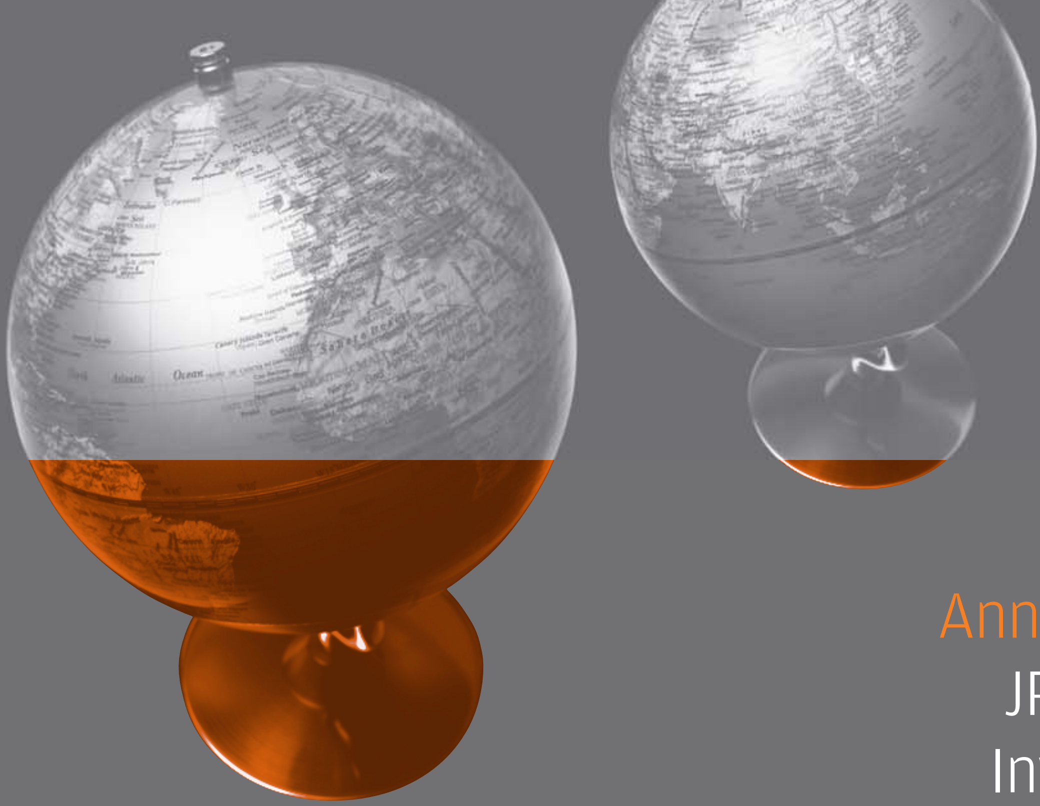

Annual Report 09

JPMorgan Overseas Investment Trust plc

Annual Report & Accounts for the year ended 30th June 2009

J.P.Morgan
Asset Management

Features

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Objective

Capital growth from world stockmarkets.

Investment approach

- To provide a diversified portfolio of approximately 70-90 stocks in which the investment manager has a high degree of conviction.
- A significant, global commitment to proprietary research is essential in generating investment ideas.
- A strong partnership between the investment manager and analysts is key to understanding valuations and developing conviction.

Investment Strategy

To provide superior long-term capital growth by investing in a high conviction portfolio of companies with strong valuation signals, significant profit growth potential and an identifiable catalyst to unlock that potential, regardless of industry, region or size.

Gearing

A flexible, low cost £10 million borrowing facility is in place and available for the investment manager to utilise at times of low absolute valuation or for short term borrowing to avoid contingent investment decisions.

Benchmark

The MSCI AC World Index expressed in sterling terms is used as a performance comparator.

Capital Structure

The Company has an authorised share capital of 132,840,000 ordinary shares of 25p each, of which 26,174,698 were in issue at the year end, including 26,000 (2008: nil) shares held in Treasury.

Share Repurchase Policy

In order for the Company's shares to trade at a relatively narrow discount, the Company will repurchase its shares with the aim of maintaining an average discount of around five per cent. calculated with debt at par value. Any shares repurchased under this policy may be held in Treasury or cancelled. Shares held in Treasury will only be reissued at a premium to net asset value.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM') to manage its assets.

Financial Results

Total Returns (capital plus income)

-6.6%
Return to shareholders[1]
(2008: -9.2%)

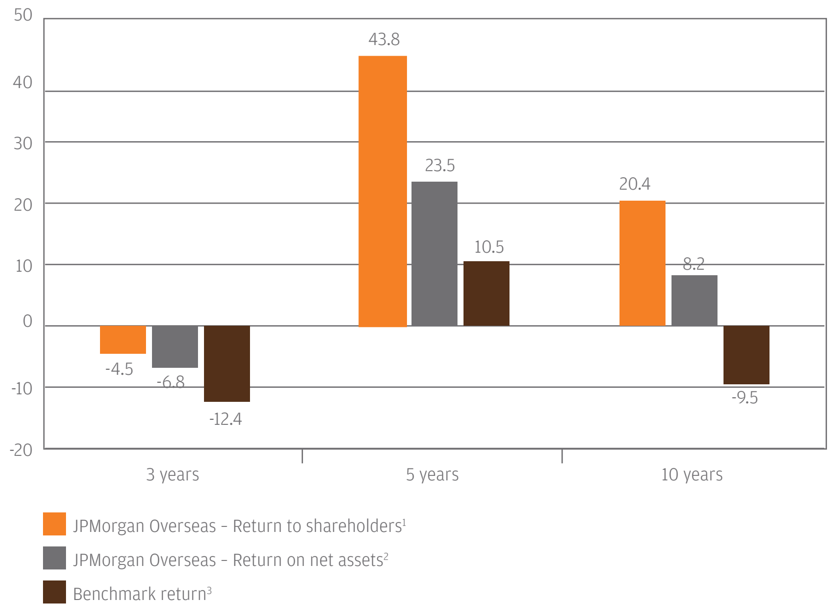
-7.6%
Return on net assets[2]
(2008: -8.7%)

-14.6%
Benchmark return[3]
(2008: -9.9%)

11.5p
Dividend
(2008: 11.5p)

Long Term Performance

for periods ended 30th June 2009



A glossary of terms and definitions is given on pages 61 and 62.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

[3]Source: MSCI. The Company's Benchmark is the MSCI AC World Index expressed in sterling terms.

Chairman's Statement

During the year ended 30th June 2009, the turmoil in financial markets continued to dominate global equity markets. Severe declines were experienced in the first nine months of the reporting period before markets bottomed in early March 2009 and started to recover. This recovery was not sufficient to offset the significant declines of the earlier period. Against this unprecedented volatility and challenging markets, the Company produced a negative return of 6.6% for shareholders and a portfolio return on net assets of -7.6%. The Company's benchmark, the MSCI AC World Index (expressed in sterling terms) recorded a negative total return of 14.6% over the reporting period.

The Investment Manager's report provides a detailed commentary on the Company's investment strategy, the challenges faced during the financial year and how the portfolio has been changed. The Board is pleased with the Investment Manager's performance over the past twelve months and fully supports the high conviction approach which he adopts to manage the Company's assets.

Dividends

The Directors are proposing, subject to shareholders' approval at the Annual General Meeting ('AGM'), to pay a final dividend of 11.5 pence per share (2008: 11.5 pence) on 27th November 2009 to shareholders on the register at the close of business on 6th November 2009. The Company's principal aim is to maximise capital growth so as to give shareholders the advantage of the more benign tax rate on capital gains. Nevertheless, it is encouraging to note that, despite economic pressures, stocks within the portfolio managed to achieve sufficient earnings to maintain steady dividend payouts during the year.

Share Buybacks

The Board remains committed to maintaining the discount at which the share price trades relative to its net asset value at around 5% by means of repurchases of the Company's shares in the market. On 30th April 2009, the Board agreed that any shares repurchased under this policy should be held in Treasury, rather than immediately cancelled. Any shares held in Treasury will only be re-issued at a premium to net asset value.

During the year, the Company had repurchased 766,250 shares for cancellation and a further 26,000 shares for holding in Treasury, representing 2.8% of the shares outstanding at the beginning of the year. The total cost of these repurchases was £3.8 million. A resolution to renew the authority to permit the Company to continue to repurchase shares will be submitted to the AGM.

Total Expense Ratio

The Board maintains a close watch on the costs of operating your Company to ensure that they are kept to a minimum. The Company's total expense ratio, (management and other operating expenses expressed as a percentage of the average of the opening and closing net assets) was 0.63% for the year ended 30th June 2009. While some of the Company's expenses will vary with its size, there are, nevertheless, other expenses that are fixed. High levels of share buybacks could, over time, have a detrimental effect on the total expense ratio and your Board will continue to monitor this figure to ensure that it remains within acceptable parameters.

Gearing

Gearing and surrounding issues are regularly discussed between the Board and the Investment Manager. A £10 million borrowing facility is currently in place with Lloyds TSB. This facility is highly flexible and can be used tactically as investment opportunities present themselves, with the aim of enhancing returns. As investment opportunities arose in rising markets during the fourth quarter, the full £10 million had been drawn on the facility by the year end to enhance the potential gains. This represented a gearing level of 7.8% of net assets at 30th June 2009.

