in issue during the year of 42,725,949 (2007: 43,043,333).

The total loss per ordinary share of 54.04p (2007: 41.88p gain) is based on the total loss attributable to the ordinary shares of £23,087,000 (2007: £18,027,000 gain) and on the weighted average number of shares in issue during the year of 42,725,949 (2007: 43,043,333).

Notes to the Accounts continued

	2008 £'000	2007 £'000
11. Investments		
Investments listed or quoted on a recognised stock exchange	329,842	310,034
Investment in liquidity fund	14,369	21,926
Unquoted investments	1,302	2,263
Total investments	345,513	334,223

	Listed overseas £'000	Unquoted £'000	Total £'000
Opening book cost	282,313	2,001	284,314
Opening investment holding gains	49,647	262	49,909
Opening valuation	331,960	2,263	334,223
Movements in the year:			
Purchases at cost	100,584	—	100,584
Sales – proceeds	(77,578)	(1,024)	(78,602)
(Losses)/gains on sales based on fair value at the previous balance sheet date	(2,176)	366	(1,810)
Net movement in investment holding gains	(8,579)	(303)	(8,882)
Closing valuation	344,211	1,302	345,513
Closing book cost	306,254	1,364	307,618
Closing investment holding gains	37,957	(62)	37,895
Closing valuation	344,211	1,302	345,513

During the year, prior year investment holding gains amounting to £3,132,000 were transferred to gains on sales of investments as disclosed in note 17.

Transaction costs on purchases during the year amounted to £100,000 (2007: £88,000) and on sales during the year amounted to £60,000 (2007: £108,000). These costs comprise mainly broker commission.

At 31st December 2008, the Company held 10% or more of a class of the issued share capital of the following companies and funds, which are valued in the accounts at the Company's share of net assets:

	2008 %	2007 %
Fleming US Discovery Fund III	14.0	14.0
Kane Holdings	15.8	23.7
JPMorgan American Micro Cap Fund	10.2	10.7

The Company does not exercise significant influence over the operating and financial policies of the above mentioned companies which are therefore not considered to be associated companies.

In addition to the above, at 31st December 2008 the Company had an interest of 3% or more in the share capital of one investee company (2007: two companies). None of these investments represented more than 1% of the Company's portfolio of investments at the current or prior year ends and are therefore not considered to be material to these accounts. The total value of investments in which the Company had an interest of 3% or more at 31st December 2008 was £3,417,000 (2007: £3,196,000).

	2008 £'000	2007 £'000
12. Current assets		
Derivative instrument		
Forward foreign currency contract at fair value	— *	11,863

The Company has partially hedged the \$ portfolio against foreign exchange rate movements by purchasing £50 million against \$ for settlement on 5th October 2011 at a \$/£ rate of 1.46. The counterparty for this transaction is The Royal Bank of Scotland.

*See note 13.

	2008 £'000	2007 £'000
Debtors		
Securities sold for future settlement	44	1,942
Dividends and interest receivable	532	438
Other debtors	51	13
	627	2,393

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

Cash and short term deposits

Cash and short term deposits comprises bank balances and cash held by the Company, including short term deposits. The carrying amount of these represents their fair value. Cash balances in excess of a predetermined amount are placed on short term deposit at market rates of interest.

	2008 £'000	2007 £'000
13. Current liabilities		
Creditors: amounts falling due within one year:		
Securities purchased for future settlement	1,658	44
Other creditors and accruals	403	352
Repurchases of the Company's shares for future settlement	—	666
Performance fee payable	419	—
	2,480	1,062

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

	2008 £'000	2007 £'000
Derivative instrument		
Forward foreign currency contract at fair value	2,319	— *

The Company has partially hedged the \$ portfolio against foreign exchange rate movements by purchasing £50 million against the \$ for settlement on 5th October 2011 at a \$/£ rate of 1.46. The counterparty for this transaction is The Royal Bank of Scotland.

*See note 12.

	2008 £'000	2007 £'000
14. Creditors: amounts falling due after more than one year:		
Falling due after more than five years		
£50,000,000 6.875% debenture stock June 2018	49,724	49,695

The debenture is secured by a floating charge over the assets of the Company.

Notes to the Accounts continued

	2008 £'000	2007 £'000
15. Provisions for liabilities and charges		
Performance fee provision for the year	838	—

Details of the performance fee are given in the Directors' Report on page 20.