Currency Hedging

In late November 2009, the Company implemented a passive currency hedging strategy that aims to make stock selection the predominant driver of overall portfolio performance relative to the benchmark, the MSCI AC World Index. This is a risk reduction measure, designed to eliminate most of the differences between the portfolio's currency exposure and that of the Company's benchmark. As a result, the returns derived from, and the portfolio's exposure to currencies may materially differ from that of the Company's competitors in the AIC Global Growth sector who generally do not undertake such a strategy.

The Board

I plan to retire from the Board after the Annual General Meeting in 2010 and so too does Richard Barfield. The Nomination Committee has carried out a recruitment process which has lead to the appointment of Jonathan Carey as a non-executive director. Jonathan is currently Group Executive Deputy Chairman of Jupiter Investment Management Holdings Limited. Shareholders will be asked to elect him at the forthcoming AGM. The plan is to appoint another new non-executive director during 2010.

Annual General Meeting

My fellow Directors and I invite you to attend the Company's Annual General Meeting which will be held at Trinity House, Tower Hill, London EC3N 4DH on Tuesday, 27th October 2009 at 12 noon. An investment presentation will be made at the meeting by Jeroen Huysinga. If you have any detailed or technical questions, please raise these in advance with the Secretary whose contact details are shown on page 51. Shareholders who are unable to attend the AGM in person are encouraged to use their proxy votes.

The AGM will be followed by refreshments and there will be an opportunity for shareholders to meet the Directors and the investment manager. I hope to have the pleasure of meeting you then.

Outlook

Whilst some signs of a recovery are apparent, the outlook still remains uncertain. Your Board believes that, at times like these, it is important to exercise extreme vigilance and react swiftly to changes in markets. We are confident that the Company's Investment Manager will continue to be proactive in his management of the portfolio.

George Paul
Chairman

23 September 2009

Investment Manager's Report

Jeroen Huysinga

Performance attribution for the year to 30th June 2009

Contributions to Total Returns		
Benchmark total return		**-14.6%**
Asset allocation	2.3%	
Stock selection	6.5%	
Gearing/cash effect	0.5%	
Currency	-1.0%	
Investment Manager contribution		**8.3%**
Portfolio total return		**-6.3%**
Management Fees/ other Expenses	-0.6%	
Performance Fees	-1.1%	
VAT Recovery	0.8%	
Repurchase of shares for cancellation	0.3%	
Residual*	-0.7%	
Other Effects		**-1.3%**
Net Asset Value Total Return		**-7.6%**
Share Price Total Return		**-6.6%**

Source: *Xamin/JPMAM and Morningstar.*
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 ex-dividend date) basis whereas Morningstar calculates the Company's NAV Total Return using the actual dividend(s) paid by the Company (on the ex-dividend date).

A glossary of terms and definitions is provided on pages 61 and 62.

Global equity markets continued to suffer in the 12 month period ended 30 June 2009 with the MSCI AC World Index falling 14.6%, measured in Sterling terms. The period from September 2008 to early March 2009 witnessed declines of unprecedented severity across all global equity markets. The subsequent recovery has been led by stocks with cyclicality, financial and emerging market exposure and, following very acute underperformance, by stocks with smaller market capitalisation.

The financial crisis which had created much instability and volatility in equity markets arguably began in July 2007. Its culmination was the failure of Lehman Brothers in September 2008. That event triggered a virtual cessation of credit market activity. Collateral and counterparty confidence evaporated. This sparked a near vertical drop in new orders, production and business confidence which left no significant economy unscathed. Mechanisms which are central to the healthy functioning of capitalist activity, such as the issue of letters of credit between companies in order to finance trade, ceased and impacted every point of the global supply chain. In an environment of sharp uncertainty companies across the world acted very aggressively to close capacity, minimise inventory levels and cut labour costs. Exporters such as Germany and Japan suffered disproportionately amid the panic.

In response to the fear of systemic breakdown, governments stepped in to bolster the banking system and to guarantee deposit holders. Central banks dropped interest rates – in some instances – virtually to zero. Spurred on by the experience of the 1930s and by Japan in the 1990s they initiated unprecedentedly aggressive, alternative forms of monetary easing. Led by China and the US in the 4th quarter of 2008, vast fiscal stimuli have been applied to the global economy. One innovative yet effective measure has been the introduction of car purchase incentives commonly known in the US as the "cash for clunkers" scheme.

From October 2008, extreme dislocation and volatility within equity markets has provided us with an excellent opportunity to reposition the portfolio towards a collection of high conviction stocks which, in aggregate, had never looked cheaper relative to broader indices. The dispersion of valuation between stocks across most global sectors had widened to a degree which was unprecedented. Where valuation is determined principally by what a company is capable of earning in a normalised environment, the potential efficacy of this investment approach is at its most potent when the gap between the normalised and the present is at its greatest.

A combination of valuation and strong stock specific insight gleaned from our analysts around the world resulted in the portfolio tilting further away from those characteristics which define the broader benchmark. For example, exposure to Continental Europe and the United Kingdom has increased meaningfully during the review period while that to the US has declined. Exposure to sectors such as Capital Markets and Consumer Cyclicals has been high while our presence in sectors such as Utilities and Telecoms (where valuation dispersion has been more modest) has been much lower than the benchmark. Perhaps the most significant structural development in the portfolio since October 2008 has been the reduction in the average market capitalisation of stocks held.

The performance of the Company's portfolio of investments during the year was negative in absolute terms, but significantly better than the decline in the MSCI AC

World Index, the Company's performance comparator. Stock selection in Continental Europe added more than 2% to performance, in particular companies such as Anheuser-Busch InBev, Banco Santander and Intercell. Stock selection in North America added more than 3% to performance. Morgan Stanley, Corning and Abbott Laboratories were strong contributors. Also, stock selection in the Pacific region ex Japan was boosted by strong performance in stocks such as HengAn International, China Shenhua Energy and Hon Hai Precision Industry. Gearing increased during the 4th quarter as individual opportunities presented themselves. At the end of the review period gearing stood at 7.8%.

Although the crisis was deep and worldwide in scope, the response to it has been decisive and huge. Risk premia across the capital markets, as exemplified by highly-rated corporate bonds and junk bond yields relative to Treasuries, are suggesting that the crisis has passed and that conventional cyclical recovery patterns are now apparent. The response of corporate managements to the crisis has also been rapid and exceptionally large across many markets. Management teams have been swift and decisive in retrenching, pushing leverage and capital spending ratios toward the lower end of prior ranges. We have observed, for example, that many Japanese companies are now implementing restructuring strategies which are more aggressive and far reaching than ever. Self help has generally lent surprising resilience to earnings and cashflow in areas outside the financial and commodities sectors. Our impression is that continued discipline should drive a pleasing degree of operational gearing as economic recovery becomes more established.

Your Company retains a portfolio with a strong bias to stocks that in aggregate are expected to grow faster than the markets as economies recover. Valuation signals which are based on normalised earnings potential continue to justify a number of aggressive strategies within the portfolio relative to a passive benchmark and returns are therefore very likely to be different from the index. We continue to believe that, over time, this offers the opportunity for the Company to achieve its objectives and offer attractive returns for you as shareholders.

Jeroen Huysinga
Investment Manager

23 September 2009

Summary of Results

Total Returns for the year ended 30th June	2009	2008	
Return to shareholders[1]	-6.6%	-9.2%	
Return on net assets[2]	-7.6%	-8.7%	
Benchmark return[3]	-14.6%	-9.9%	
Net Asset Value, Share Price, Discount and Market Data at 30th June			% change
Shareholders' funds (£'000)	145,470	165,806	-12.3
Net asset value per share	556.3p	615.4p	-9.7
Net asset value per share with debt at fair value	556.7p	615.6p	-9.6
Share price	515.5p	566.0p	-8.9
Share price discount to net asset value[4]	5.0%	5.0%	
Revenue for the year ended 30th June			
Net revenue attributable to shareholders (£'000)	3,241	3,599	-9.9
Revenue return per share	12.3p	12.6p	-2.4
Dividend per share	11.5p	11.5p	-
Actual Gearing Factor at 30th June[5]	107.8%	101.1%	
Total Expense Ratio (TER)[6]	0.63%	0.61%	
Total Expense Ratio (TER)[7]	1.28%	0.61%	

A glossary of terms and definitions is given on pages 61 and 62.

[1] Source: Morningstar.

[2] Source: J.P. Morgan.

[3] Source: MSCI. The Company's benchmark is the MSCI AC World Index expressed in sterling terms.

[4] Ex-income. Source: Bloomberg.

[5] Actual gearing represents investments excluding holdings in liquidity funds, expressed as a percentage of total net assets.

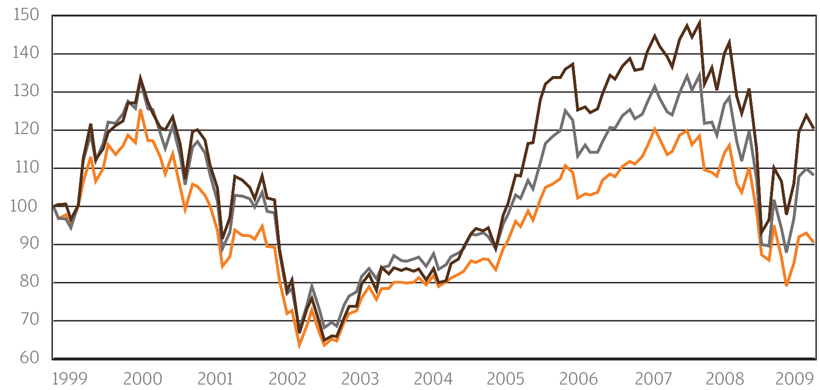
[6] Management fees and all other operating expenses excluding interest, VAT recoverable and performance fee payments, expressed as a percentage of the average of the opening and closing net assets.

[7] Management fees, all other operating expenses and performance fee payments, expressed as a percentage of the average of the opening and closing net assets.

Performance

Ten Year Performance

Figures have been rebased to 100 at 30th June 1999

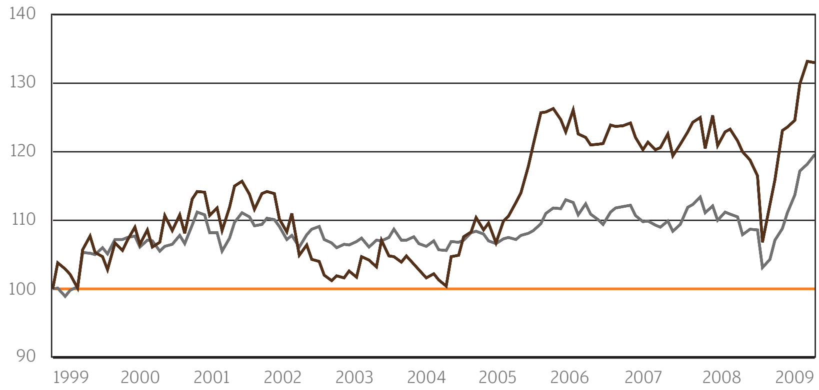


Source: Morningstar/HSBC.

JPMorgan Overseas - Share price
JPMorgan Overseas - Net asset value
Benchmark

Performance Relative to Benchmark

Figures have been rebased to 100 at 30th June 1999



Source: Morningstar/HSBC.

JPMorgan Overseas - Share price
JPMorgan Overseas - Net asset value
Benchmark represented by flat line

Ten Year Financial Record

At 30th June	1999	2000	2001	2002	2003	2004[1]	2005[1]	2006	2007	2008	2009
Shareholders' Funds (£m)	645.4	690.3	501.7	349.7	305.9	342.7	375.9	227.6	207.7	165.8	**145.5**
Net asset value per share (p)	571.4	725.8	645.2	493.1	431.3	488.4	538.9	627.7	681.4	615.4	**556.3**
Share price (p)	492.5	622.5	572.0	428.0	352.0	394.0	467.0	575.0	634.0	566.0	**515.5**
Discount (%)[2]	13.8	14.2	11.9	12.7	18.3	17.7	12.0	5.3	5.7	5.0	**5.0**
Actual gearing factor	110.4	111.9	115.8	117.1	106.9	107.8	98.6	99.5	100.2	101.1	**107.8**

Year ended 30th June											
Revenue attributable to shareholders (£'000)	6,255	4,783	4,490	3,304	3,847	5,122	5,776	5,457	3,221	3,599	**3,241**
Revenue return per share (p)	4.81	4.50	5.03	4.50	5.42	7.24	8.27	8.88	9.69	12.62	**12.26**
Dividends per share (p)	2.45	3.60	4.20	4.20	5.00	7.00	8.00	12.50*	10.00	11.50	**11.50**
Total expense ratio (TER) (%)[3]	0.55	0.62	0.63	0.64	0.60	0.61	0.56	0.67	0.62	0.61	**0.63**

Rebased to 100 at 30th June 1999											
Return to shareholders[4]	100.0	127.1	117.4	88.7	73.8	83.7	100.9	126.1	142.0	128.9	**120.4**
Return on net assets[4]	100.0	127.6	114.0	87.8	77.6	87.6	98.0	116.1	128.3	117.1	**108.2**
Benchmark[4,5]	100.0	118.7	102.9	80.5	72.6	81.9	91.2	103.3	117.7	106.0	**90.5**

A glossary of terms and definitions is given on pages 61 and 62.

[1] Figures have been restated to reflect a change in accounting policy regarding dividends payable. Such dividends are now included in the accounts in the year in which they are paid.

[2] Ex-income. Source: Bloomberg.

[3] Management fees and all other operating expenses excluding interest and VAT recoverable, expressed as a percentage of the average of the opening and closing net assets.

[4] Source: Morningstar.

[5] Source: MSCI. The Company's benchmark is the MSCI AC World Index expressed in sterling terms.

* Includes a special dividend of 4.0p.

Ten Largest Equity Investments

at 30th June 2009

Company	Country	2009 Valuation £'000	2009 Valuation %[1]	2008 Valuation £'000	2008 Valuation %
Banco Santander[2]	Spain	**4,421**	**3.0**	-	-
Roche Holdings[3]	Switzerland	**3,708**	**2.5**	2,567	1.5
JPMorgan Emerging Markets Investment Trust	Emerging Markets	**3,689**	**2.5**	5,041	3.0
Interoil[2]	Canada	**3,621**	**2.5**	-	-
Japan Tobacco[3]	Japan	**3,550**	**2.4**	1,964	1.2
Lanxess[2]	Germany	**3,524**	**2.4**	-	-
BAE Systems[2]	UK	**3,342**	**2.3**	-	-
Hewlett Packard[2]	USA	**3,160**	**2.1**	-	-
Zurich Financial Services	Switzerland	**3,085**	**2.1**	2,731	1.6
Imperial Tobacco[2]	UK	**3,013**	**2.0**	-	-
Total		**35,113**	**23.8**		

[1] Based on total assets less current liabilities of £147.1m (2008: £166.8m).

[2] Not held in the portfolio at 30th June 2008.

[3] Not Included in the ten largest investments at 30th June 2008.

At 30th June 2008, the value of the ten largest investments amounted to £38.9m representing 23.3% of total assets less current liabilities.

Portfolio Analyses

Geographic Analysis

	30th June 2009 Portfolio %	30th June 2009 Benchmark %	30th June 2008 Portfolio %	30th June 2008 Benchmark %
Continental Europe	**30.5**	**18.2**	27.9	22.3
North America	**30.4**	**46.8**	36.6	51.8
United Kingdom	**17.3**	**8.7**	12.2	10.6
Japan	**12.6**	**9.9**	11.5	10.3
Emerging Markets	**11.8**	**10.0**	7.7	-
Developed Asia	**3.9**	**6.4**	4.5	5.0
Total equities	**106.5**	**100.0**	100.4	100.0
Liquidity Fund	**0.7**	**-**	2.1	-
Net current liabilities	**(7.2)**	**-**	(2.5)	-
Total	**100.0**	**100.0**	100.0	100.0

Based on total assets less current liabilities of £147.1m (2008: £166.8m).

Sector Analysis

	30th June 2009 Portfolio %	30th June 2009 Benchmark %	30th June 2008 Portfolio %	30th June 2008 Benchmark %
Financials	**18.0**	**20.2**	20.6	20.1
Consumer Discretionary	**14.8**	**8.8**	7.1	8.7
Information Technology	**13.7**	**11.8**	14.0	10.7
Consumer Staples	**12.5**	**9.8**	8.7	8.9
Healthcare	**11.8**	**9.7**	5.7	8.8
Materials	**9.7**	**7.6**	6.8	8.7
Industrials	**8.7**	**9.9**	13.0	11.1
Energy	**6.6**	**12.0**	15.7	13.5
Investment Companies	**4.1**	**-**	4.5	-
Telecommunication Services	**3.7**	**5.3**	3.2	4.4
Utilities	**2.9**	**4.9**	1.1	5.1
Liquidity Fund	**0.7**	**-**	2.1	-
Net current liabilities	**(7.2)**	**-**	(2.5)	-
Total	**100.0**	**100.0**	100.0	100.0

Based on total assets less current liabilities of £147.1m (2008: £166.8m).

List of Investments

at 30th June 2009

Company	Valuation £'000
Continental Europe	
Banco Santander (Spain)	4,421
Roche Holdings (Switzerland)	3,708
Lanxess (Germany)	3,524
Zurich Financial Services (Switzerland)	3,085
Rhodia (France)	2,649
Carlsberg (Denmark)	2,338
Intercell (Austria)	2,135
Unilever (Netherlands)	2,133
Snam Rete Gas (Italy)	2,055
Sodexo (France)	1,931
Renault (France)	1,783
ArcelorMittal (Luxembourg)	1,774
Wincor Nixdorf (Germany)	1,660
Bayer (Germany)	1,657
KPN (Netherlands)	1,615
Anheuser-Busch (Belgium)	1,389
Atos Origin (France)	1,177
Schoeller Bleckmann Oilfield (Austria)	1,158
ACE (Switzerland)	1,135
Michelin (France)	1,092
D/S Norden (Denmark)	916
Sol Melia (Spain)	819
Sevan Marine (Norway)	734
	44,888
North America	
Interoil	3,621
Hewlett Packard	3,160
Microsoft	2,875
Cisco Systems	2,667
Gilead Sciences	2,373
Walt Disney	2,246
Abbott Laboratories	2,182
Staples	2,001
Corning	1,917
Goldman Sachs	1,891
Dow Chemical	1,787
CSX	1,782
Bank of America	1,631
Johnson Controls	1,581
Celgene	1,490
Nike	1,476
Juniper Networks	1,410
Google	1,390
Sysco	1,285
Morgan Stanley	1,248
Virgin Media	1,053
Time Warner	1,023
Ecolab	999
SUPERVALU	839
Paccar	723
Fleming US Discovery Fund III[1,2]	77
	44,727

Company	Valuation £'000
United Kingdom	
BAE Systems	3,342
Imperial Tobacco	3,013
Vodafone	2,670
TUI Travel	2,593
International Power	2,260
InterContinental Hotels	2,252
3i	2,151
Cookson	1,819
Peter Hambro Mining	1,528
Man	1,263
Shire	1,090
Resolution	801
Lamprell	681
	25,463
Japan	
Japan Tobacco	3,550
Mitsui & Co	2,592
Nomura	2,496
Kirin	2,328
Kubota	1,650
Chugai Pharmaceutical	1,489
Suzuken	1,247
Nidec	1,215
Aisin Seiki	1,214
JPMorgan Fleming Japanese Smaller Companies Investment Trust[3]	835
	18,616
Emerging Markets	
JPMorgan Emerging Markets Investment Trust[3]	3,689
China Shenhua Energy	1,986
African Bank Investments	1,726
China Construction Bank	1,651
Bank of China	1,588
JPMorgan Indian Investment Trust[3]	1,506
Lite-On Technology	1,384
Itau Unibanco ADR	1,340
Hon Hai Precision Industry	1,287
Telekomunikasi Indonesia	1,139
	17,296

List of Investments continued

at 30th June 2009

Company	Valuation £'000
Developed Asia	
Huabao International	2,061
HengAn International	1,508
Santos	1,465
Melco Crown Entertainment ADR	715
	5,749

Company	Valuation £'000
Liquidity Fund	
JPMorgan Sterling Liquidity Fund[4]	1,027
	1,027
Total Portfolio	**157,766**

[1]Unlisted

[2]Managed by JPMorgan Asset Management (USA) Ltd.