	2008 £'000	2007 £'000
16. Share capital		
Authorised:		
90,904,952 (2007: 90,904,952) ordinary shares of 25p each	22,726	22,726
Allotted and fully paid:		
Opening balance of 42,725,949 (2007: 43,279,449) shares	10,682	10,820
Repurchase and cancellation of nil (2007: 553,500) shares	—	(138)
Closing balance of 42,725,949 (2007: 42,725,949) shares	10,682	10,682

	2008 Capital reserves					Revenue reserve £'000
	Share premium £'000	Capital redemption reserve £'000	Gains on sales of investments ¹ £'000	Investment holding gains £'000	Unrealised reserve £'000	
17. Reserves						
Opening balance	18,906	8,151	207,248	49,909	11,863	14,711
Losses on sales of investments based on fair value at the previous balance sheet date	—	—	(1,810)	—	—	—
Net movement in investment holding gains	—	—	—	(8,882)	—	—
Net currency gains on cash and short term deposits held during the year	—	—	1,456	—	—	—
Movement in fair value of forward currency contract	—	—	—	—	(14,182)	—
Transfer on disposal of investments	—	—	3,132	(3,132)	—	—
Stamp duty on shares repurchased for cancellation	—	—	(5)	—	—	—
Performance fee	—	—	(1,257)	—	—	—
Management fee and finance costs charged to capital	—	—	(4,180)	—	—	—
Other capital charges	—	—	(11)	—	—	—
Discount on debt security taken to income	—	—	(29)	—	—	—
VAT recovered	—	—	85	—	—	—
Tax relief on expenses charged to capital	—	—	870	—	—	—
Dividends appropriated in the year	—	—	—	—	—	(4,700)
Retained revenue for the year	—	—	—	—	—	4,853
Closing balance	18,906	8,151	205,499	37,895	(2,319)	14,864

¹Includes other realised capital account items.

18. Net asset value per share

The net asset value per share of 687.4p (2007: 752.4p) is based on the net assets attributable to the ordinary shareholders of £293,678,000 (2007: £321,470,000) and on the 42,725,949 (2007: 42,725,949) shares in issue at the year end.

	2008 £'000	2007 £'000
19. Reconciliation of total (loss)/return on ordinary activities before finance costs and taxation to net cash inflow from operating activities		
Total (loss)/return on ordinary activities before finance costs and taxation	(18,554)	22,360
Less capital loss/(return) before finance costs and taxation	26,036	(15,089)
(Increase)/decrease in accrued income	(94)	60
(Increase)/decrease in other debtors	(38)	23
Increase/(decrease) in accrued expenses	47	(64)
Expenses charged to capital	(1,406)	(1,378)
Discount on debt security allocated to income	(29)	(31)
Overseas withholding tax	(1,065)	(873)
VAT recovered and credited to capital	85	—
Net cash inflow from operating activities	4,982	5,008

	At 31st December 2007 £'000	Cash flow £'000	Exchange movements £'000	Other movements £'000	At 31st December 2008 £'000
20. Analysis of changes in net debt					
Cash and short term deposits	23,748	(22,305)	1,456	—	2,899
Debentures falling due after more than five years	(49,695)	—	—	(29)	(49,724)
Net debt	(25,947)	(22,305)	1,456	(29)	(46,825)

21. Transactions with the Manager

Details of the management contract are set out in the Directors' Report on page 19. The management fee payable to JPMorgan Asset Management (UK) Limited ('JPMAM') for the year was £1,757,000 (2007: £1,750,000), of which £62,000 (2007: £62,000) was outstanding at the year end.

During the year £77,000 (2007: £81,000) was payable to JPMAM for the marketing of 'wrapper' products, of which £nil (2007: £nil) was outstanding at the year end.

Included in other management expenses in note 6 on page 35 are safe custody fees amounting to £3,000 (2007: £2,000) payable to JPMorgan Chase Bank of which £1,000 (2007: £1,000) was outstanding at the year end.

Handling charges on dealing transactions amounting to £11,000 (2007: £3,000) were payable to JPMorgan Chase during the year of which £3,000 (2007: £2,000) was outstanding at the year end.