[3]Managed by JPMorgan Asset Management (UK) Ltd.

[4]Managed by JPMorgan Asset Management (Lux) Ltd.

Board of Directors

George Paul (Chairman)† §

A Director since January 1998

Chairman of Agricola Group Limited and of Notcutts Limited. He was formerly Chairman of Norwich Union plc and latterly Deputy Chairman of Aviva plc.

Richard Barfield*† §
(Senior Independent Director and Chairman of the Nomination Committee)

A Director since November 2001

Chairman of Baillie Gifford Japan Trust plc, Edinburgh Investment Trust plc, and The Merchants Trust plc and a Director of Coal Staff Superannuation Scheme Trustees Ltd, as well as a member of the Professional Oversight Board. He was formerly Chief Investment Manager of Standard Life, Director of Umbro plc and Equitas and Chairman of its investment committee.

Simon Davies*† §
(Chairman of the Remuneration Committee)

A Director since November 1999

Chairman of Threadneedle Asset Management. He began his investment career in 1981 with Rothschild Asset Management, before moving to Gartmore where he became Head of International Equities. He joined Threadneedle as Chief Investment Officer before becoming Chief Executive. He moved to the position of Chairman in 2007. He is a director of Sound Oil plc.

John Rennocks*† §
(Chairman of the Audit and Management Engagement Committee)

A Director since November 2001

Chairman of Nestor plc and Diploma plc and Intelligent Energy plc, Deputy Chairman of Inmarsat plc and a Non-Executive Director of Babcock International Group plc. He was previously Finance Director of Corus Group plc (formerly British Steel plc), Powergen plc and Smith & Nephew plc.

Johnathan Carey*† §

Appointed on 17 September 2009

Group Executive Deputy Chairman of Jupiter Investment Management Holdings Limited, a position he has held since June 2007. Prior to this he was the Joint Group Chief Executive of Jupiter Investment Management Group Limited (previously named Jupiter International Group Plc), a position he held from May 2000. He has been Chairman of Jupiter Asset Management (Bermuda) Limited since May 2000. He is also a Director of several other investment companies and funds.

* Member of the Audit and Management Engagement Committee † Member of the Nomination Committee
§ Member of the Remuneration Committee

Directors' Report

The Directors present their report for the year ended 30th June 2009.

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 30th June 2008. In the opinion of the Directors, the Company has subsequently conducted its affairs so that it should continue 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 30th June 2008 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 and 3, and in the Investment Manager's Report on pages 4 and 5.

Objective

The Company's objective is to achieve capital growth from world stockmarkets. The concentration is on capital growth with income a secondary consideration.

Investment Policies and Risk Management

In order to achieve the investment objective and to seek to manage risk, the Company invests in a diversified portfolio of companies.

The Company manages liquidity and borrowings to increase potential sterling returns to shareholders; the Board has set a normal range of 95% -120% invested.

The Board sets a minimum limit on the number of investments in the portfolio and the Company's aim is to provide a diversified portfolio in which the investment manager has a high degree of conviction. At the year end, the number of investments held was 88. To gain the appropriate exposure, the Investment Managers are permitted to invest in pooled funds. JPMAM is responsible for management of the Company's assets. On a day-to-day basis the assets are managed by an investment manager based in London, supported by a strong equity team.

In late November 2009, the Company implemented a passive currency hedging strategy that aims to make stock selection the predominant driver of overall portfolio performance relative to the benchmark, the MSCI AC World Index. This is a risk reduction measure, designed to eliminate most of the differences between the portfolio's currency exposure and that of the Company's benchmark. As a result, the returns derived from, and the portfolio's exposure to currencies may materially differ from that of the Company's competitors in the AIC Global Growth sector who generally do not undertake such a strategy.

Investment Restrictions and Guidelines

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

- Under the rules applying to investment trusts, the Company cannot invest more than 15% of its assets in any one investment, at the time of acquisition. The Company will not invest more than 5% of its total assets in any one individual stock at the time of acquisition. The aggregate of the Company's top 10 holdings and top 20 holdings will not exceed 30% and 50% respectively.
- The Company does not normally invest in unquoted investments and to do so requires prior Board approval.
- No more than 25% of the Company's assets may be invested in non-OECD countries.
- No more than 75% of the Company's assets in aggregate, may be invested in the US, Japan and the UK.
- In accordance with the Listing Rules of the UK Listing Authority, the Company will not invest more than 15% of its gross assets in other UK listed investment companies and will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of gross assets in UK listed investment companies.
- The Company does not normally enter into derivative transactions and to do so requires prior Board approval.

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

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

Performance

In the year to 30th June 2009, the Company produced a total return to shareholders of -6.6% and a total return on net assets of -7.6%. This compares with the return on the Company's benchmark index of -14.6%. As at 30th June 2009, the value of the Company's investment portfolio was £157.8m. The Investment Manager's Report on pages 4 and 5 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 £10.4m (2008 : £16.0m loss) and net total loss after deducting management fees, performance fees, other administrative expenses, finance costs and taxation, amounted to £13.4m (2008: £16.7m loss). Distributable income for the year amounted to £3.2m (2008: £3.6m).

The Directors recommend a final dividend of 11.5p per share payable on 27th November 2009 to holders on the register at the close of business on 6th November 2009. This distribution will amount to £3,007,000. No other dividends were paid in respect of the year. The revenue reserve after this transfer will amount to £14,797,000.

Key Performance Indicators ('KPIs')

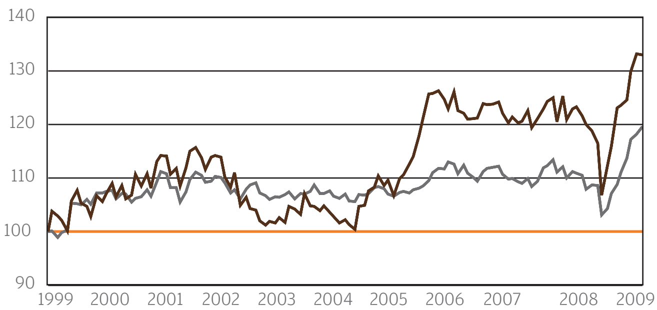
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:-

- **Performance against the benchmark index (the MSCI AC World Index expressed in Sterling terms)**

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

Performance relative to Benchmark Index

Figures have been rebased to 100 at 30th June 1999

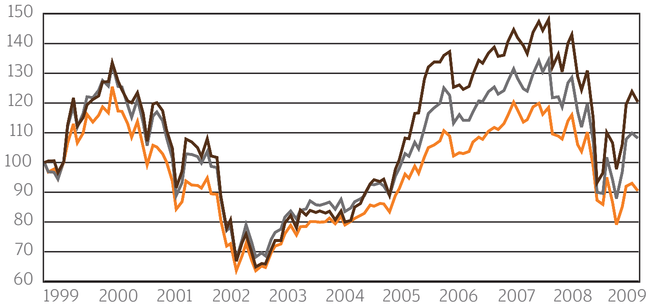


Source: Morningstar/HSBC.

JPMorgan Overseas - Share price
JPMorgan Overseas - Net asset value
Benchmark represented by flat line

Ten Year Performance

Figures have been rebased to 100 at 30th June 1999



Source: Morningstar/HSBC.

JPMorgan Overseas - Share price
JPMorgan Overseas - Net asset value
Benchmark

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

The principal objective is to achieve capital growth and out-performance relative to the benchmark. However, the Board also monitors the performance relative to a range of competitor funds.

- **Performance attribution**

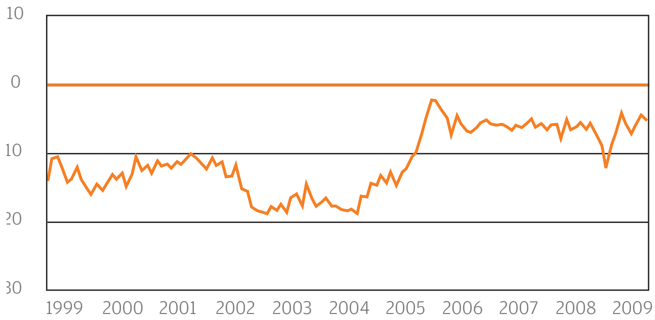
The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. Details of the attribution analysis for the year ended 30th June 2009 are given in the Investment Manager's Report on page 4.