The Company holds investments in funds managed by JPMAM. At 31st December 2008 these were valued at £16.7 million (2007: £26.2 million) and represented 4.9% (2007: 7.8%) of the Company's investment portfolio. During the year the Company made purchases of such investments with a total value of £297,000 (2007: £nil) and sales with a total value of £13.8 million (2007: £2.9 million). Income receivable from these investments for the year amounted to £644,000 (2007: £1,151,000) of which £23,000 (2007: £90,000) was outstanding at the year end. The investments in funds managed by JPMAM included £14.4 million (2007: £21.9 million) in relation to the JPMorgan US Dollar Liquidity Fund. This Fund invests primarily in certificates of deposit and commercial paper.

The Company received £5,000 (2007: £168,000) from stock lending transactions during the year. JPMorgan Chase received commissions amounting to £1,000 (2007: £42,000) in respect of these transactions.

At the year end, a bank balance of £4,137,000 (2007: £635,000) was held with JPMorgan Chase. A net amount of interest of £18,000 (2007: £45,000) was received by the Company during the year from JPMorgan Chase.

Notes to the Accounts continued

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

As an investment trust the Company invests in equities and other securities for the long term so as to secure its investment objective stated on page 17. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These 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.

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 US equity shares and a \$ liquidity fund, which are held in accordance with the Company's investment objective;
- short term debtors, creditors and cash arising directly from its operations;
- a debenture issued by the Company, the purpose of which is to finance the Company's operations; and
- a forward foreign currency contract, the purpose of which is to manage the currency risk arising from the Company's investment activities.

(a) Market price risk

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

(i) Currency risk

The majority of the Company's assets and income are denominated in currencies other than sterling (the Company's functional currency and the currency in which it reports). As a result, movements in exchange rates will affect the sterling value of those items.

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of 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.

The Company has purchased sterling against the \$ for settlement on 5th October 2011, matching the principal amount but not the maturity date of its £50 million debenture. The counterparty to this transaction is The Royal Bank of Scotland. The Company only hedges its currency risk in respect of the geared portion of the portfolio.

Income denominated in foreign currencies is converted to sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 31st December 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.

	2008 \$ £'000	2007 \$ £'000
Investments at fair value through profit or loss that are monetary items	14,369	21,926
Debtors (amounts due from brokers and income receivable)	576	2,373
Cash at bank	2,877	23,380
Creditors	(1,658)	(44)
Forward currency contracts	(52,319)	(38,137)
Foreign currency exposure on net monetary items	(36,155)	9,498
Investments at fair value through profit or loss that are equities	331,144	312,297
Total net foreign currency exposure	294,989	321,795

The above year end amounts are broadly representative of the exposure to currency risk during the current and comparative years.

Foreign currency sensitivity

The following tables illustrate the sensitivity of profit 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 takes account of forward currency contracts which offset the effect of changes in currency exchange. It assumes a 10% (2007: 5%) appreciation or depreciation of Sterling against the \$ which is a reasonable illustration based on the volatility of exchange rates during the year.

If sterling had weakened by 10% (2007: 5%) against the \$ this would have had the following effect:

	2008 £'000	2007 £'000
Income statement profit after taxation:		
Revenue return	785	355
Capital return	(3,616)	475
Total profit after taxation for the year	(2,831)	830
Net assets	(2,831)	830

In the opinion of the Directors, the above sensitivity analyses are broadly representative of the whole of the current and comparative years.

If sterling had strengthened by 10% (2007: 5%) against the \$ this would have had the following effect:

	2008 £'000	2007 £'000
Income statement profit after taxation:		
Revenue return	(785)	(355)
Capital return	3,616	(475)
Total profit after taxation for the year	2,831	(830)
Net assets	2,831	(830)

In the opinion of the Directors, the above sensitivity analyses are broadly representative of the whole of the current and comparative years.

Notes to the Accounts continued

22. Financial instruments' exposure to risk and risk management policies – continued

(ii) Interest rate risk

Interest rate movements may affect the fair value of the investments in fixed interest rate securities and the level of income receivable on cash deposits. The Company held no fixed interest securities at the year end and investment in fixed interest securities has not been material at any time during the year. The Company's exposure to floating interest rates, giving cash flow interest rate risk when the interest rate is due to be re-set, is as follows:

	2008 £'000	2007 £'000
Exposure to floating interest rates		
Cash at bank	2,899	23,748
JPMorgan US Dollar Liquidity Fund	14,369	21,926

Interest receivable on cash balances is at a margin below LIBOR and interest payable on overdrafts is at a margin over LIBOR or its foreign currency equivalent (2007: same).

The target interest earned on the JPMorgan US Dollar Liquidity Fund is the 7 day \$ London Interbank Bid Rate (2007: same).

The £50m debenture, which the Company has in issue, carries a fixed interest rate of 6.875% until the repayment date in June 2018.

(iii) Other price risk

Other price risks include 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 other changes in market prices at 31st December comprises its holdings in equity investments as follows:

	2008 £'000	2007 £'000
Equity investments at fair value through profit or loss	331,144	312,297

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

Concentration of exposure to other price risk

A list of the Company's investments is given on pages 14 and 15. This shows that all of the investments' value is in the USA. Accordingly, there is a concentration of exposure to that country. However, it should be noted that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Other price risk sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and net assets to an increase or decrease of 10% in 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 and includes the impact on the management fee but assumes all other variables are held constant.

	2008		2007	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Income statement – profit after taxation				
Revenue return – (decrease)/increase	(33)	33	(31)	31
Capital return – increase/(decrease)	32,982	(32,982)	31,105	(31,105)
Total profit after taxation – increase/(decrease)	32,949	(32,949)	31,074	(31,074)
Net assets – increase/(decrease)	32,949	(32,949)	31,074	(31,074)

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities as they fall due.

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.

Liquidity risk exposure

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

	2008			2007		
	Three months or less £'000	More than one year £'000	Total £'000	Three months or less £'000	More than one year £'000	Total £'000
Creditors: amounts falling due after more than one year						
Debenture stock	—	50,000	50,000	—	50,000	50,000
Creditors: amounts falling due within one year						
Amounts due to brokers	1,658	—	1,658	44	—	44
Other creditors	822	838	1,660	1,018	—	1,018
Derivative instrument – forward foreign currency contract	—	2,319	2,319	—	—	—
	2,480	53,157	55,637	1,062	50,000	51,062

(c) Credit risk

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

Management of credit risk

The Company will only deal with brokers which have been approved by JPMAM and banks with high credit ratings assigned by international credit rating agencies. Limits have been set as to the maximum exposure to any one counterparty at any time.

Notes to the Accounts continued

22. Financial instruments' exposure to risk and risk management policies – continued

Credit risk exposure

Compared to the balance sheet the maximum exposure to credit risk at the year end was as follows:

	2008		2007	
	Balance sheet £'000	Maximum exposure £'000	Balance sheet £'000	Maximum exposure £'000
Fixed assets – investments at fair value through profit or loss	345,513	14,369	334,223	21,926
Current assets				
Financial assets at fair value through profit or loss – derivative	—	—	11,863	11,863
Debtors – amount due from brokers, dividends and interest receivable	627	627	2,393	2,393
Cash at bank	2,899	2,899	23,748	23,748
	349,039	17,895	372,227	59,930

The fixed asset exposure to credit risk comprises the Company's investment in the JPMorgan US Dollar Liquidity Fund. This Fund has been given a AAA credit rating by Standard & Poor's. The Fund's investments comprise mainly certificates of deposit, commercial paper, and floating rate notes with a weighted average maturity of 45 days.

Cash and short term deposits comprises balances held at banks with an AA- credit rating or higher (2007: same).

The aggregate value of securities on loan at 31st December 2008 amounted to £nil and the maximum value of stock on loan during the year amounted to £20,831,000. Collateral with a value equivalent to a minimum of 105% of the outstanding value of stocks on loan is obtained by JPMorgan Chase & Co. Limited as agent for the Company. Collateral is held in the form of certificates of deposit, letters of credit or bonds.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either included in the balance sheet at fair value or the carrying value in the balance sheet is a reasonable approximation of fair value except for the debenture stock which the Company has in issue. The fair value of this debenture stock has been calculated by comparison with the market value of an instrument carrying a similar interest rate, risk rating and repayment date, as follows:

	2008		2007	
	Accounts value £m	Fair value £m	Accounts value £m	Fair value £m
£50 million 6.875% debenture stock June 2018	49.7	60.5	49.7	56.0

23. Capital management policies and procedures

The Company's capital management objectives are to ensure that it will continue as a going concern and seeks to maximise 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 95% to 120%. Gearing for this purpose is defined as investments, excluding liquidity fund holdings, expressed as a percentage of total net assets.