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

The Board has continued to operate a share repurchase programme which seeks to address imbalances in supply and demand of the Company's shares within the market and thereby minimise the volatility and absolute level of the discount to NAV at which the Company's shares trade. Under this policy, the Company repurchases its shares with the aim of maintaining an average discount of around 5% with any borrowings valued at book value. In the year to 30th June 2009, the discount (with debt at par value) ranged between 3.9% and 11.9%.

Directors' Report continued

Discount Performance



Source: Datastream (month end data)

JPMorgan Overseas - Discount

Total expense ratio ('TER')

The TER is an expression of the Company's management fees and all other operating expenses excluding interest, expressed as a percentage of the average of the opening and closing net assets. The TER for the year ended 30th June 2009 was 0.63% (2008: 0.61%). The Board reviews each year an analysis which shows a comparison of the Company's TER and its main expenses with those of its peers.

Share Capital

The Company has authority to issue new shares and to repurchase shares.

During the year, the Company repurchased a total of 766,250 ordinary shares for cancellation for a total consideration of £3,772,000.

The Company bought 26,000 (2008: nil) shares into Treasury for a total consideration of £132,000.

Since the end of the year the Company has repurchased 149,388 ordinary shares for cancellation up to the date of signing.

The Company did not issue any new shares during the year. The Company does not currently have authority to re-issue shares from Treasury at a discount to NAV.

Resolutions to renew the authority to issue new shares and repurchase shares will be put to shareholders at the forthcoming Annual General Meeting. The full text of these resolutions are set out in the Notice of Meeting on pages 53 and 54.

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 under-performance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments through its investment restrictions and guidelines which are monitored and reported by the Manager. 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 Manager, who attends all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The Investment Manager employs the Company's gearing within a strategic range set by the Board. The Board holds a separate meeting devoted to strategy each year.

- Market: Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss that the Company might suffer through holding investments in the face of negative market movements. 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.

- Accounting, Legal and Regulatory: In order to qualify as an investment trust, the Company must comply with Section 842 of the Income and Corporation Taxes Act 1988 ('Section 842'). Details of the Company's approval are given under "Business of the Company" above. Where the Company to breach Section 842, it might lose investment trust status and, as a consequence, gains within the Company's portfolio could be subject to Capital Gains Tax. The Section 842 qualification criteria are continually monitored by JPMAM and the results reported to the Board each month. The Company must also comply with the provisions of The Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules. A breach of the Companies Act 2006 could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules could result in the Company's shares being suspended from listing, which in turn would breach Section 842. The Board relies on the services of its Company Secretary, JPMAM to ensure compliance with the Companies Acts and The UKLA Listing Rules.

- 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 21 to 24.
- Operational: Loss of key staff by JPMAM, such as the Investment Manager, could affect the performance of the Company. 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 with the Internal Control section of the Corporate Governance report on page 23.
- Financial: The financial risks faced by the Company include market price risk, interest rate risk, liability risk and credit risk. Further details are disclosed in note 22 on pages 43 to 49.

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 pages 4 and 5.

Management of the Company

The Manager and Secretary is JPMorgan Asset Management (UK) Limited ('JPMAM'). JPMAM is employed under a contract which can be terminated on six months' 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 interests of shareholders as a whole. In arriving at this view, the Board considered the investment strategy and process of the Manager, noting performance against the benchmark over the long term and the quality of the support that the Company receives from JPMAM.

Management and Performance Fees

The management fee is charged at the rate of 0.4% per annum of the Company's assets less current liabilities. The terms of the management contract make allowance for the exclusion of management charges on investments held in funds on which JPMAM earns a separate management fee.

A performance fee is payable if the total return attributable to shareholders (change in net asset value plus dividend) exceeds the total return of the Company's benchmark by more than 0.5%. The performance fee payable is 15% of any excess of the total return (excluding the effect of share repurchases) over the benchmark total return. Payment of any amount earned under the performance fee in any relevant period is spread equally over four years. Performance is measured on a cumulative basis. Any performance fee accrued but not paid is reduced by any underperformance in subsequent years. Any adjustment in respect of underperformance is deducted at the first opportunity from any amount accrued in respect of previous years' outperformance. The amount of any performance fee paid in any one year is capped at 0.8% of the published net assets of the Company at the end of the relevant period. Any excess is carried forward until paid in full (or offset against subsequent underperformance).

The results for the year ended 30th June 2009 give rise to a performance fee provision of £1,668,000 (2008: £432,000, excluding VAT written back). A performance fee of 1,018,000 (2008: £nil) will be payable this year. A balance of £1,467,000 (2008: £817,000) remains payable in future years but will first be reduced by any future underperformance.

Going Concern

The Directors believe that having considered the Company's investment objective (see page 14), risk management policies (see page 43), capital management policies and procedures (see page 50), the 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 forseeable future. For these reasons, they consider that 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 there are no standard payment terms. In general, the Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by these terms. As at 30th June 2009, the Company had no outstanding trade creditors (2008: none).

Directors

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

Directors' Report continued

Directors	30th June 2009	1st July 2008
Richard Barfield	4,922	4,922
Simon Davies	500	500
George Paul	10,000	10,000[1]
John Rennocks	1,000	1,000
Jonathan Carey[2]	-	-

[1] Due to a historical administrative error the previously misstated shareholding of 15,000 has been corrected to 10,000

[2] Appointed as Director 17th September 2009

No changes in the above holdings have been recorded as at 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 George Paul, Simon Davies and John Rennocks. Having been appointed since the last AGM, Jonathan Carey must stand for election. All four Directors being eligible, offer themselves for re-election/election. As George Paul and Simon Davies have been Directors for more than nine years, they stand for re-election annually. During the year, the Nomination Committee considered George Paul's position in the light of this and of the evaluation exercise (referred to on page 22), and concluded that his continuing appointment as a Director and Chairman is in the interests of the shareholders as a whole.

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

Disclosure of Information to 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 he ought to have taken as a Director in order to make himself aware of any relevant audit information (as defined above) and to establish that the Company's Auditors are aware of that information.

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

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 front 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 16 to the Notice of AGM on page 56.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	Number of shares held	%
Chase Nominees Limited[1,2]	3,263,417	12.47
Insight Investment Management (Global) Ltd	1,262,811	4.82
Rathbone Investment Management Ltd	997,287	3.81

[1] Held on behalf of JPMAM Share Plan and ISA participants.

[2] Non-beneficial.

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

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that affect its control following a takeover bid; and no agreements between the Company and its Directors concerning compensation for loss of office.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as Auditors, and a resolution to re-appoint them and authorise the Directors to determine their remuneration for the ensuing year will be proposed 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 advisor authorised under the Financial Services and Markets Act 2000.

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

(i) Authority to issue new shares for cash and disapply pre-emption rights (Resolutions 9 and 10)

The Directors will seek renewal of the authority at the AGM to issue up to 1,299,965 new shares for cash up to an aggregate nominal amount of £324,991, such amount being equivalent to approximately 5% of the present issued share capital. The full text of the resolutions is set out in the Notice of Meeting on pages 53 and 54.

It is advantageous for the Company to be able to issue new shares to participants purchasing shares through the JPMAM savings products and also to other investors when the Directors consider that it is in the best interests of shareholders to do so. Any such issues would only be made at prices greater than the NAV, thereby increasing the assets underlying each share and spreading the Company's administrative expenses, other than the management fee which is charged on the value of the Company's market capitalisation, over a greater number of shares. The issue proceeds would be available for investment in line with the Company's investment policies.

(ii) Authority to repurchase the Company's shares (Resolution 11)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2008 Annual General Meeting, will expire on 4th May 2010 unless renewed at the forthcoming Annual General Meeting 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 NAV enhances the NAV of the remaining shares. The Board will therefore seek shareholder approval at the Annual General Meeting to renew this authority, which will last until 6th April 2011 or until the whole of the 14.99% has been acquired, whichever is the earlier. The full text of the resolution is set out in the Notice of Meeting on pages 53 and 54. Repurchases will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares, as and when market conditions are appropriate.

(iii) Treasury shares/disapplication of pre-emption rights (Resolutions 12 and 13)

Under the Companies Act 2006, the Company is permitted to repurchase up to 10% of its own shares into Treasury for reissue or cancellation at a future date, as an alternative to repurchasing for immediate cancellation. The Board considers that circumstances could arise in which it would be in shareholders' interests for such powers to be exercised. The Board believes that the effective use of Treasury shares assists the Company in improving liquidity in the Company's shares, helps the management of any imbalances between supply and demand and to minimise the volatility and absolute level of the discount at which the Company's shares trade to their net asset value, for the benefit of shareholders.

Accordingly, shareholders will also be asked at the Annual General Meeting to approve resolutions 12 and 13 which allow the Company to reissue shares from treasury at a premium to NAV and disapply statutory pre-emption rights respectively. This will enable the Company to reissue shares held in treasury without having to make a pro rata offer to existing shareholders. Shares may only be reissued at a price that is above the then current net asset value. The Board does not at present propose to set a time limit for cancellation of treasury shares.

(iv) Adoption of new Articles of Association (Resolution 14)

The Company proposes to adopt new articles of association. These incorporate amendments to the current articles of association to reflect the changes in company law brought about by the 2006 Companies Act (the 'Act') which came into effect on 1st October 2009 and changes made to the 2006 Act in August 2009 to implement the EU Shareholder Rights Directive in the UK, as well as some minor technical or clarifying changes.

The principal changes in the new articles of association proposed to be adopted at the 2009 Annual General Meeting relate to shareholder meetings and resolutions, the Company's constitution and share capital.

In August 2009, changes were made to the provisions in the 2006 Act on company meetings by The Companies (Shareholders' Rights) Regulations 2009 ("Shareholders' Rights Regulations") to implement the EU Shareholder Rights Directive in the UK. The new articles incorporate amendments in relation to meetings to ensure consistency with the 2006 Act (as amended by the Shareholders' Rights Regulations).

Under the 2006 Act all provisions of the Company's memorandum, but most significantly the objects clause, are deemed to form part of the Company's articles from 1st October 2009. It is possible for the objects clause to be removed or amended by amending the articles by special resolution. It is not necessary under the 2006 Act for a company to set out its objects. The 2006 Act provides that, unless the articles state otherwise, a company's objects will be unrestricted.

Directors' Report continued

One of the other key provisions of the memorandum which is deemed to form part of the Company's articles from 1st October 2009 is the restriction created by the existing authorised share capital statement. The 2006 Act removes the requirement for a company to place limits on its authorised share capital.

By adopting the new Articles which do not contain the objects clause or the authorised share capital statement, the Company will remove these provisions, which would otherwise be deemed to form part of the Company's articles under section 28 of the 2006 Act, from its articles.

For a more detailed explanation of these and other amendments please refer to the Appendix to this document on pages 57 to 60.

A copy of the current articles of association and the proposed new articles of association that reflect these amendments will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at the offices of JPMAM, Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ up until the close of the Annual General Meeting. Copies will also be available at Trinity House, Tower Hill, London EC3N 4DH, being the place of the Annual General Meeting, for 15 minutes prior to, and during, the meeting.

Recommendation

The Board considers that resolutions 9 to 14 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 16,422 shares representing approximately 0.1% of the voting rights of the Company.

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

23 September 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 26, indicates how the Company has applied the principles of good governance of the Financial Reporting Council Combined Code 2008 (the 'Combined Code') and the AIC's Code of Corporate Governance 2009, (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, in so far as they are relevant to the Company's business, and the AIC Code throughout the year under review and up to the date of approval of the annual report and accounts.

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 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 for Board 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 if necessary and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, JPMAM, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Composition

The Board, chaired by George Paul, consists of four non-executive Directors, all of whom are regarded by the Board as independent, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 13.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which may be found below. The Senior Independent Director leads the evaluation of the performance of the Chairman and he 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 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 requirements of the Combined Code, including the need to refresh the Board and its Committees. The Company's Articles of Association require that Directors stand for re-election at least every three years. 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 Annual General Meeting.

The Board confirms that John Rennocks, Simon Davies and George Paul, who retire by rotation at this year's Annual General Meeting, continue to be effective Directors and demonstrate commitment to their roles, and therefore 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 13. Directors who are not members of Committees may attend at the invitation of the Chairman.

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

Corporate Governance continued

Director	Board Meetings Attended	Audit and Management Engagement Committee Meetings Attended	Nomination Committee Meetings Attended	Remuneration Committee Meetings Attended
Richard Barfield	5	2	2	1
Simon Davies	5	2	2	1
George Paul[1]	5	2	2	1
John Rennocks	5	2	2	1
Jonathan Carey[2]	–	–	–	–

[1] Ceased to be a member of the Audit and Management Engagement Commitee on 25th September 2007. Mr Paul now attends by invitation.

[2] Appointed as a Director on 17th September 2009

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 the Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts.

The Board conducts a formal evaluation of the Manager, its own performance and of 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, and the Senior Independent Director leads the evaluation of the Chairman's performance. 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 Richard Barfield, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. A variety of sources, including the use of external search consultants, may be used to ensure that a wide range of candidates is considered.

Remuneration Committee

The Remuneration Committee, chaired by Simon Davies, consists of all of the Directors and meets at least annually to review Directors' fees and to make recommendations to the Board as and when required.

Audit and Management Engagement Committee

The Audit and Management Engagement Committee, chaired by John Rennocks and whose membership is set out on page 13, meets at least twice each year. The members of the Audit and Management Engagement 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 and examines the effectiveness of the Company's internal control systems, receives information from the Manager's Compliance department and reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors; in the Directors' opinion the auditors are considered independent. Representatives of the Company's auditors attend the Audit and Management Engagement 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

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

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 quarterly each year by way of the annual report and accounts, the half year financial 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 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 shareholders and answer their questions. In addition, a presentation is given by the Investment Manager who reviews the Company's performance. During the year the Company's brokers, the Investment Manager and JPMAM hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 51.

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 51.

Details of the proxy voting position on each resolution will be published on the Company's 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 as including 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 that 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 weakness. 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 – 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.

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

The Board either directly or through the Audit and Management Engagement Committee, 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:

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

By the 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 30th June 2009, 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.

Corporate Governance continued

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 (see below). 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."

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 Section 421 of the Companies Act 2006. An ordinary resolution to approve this report will be put to the shareholders 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 27.

Directors' Remuneration[1]

Director's Name	2009 £	2008 £
George Paul (Chairman)	32,000	32,000
Richard Barfield	19,000	19,000
Simon Davies	19,000	19,000
John Rennocks	22,000	22,000
Jonathan Carey[2]	–	–
Total	92,000	92,000

[1]Audited information.
[2]Appointed as Director on 17th September 2009.

The total Directors' fees of £92,000 (2008: £92,000) comprises £92,000 (2008: £92,000) in respect of aggregate emoluments paid to Directors and £nil (2008: £nil) paid to third parties for making available the services of Directors.

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 and Management Engagement Committee are paid higher fees than the other Directors, reflecting the greater time commitment involved in fulfilling those roles.

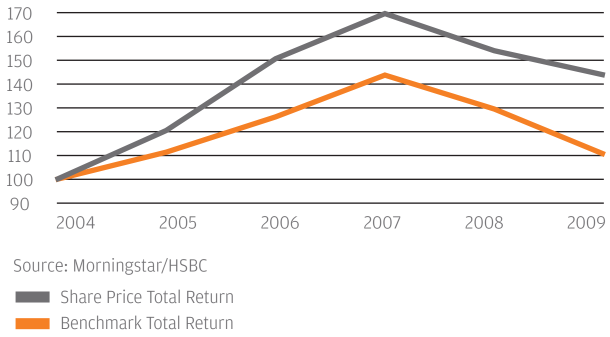
The Remuneration Committee reviews fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on information provided by the Manager, JPMorgan Asset Management (UK) Limited and industry research on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The Directors' fees are not performance-related. The Directors do not have service contracts with the Company. The articles stipulate that aggregate fees must not exceed £150,000 per annum. Any increase in this amount requires both Board and shareholder approval.

The terms and conditions of Directors' appointments are set out in formal letters of appointment. Details of the Board's policy on tenure are set out on page 21.

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. The Directors do not have service contracts and 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.

A graph showing the Company's share price total return compared with its benchmark, the MSCI AC World Index expressed in sterling terms, is shown below.

Five year share price and benchmark total return to 30th June 2009



Source: Morningstar/HSBC

By order of the Board
Divya Amin, for and on behalf of
JPMorgan Asset Management (UK) Limited, Secretary
23 September 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 as at the end of the year and of the total return for the year. In preparing those accounts, the Directors are required to:

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

The Directors confirm that the accounts comply with these requirements.

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

The accounts are published on the www.jpmoverseas.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 net return 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
Simon Davies
Director
23 September 2009

Independent Auditors' Report

To the shareholders of JPMorgan Overseas Investment Trust plc

We have audited the accounts of JPMorgan Overseas Investment Trust plc for the year ended 30 June 2009 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement, and the related notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 26, the Directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Sections 495 to 497 of the Companies Act 2006 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; whether the significant accounting estimates made by the Directors are reasonable; the overall presentation of the accounts.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the Company's affairs as at 30th June 2009 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 26, in relation to going concern; and
- the parts of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the 2008 Combined Code specified for our review.

Ian Armfield (Senior Statutory Auditor) for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors, London

23 September 2009

Notes:

(a) The maintenance and integrity of the JPMorgan Overseas Investment Trust plc website (www.jpmoverseas.co.uk) is the responsibility of the Directors; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and

Income Statement

for the year ended 30th June

	Notes	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Losses on investments held at fair value through profit or loss	2	–	**(14,936)**	**(14,936)**	–	(20,552)	(20,552)
Net foreign currency losses		–	**(257)**	**(257)**	–	(19)	(19)
Income from investments	3	**4,153**	–	**4,153**	4,453	–	4,453
Other interest receivable and similar income	3	**687**	–	**687**	131	–	131
Gross return/(loss)		**4,840**	**(15,193)**	**(10,353)**	4,584	(20,571)	(15,987)
Management fee	4	**(271)**	**(271)**	**(542)**	(374)	(374)	(748)
Performance fee	4	–	**(1,668)**	**(1,668)**	–	(401)	(401)
VAT recoverable	4	**126**	**141**	**267**	713	794	1,507
Other administrative expenses	5	**(439)**	–	**(439)**	(389)	–	(389)
Net return/(loss) on ordinary activities before finance costs and taxation		**4,256**	**(16,991)**	**(12,735)**	4,534	(20,552)	(16,018)
Finance costs	6	**(155)**	**(155)**	**(310)**	(156)	(156)	(312)
Net return/(loss) on ordinary activities before taxation		**4,101**	**(17,146)**	**(13,045)**	4,378	(20,708)	(16,330)
Taxation	7	**(860)**	**520**	**(340)**	(779)	371	(408)
Net return/(loss) on ordinary activities after taxation		**3,241**	**(16,626)**	**(13,385)**	3,599	(20,337)	(16,738)
Return/(loss) per share	9	**12.26p**	**(62.88)p**	**(50.62)p**	12.62p	(71.32)p	(58.70)p

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 published 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 32 to 50 form an integral part of these accounts.