	2008 £'000	2007 £'000
Investments excluding liquidity fund holdings	331,144	312,297
Net assets	293,678	321,470
Gearing	112.8%	97.1%
Composition of the Company's capital		
	£'000	£'000
Debt:		
£50 million 6.875% debenture stock June 2018	50,000	50,000
Equity:		
Equity share capital	10,682	10,682
Reserves	282,996	310,788
	343,678	371,470

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

- 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 need for issues of new shares, including issues from Treasury; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

Information about the Company

Financial Calendar

Financial year end	31st December
Final results announced	March
Half year end	30th June
Half year results announced	July/August
Dividend on ordinary shares paid	May
Interim Management Statements	April and October
Annual General Meeting	May

History

The Company has its origins in the Alabama, New Orleans, Texas and Pacific Junction Railways Company Limited which was formed in 1881 to acquire interests in, and to undertake the completion of, three American railroads – the Vicksburg and Meridian, the Vicksburg, Shreveport and Pacific and the New Orleans and North Eastern. In 1917 the Company was reorganised, a proportion of the railroad interests were sold, and the investment powers were widened enabling its assets to be invested in several countries including the United Kingdom. To reflect the new objectives the name was changed to The Sterling Trust. The Company's investment policy reverted to North American securities in 1982 when the name was changed to The Fleming American Investment Trust plc. The name was changed to JPMorgan Fleming American Investment Trust plc in April 2002 and to its present form in 2006. JPMorgan has been the Company's manager and secretary since 1966.

Company Numbers

Company registration number: 15543
 London Stock Exchange number: 08456505
 ISIN: GB0008465055
 Bloomberg code: JAM LN

Market Information

The shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman, The Independent and on the JPMorgan website at www.jpnamerican.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpnamerican.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or through a professional adviser acting on an investor's behalf. They may also be purchased and held through the JPMorgan Investment Trust Share Plan, Individual Savings Account ('ISA') and the Pension Account.

Manager and Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials
 20 Finsbury Street
 London EC2Y 9AQ
 Telephone: 020 7742 6000

Please contact Andrew Norman for company secretarial and administrative matters.

Registrars

Equiniti
 Reference 1077
 Aspect House
 Spencer Road
 Lancing
 West Sussex BN99 6DA
 Telephone: 0871 384 2316

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1077.

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

Savings Product Administrators

For queries on the JPMorgan ISA, Share Plan or Pension Account, see contact details on the back cover of this report.

Auditors

Deloitte LLP
 Stonecutter Court
 1 Stonecutter Street
 London EC4A 4TR

Brokers

Collins Stewart Europe Limited
 88 Wood Street
 London EC2V 7QR

aic

The Association of
 Investment Companies A member of the AIC

Shareholder Analysis

at 31st December 2008

	Number of shares	% Holding
Unit Trusts	3,678,189	8.6
Other Institutions	4,283,960	10.0
Pension Funds	1,732,543	4.1
Charities	1,304,935	3.1
Insurance Companies	359,068	0.8
Investment Trusts ¹	2,331,216	5.5
Total Institutions	13,689,911	32.1
Private Client Brokers	19,732,070	46.2
Retail Investors holding shares directly or through nominee accounts ²	7,113,442	16.6
Individuals in the Investment Trust Share Plan ³	1,442,252	3.4
Individuals in the Investment Trust Individual Savings Account ³	397,348	0.9
Individuals in the Investment Trust Pension Account ³	350,926	0.8
Total Retail Holdings	29,036,038	67.9
Total Shares in Issue	42,725,949	100.0

Nominee accounts have been allocated to their appropriate category.

¹ Includes 2,282,326 shares held by JPMorgan Elect plc.

² Includes shares below threshold.

³ Savings product managed by JPMorgan.

Source: Thomson Financial

Glossary of Terms

Total Return to Shareholders

Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received were reinvested in the shares of the Company at the time the shares were quoted ex-dividend. Transaction costs of reinvestment are not taken into account.

Total Return on Net Assets

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 in the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Benchmark Total Return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received (net of tax) were reinvested 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 stated index.

Actual Gearing Factor

Investments excluding holdings in liquidity funds, expressed as a percentage of shareholders' funds. This shows the effect of gearing on the net asset value if the market value of the portfolio was to increase by 100%.

Total Expense Ratio (TER)

Management fees and all other operating expenses, excluding interest and performance fees, expressed as a percentage of the average of the opening and closing net assets.

Discount/Premium

If the share price of an investment company is lower than the NAV per share, the trust is said to be trading at a discount. The discount is shown as a percentage of the NAV. The opposite of a discount is a premium. It is more common for an investment company to trade at a discount than a premium.