Reconciliation of Movements in Shareholders' Funds

	Called up share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	**Total £'000**
At 30th June 2007	7,622	26,323	156,838	16,960	**207,743**
Repurchase and cancellation of the Company's own shares	(887)	887	(22,250)	–	**(22,250)**
Net (loss)/return on ordinary activities	–	–	(20,337)	3,599	**(16,738)**
Dividends appropriated in the year	–	–	–	(2,949)	**(2,949)**
At 30th June 2008	6,735	27,210	114,251	17,610	**165,806**
Repurchase and cancellation of the Company's own shares	(191)	191	(3,772)	–	**(3,772)**
Repurchase of shares into Treasury	–	–	(132)	–	**(132)**
Net (loss)/return on ordinary activities	–	–	(16,626)	3,241	**(13,385)**
Dividends appropriated in the year	–	–	–	(3,047)	**(3,047)**
At 30th June 2009	6,544	27,401	93,721	17,804	**145,470**

The notes on pages 32 to 50 form an integral part of these accounts.

Balance Sheet

at 30th June

	Notes	2009 £'000	2008 £'000
Fixed assets			
Investments held at fair value through profit or loss		**156,739**	167,565
Investment in liquidity fund held at fair value through profit or loss		**1,027**	3,470
Total investments	10	**157,766**	171,035
Current assets	11		
Debtors		**1,375**	2,224
Cash and short term deposits		**708**	304
		2,083	2,528
Creditors: amounts falling due within one year	12	**(12,712)**	(6,740)
Net current liabilities		**(10,629)**	(4,212)
Total assets less current liabilities		**147,137**	166,823
Creditors: amounts falling due after more than one year	13	**(200)**	(200)
Provisions for liabilities and charges	14	**(1,467)**	(817)
Total net assets		**145,470**	165,806
Capital and reserves			
Called up share capital	15	**6,544**	6,735
Capital redemption reserve	16	**27,401**	27,210
Capital reserves	16	**93,721**	114,251
Revenue reserve	16	**17,804**	17,610
Shareholders' funds		**145,470**	165,806
Net asset value per share	17	**556.3p**	615.4p

The accounts on pages 28 to 50 were approved and authorised for issue by the Directors on 23 September 2009 and are signed on their behalf by:

Simon Davies
Director

The notes on pages 32 to 50 form an integral part of these accounts.

Cash Flow Statement

for the year ended 30th June

	Notes	2009 £'000	2008 £'000
Net cash inflow from operating activities	18	**5,190**	2,713
Returns on investments and servicing of finance			
Interest paid		**(328)**	(295)
Net cash outflow from returns on investments and servicing of finance		**(328)**	(295)
Taxation			
Taxation recovered		**147**	34
Capital expenditure and financial investment			
Purchases of investments		**(304,622)**	(111,780)
Sales of investments		**302,603**	129,184
Other capital charges		**(19)**	(22)
Net cash (outflow)/inflow from capital expenditure and financial investment		**(2,038)**	17,382
Dividends paid		**(3,047)**	(2,949)
Net cash (outflow)/inflow before financing		**(76)**	16,885
Financing			
Net drawdown of loans		**4,000**	6,000
Repurchase of the Company's own shares		**(4,032)**	(22,644)
Repurchase of shares into Treasury		**(132)**	-
Net cash outflow from financing		**(164)**	(16,644)
(Decrease)/increase in cash for the year	19	**(240)**	241

The notes on pages 32 to 50 form an integral part of these accounts.

Notes to the Accounts
for the year ended 30th June 2009

1. Accounting policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 2006, 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 AIC in January 2009.

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

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments held at fair value.

(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 held at fair value through profit or loss'. They are included initially at fair value which is taken to be their cost. Subsequently the investments are valued at fair value which is bid market price for listed investments.

Unquoted and restricted investments are valued at fair value by the Board. In making its valuations, the Board has taken into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values and other relevant factors.

Gains and losses on sales of investments and derivatives, exchange differences of a capital nature, performance fees and other capital receipts and payments, are dealt with in capital reserves within 'Gains and losses on sales of investments and derivatives'. Increases and decreases in the valuation of investments and derivatives held at the year end are accounted for in capital reserves within 'Holding gains and losses on investments and derivatives'.

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

(c) Income

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

UK dividends are included net of any tax credits. Overseas dividends are included gross of any withholding tax.

Special dividends are recognised on an ex-dividend basis and treated as a capital or an income item depending on the facts and circumstances of each dividend.

Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in the revenue column of the income statement. Any excess in the value of the shares received over the amount of the cash dividend is recognised in the capital column.

Stock lending income and deposit interest receivable are taken to the revenue column on an accruals basis.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to revenue with the following exceptions:
- performance related fees are allocated 100% to capital;
- management fees are allocated 50% to revenue and 50% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio;
- expenses incidental to the purchase of an investment are included within the cost of the investment and those incidental to the sale are deducted from the sales proceeds. These expenses are commonly referred to as transaction costs and include items such as stamp duty and brokerage commissions. Details of transaction costs are given in note 10 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 50% to revenue and 50% 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 and short term deposits may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

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.

Interest bearing bank loans, overdrafts and debenture issues 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 financial instruments are valued at fair value and are included in current assets or current liabilities in the balance sheet in accordance with FRS26: 'Financial Instruments: Measurement'.

Short term forward currency contracts are classified as derivative financial instruments and the net unrealised gain or loss is included in debtors or creditors respectively.

(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 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 on monetary assets arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature. Gains and losses on investments arising from a change in exchange rates are included in (losses)/gains on investments held at fair value through profit or loss.

(h) Taxation

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

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred taxation liabilities are recognised for all taxable timing differences but deferred taxation 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 offset entirely by revenue expenses, then no tax relief is transferred to capital.

(i) Dividends

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

(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 4 on page 35.

Notes to the Accounts continued

for the year ended 30th June 2009

	2009 £'000	2008 £'000
2. (Losses)/gains on investments held at fair value through profit or loss		
(Losses)/gains on sales of investments held at fair value through profit or loss based on historical cost	**(17,604)**	4,014
Amounts recognised in investment holding gains in the previous year in respect of investments sold during the year	**(6,976)**	(9,589)
Losses on sales of investments based on the carrying value at the previous balance sheet date	**(24,580)**	(5,575)
Net movement in investment holding gains	**9,663**	(14,969)
Other capital charges	**(19)**	(8)
Total capital losses on investments held at fair value through profit or loss	**(14,936)**	(20,552)

	2009 £'000	2008 £'000
3. Income		
UK dividend income	**777**	860
Overseas dividends	**3,279**	3,512
Income from liquidity fund	**63**	81
Scrip dividends	**34**	–
	4,153	4,453
Other interest receivable and similar income		
Deposit interest	**28**	16
Interest on VAT recovered[1]	**627**	–
Stock lending fees	**32**	115
	687	131
Total income	**4,840**	4,584

[1]This represents interest on VAT recovered relating to management fees paid in the past. Further details are given in note 4 on page 35.

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
4. Management fee						
Management fee[1]	**271**	**271**	**542**	367	367	734
VAT thereon	**–**	**–**	**–**	7	7	14
	271	**271**	**542**	374	374	748
Performance fee						
Performance fee	**–**	**1,668**	**1,668**	–	432	432
VAT written back	**–**	**–**	**–**	–	(31)	(31)
	–	**1,668**	**1,668**	–	401	401
VAT recoverable[2]	**(126)**	**(141)**	**(267)**	(713)	(794)	(1,507)
	145	**1,798**	**1,943**	(339)	(19)	(358)

[1]Details of the management fee and performance fee are given in the Directors' Report on page 17.

[2]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 amounting to £1,774,000 in respect of VAT paid in the past. Of this amount £1,507,000 was included in the accounts for the year ended 30th June 2008. The balance of £267,000 is included in the accounts this year. The amounts have been allocated between revenue and capital in the same proportions as they were originally expensed to revenue and capital. Interest amounting to £627,000 has also been received and allocated wholly to revenue in this year and is included within 'other interest receivable and similar income' in note 3 on page 34.

	2009 £'000	2008 £'000
5. Other administrative expenses		
Other management expenses	**242**	192
Directors' fees[1]	**92**	92
Savings products[2]	**79**	79
Auditors' remuneration for audit services[3]	**26**	26
	439	389

[1]Full disclosure is given in the Directors' Remuneration Report on page 25.

[2]Paid to JPMAM for the administration and marketing of 'wrapper' products.

[3]Includes £2,000 (2008: £2,000) irrecoverable VAT.