Performance Attribution

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

Performance Attribution Definitions:

Stock/Sector Selection

Measures the effect of investing in securities/sectors to a greater or lesser extent than their weighting in the benchmark, or of investing in securities outside of the benchmark.

Gearing/Cash

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

Management Fees/Other Expenses

The payment of fees and expenses reduces the level of total assets, and therefore has a negative effect on relative performance.

Share Repurchases

Measures the effect on relative performance of decreasing the number of shares in issue.

Residual

Arises when there is a divergence between total return as calculated by Fundamental Data (includes dividends paid out by the Investment Trust) and total return from the attribution systems (includes dividend income received in on the stocks held by the Investment Trust). This is a result of methodologies and timing differences.

Weighted Contribution

Measures the effect of investing or not investing in a security relative to its position and performance within the benchmark.

Notice of Meeting

Notice is hereby given that the ninety-third Annual General Meeting of JPMorgan American Investment Trust plc will be held at Trinity House, Tower Hill, London EC3N 4DH at 2.30 p.m. on Thursday 7th May 2009 for the following purposes:

- 1 To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st December 2008.
- 2 To approve the Directors' Remuneration Report for the year ended 31st December 2008.
- 3 To declare a final dividend on the ordinary shares of 11.0 pence per share.
- 4 To re-elect Kate Bolsover as a Director of the Company.
- 5 To re-elect Hamish Buchan as a Director of the Company.
- 6 To re-appoint Deloitte LLP as auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to repurchase the Company's shares – Special Resolution

- 7 THAT the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (the 'Act') to make market purchases (within the meaning of Section 163 of the Act) of its issued shares of 25p each in the capital of the Company ('ordinary shares').

PROVIDED ALWAYS THAT

- (i) the maximum number of shares hereby authorised to be purchased shall be 6,404,619 or if less, that number of shares which is equal to 14.99% of the Company's issued share capital as at the date of the passing of this resolution;
- (ii) the minimum price which may be paid for a share shall be 25p;
- (iii) the maximum price which may be paid for a share shall be an amount equal to the highest of (a) 105% of the average of the middle market quotations for a share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five

business days immediately preceding the day on which the share is purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

- (iv) any purchase of shares will be made in the market for cash or prices below the prevailing NAV per share (as determined by the Directors);
- (v) the authority hereby conferred shall expire on 5th November 2010 unless the authority is renewed at the Company's Annual General Meeting in 2010 or at any other general meeting prior to such time; and
- (vi) the Company may make or contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

Authority to allot new shares – Ordinary Resolution

- 8 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 Section 80 of the Companies Act 1985 (the 'Act') to exercise all the powers for the Company to allot relevant securities (within the meaning of Section 80 of the Act) up to an aggregate nominal amount of £534,074, representing approximately 5% of the Company's issued ordinary share capital 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 2010 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

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

- 9 THAT subject to the passing of Resolution 8 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94 of the Act) pursuant to the authority conferred by Resolution 8 or by way of a sale of Treasury shares as if Section 89(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 £534,074,

Notice of Meeting continued

representing approximately 5% of the issued ordinary share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2010 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 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.

By order of the Board

Andrew Norman, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary

17 March 2009

Notes

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

- 1 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.
- 2 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 the 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. If you attend the Meeting in person, your proxy appointment will automatically be terminated.
- 3 A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
- 4 Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.
- 5 You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments (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 sent shall be treated as replacing and revoking the other or others.
- 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 6.00 p.m. two days prior to the meeting (the 'specified time'). If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.00 p.m. two days prior to the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
- 7 Entry to the above Meeting will be restricted to shareholders, with guests admitted only by prior arrangement.
- 8 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 order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.
- 9 The register of interests of the Directors and connected persons in the share capital of the Company is available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays and public holidays excepted). It will also be available for inspection at the Annual General Meeting.
- 10 No Director has any contract of service with the Company.
- 11 As at 16 March 2009 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 42,725,949 shares, (carrying one vote each). Therefore the total voting rights in the Company are 42,725,949.

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.

JPMorgan Helpline

Freephone 0800 20 40 20 or 020 7742 9999

9.00 am to 5.30 pm Monday to Friday

JPMorgan Pension Helpline

Freephone 0800 41 31 76 or 0172 241 4888

9.00 am to 5.00 pm Monday to Friday

Please use this number if you have any queries relating to the Pension Account.

Your telephone call may be recorded for your security

www.jpnamerican.co.uk