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
6. Finance costs						
On bank loans and overdrafts	**151**	**151**	**302**	152	152	304
On debenture stock	**4**	**4**	**8**	4	4	8
	155	**155**	**310**	156	156	312

Notes to the Accounts continued

for the year ended 30th June 2009

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
7. Taxation						
(a) Analysis of tax charge in the year						
UK corporation tax at 28% (2008: 29.5%)	240	–	240	447	–	447
Double taxation relief	(240)	–	(240)	(447)	–	(447)
Overseas withholding tax	340	–	340	408	–	408
Tax attributable to expenses and finance costs charged to capital	520	(520)	–	371	(371)	–
Current tax charge for the year	860	(520)	340	779	(371)	408

(b) Factors affecting current tax charge for the year

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Net return/(loss) on ordinary activities before taxation	4,101	(17,146)	(13,045)	4,378	(20,708)	(16,330)
Corporation tax at 28% (2008: 29.5%)	1,148	(4,801)	(3,653)	1,292	(6,109)	(4,817)
Effects of:						
Non taxable capital losses	-	4,254	4,254	–	6,069	6,069
Non taxable UK dividends	(218)	–	(218)	(254)	–	(254)
Non taxable overseas dividends	(54)	–	(54)	–	–	–
Non taxable scrip dividends	(10)	–	(10)	–	–	–
Income taxed in different periods	37	–	37	13	–	13
Tax relief on capitalised expenses	(547)	547	–	(40)	40	–
Overseas withholding tax	340	–	340	408	–	408
Double taxation relief	(240)	–	(240)	(447)	–	(447)
Brought forward excess expenses utilised	(116)	–	(116)	(564)	–	(564)
Tax attributable to expenses and finance costs charged to capital	520	(520)	–	371	(371)	–
Current tax charge for the year	860	(520)	340	779	(371)	408

The Company has an unrecognised deferred taxation asset of £2,276,000 (2008: £2,267,000). This 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 taxation on any capital gains or losses arising on the revaluation or disposal of investments.

	2009 £'000	2008 £'000
8. Dividends		
(a) Dividend paid		
2008 final dividend of 11.5p (2007: 10.0p)[1]	**3,047**	2,949
Total dividends paid in the year	**3,047**	2,949
Dividend proposed		
2009 final dividend proposed of 11.5p (2008: 11.5p)	**3,007**	3,098

[1] The final dividend declared in respect of the year ended 30th June 2008 amounted to £3,098,000. However, the actual amount paid was £3,047,000, due to share repurchases after the balance sheet date but prior to the share register record date.

The final dividend proposed in respect of the year ended 30th June 2009 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 ended 30th June 2010.

(b) Dividend 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 declared in respect of the financial year, as follows:

	2009 £'000	2008 £'000
Final dividend payable of 11.5p (2008: 11.5p)	**3,007**	3,098
Total dividends for Section 842 purposes	**3,007**	3,098

The revenue available for distribution by way of dividend for the year is £3,241,000 (2008: £3,599,000).

9. Return/(loss) per share

The revenue return per share is based on the earnings attributable to the ordinary shares of £3,241,000 (2008: £3,599,000) and on the weighted average number of shares in issue during the year of 26,441,114 (2008: 28,515,890).

The capital loss per share is based on the capital losses attributable to the ordinary shares of £16,626,000 (2008: £20,337,000 loss) and on the weighted average number of shares in issue during the year of 26,441,114 (2008: 28,515,890).

The total loss per share is based on the total losses attributable to the ordinary shares of £13,385,000 (2008: £16,738,000 loss) and on the weighted average number of shares in issue during the year of 26,441,114 (2008: 28,515,890).

10. Investments

	2009 £'000	2008 £'000
Investments listed on a recognised investment exchange[1]	**157,689**	170,620
Unlisted investments	**77**	415
	157,766	171,035

	Listed £'000	Unlisted £'000	Total £'000
Opening book cost	162,183	402	**162,585**
Opening investment holding gains	8,437	13	**8,450**
Opening valuation	170,620	415	**171,035**
Movements in the year:			
Purchases at cost	305,011	–	**305,011**
Sales – proceeds	(303,363)	–	**(303,363)**
Gains on sales based on fair value at the previous balance sheet date	(24,580)	–	**(24,580)**
Net change in investment holding gains/(losses)	10,001	(338)	**9,663**
	157,689	77	**157,766**
Closing book cost	146,227	402	**146,629**
Closing investment holding gains/(losses)	11,462	(325)	**11,137**
Total investments held at fair value	157,689	77	**157,766**

[1]Includes the investment in the JPMorgan Sterling Liquidity Fund.

Transaction costs on purchases during the year amounted to £622,000 (2008: £168,000) and on sales during the year amounted to £448,000 (2008: £129,000). These costs comprise brokerage commission.

During the year, prior year investment holding gains amounting to £6,976,000 have been transferred to realised gains, as disclosed in note 16.

Subsidiary company

The Company owns the whole of the issued share capital of Foss Securities Limited, which is registered in England and has not traded. Consolidated accounts have not been prepared since the Directors are of the opinion that the value of the subsidiary is not material.

	2009 £'000	2008 £'000
11. Current assets		
Debtors		
Securities sold awaiting settlement	**760**	–
Foreign tax recoverable	**136**	173
Dividends and interest receivable	**444**	468
VAT recoverable	**–**	1,507
Other debtors	**35**	76
	1,375	2,224

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 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.

	2009 £'000	2008 £'000
12. Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	**677**	322
Short term loan[1]	**10,000**	6,000
Repurchase of the Company's own shares awaiting settlement	**–**	260
Performance fee payable	**1,018**	–
Other creditors and accruals	**116**	158
Derivative financial instruments:		
Forward currency contracts held at fair value through profit or loss	**901**	–
	12,712	6,740

[1] Further details of the loan facility are given in note 22 on page 46.

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

	2009 £'000	2008 £'000
13. Creditors: amounts falling due after more than one year		
Falling due in more than five years:		
£200,000 4½% perpetual debenture stock	**200**	200

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

Notes to the Accounts continued

for the year ended 30th June 2009

	2009 £'000	2008 £'000
14. Provisions for liabilities and charges		
Performance fee payable:[1]		
Opening balance	**817**	385
Performance fee for the year	**1,668**	432
Amount realised during the year	**(1,018)**	–
	1,467	817

[1]Further details of the performance fee are given in the Directors' Report on page 17

	2009 £'000	2008 £'000
15. Called up share capital		
Authorised:		
132,840,000 (2008: 132,840,000) ordinary shares of 25p each	**33,210**	33,210
Allotted and fully paid:		
Opening balance of 26,940,948 (2008: 30,489,448) shares	**6,735**	7,622
Repurchase of 766,250 (2008: 3,548,500) shares	**(191)**	(887)
Repurchase of 26,000 (2008: nil) shares into Treasury	**(7)**	–
Sub total	**6,537**	6,735
26,000 (2008: nil) shares held in Treasury	**7**	–
Closing balance of 26,174,698 (2008: 26,940,948) shares including 26,000 (2008: nil) shares held in Treasury	**6,544**	6,735

During the year, the Company repurchased a total of 766,250 ordinary shares, nominal value £191,000 for cancellation, representing 2.8% of the shares outstanding at the beginning of the year. The aggregate consideration paid for these shares was £3,772,000 and the reason for the purchases was to reduce the volatility of the share price discount to net asset value per share.

More details of the share repurchases are given in the Directors' Report on page 16.

	Capital redemption reserve £'000	Capital reserves: Gains and losses on sales of investments and derivatives £'000	Capital reserves: Holding gains and losses on investments and derivatives £'000	Capital reserve unrealised £'000	Revenue reserve £'000
16. Reserves					
Opening balance	27,210	106,618	8,450	(817)	17,610
Net gains on foreign currency transactions	–	644	–	–	–
Unrealised loss on foreign currency contracts	–	–	–	(901)	–
Repurchase and cancellation of the Company's own shares	191	(3,772)	–	–	–
Repurchase of shares into Treasury	–	(132)	–	–	–
Management fee charged to capital	–	(271)	–	–	–
Finance costs charged to capital	–	(155)	–	–	–
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	(24,580)	–	–	–
Net movement in investment holding gains	–	–	9.663	–	–
Transfer on disposal of investments	–	6,976	(6,976)	–	–
Other capital charges	–	(19)	–	–	–
VAT recoverable	–	141	–	–	–
Performance fee for the year	–	–	–	(1,668)	–
Performance fee realised during the year	–	(1,018)	–	1,018	–
Tax relief on expenses charged to capital	–	520	–	–	–
Dividends appropriated in the year	–	–	–	–	(3,047)
Retained revenue for the year	–	–	–	–	3,241
Closing balance	27,401	84,952	11,137	(2,368)	17,804

17. Net asset value per share

The net asset value per share is based on funds attributable to ordinary shareholders and on 26,148,698 (2008: 26,940,948) shares in issue at the year end, excluding shares held in Treasury.

	2009 £'000	2008 £'000
18. Reconciliation of net loss on ordinary activities before finance costs and taxation to net cash inflow from operating activities		
Net loss on ordinary activities before finance costs and taxation	**(12,735)**	(16,018)
Add back capital loss before finance costs and taxation	**16,991**	20,552
Scrip dividends received as income	**(34)**	–
Decrease/(increase) in accrued income	**24**	(197)
Decrease in other debtors	**41**	33
Decrease in accrued expenses	**(24)**	(65)
Decrease/(increase) in VAT recoverable	**1,507**	(1,507)
Tax on unfranked investment income	**(450)**	(505)
Expenses (charged)/credited to capital	**(130)**	420
Net cash inflow from operating activities	**5,190**	2,713

Notes to the Accounts continued

for the year ended 30th June 2009

	At 30th June 2008 £'000	Cashflow £'000	Exchange movement £'000	At 30th June 2009 £'000
19. Analysis of changes in net (debt)/funds				
Cash and short term deposits	304	(240)	644	**708**
Debt due within one year	(6,000)	(4,000)	–	**(10,000)**
Debt due after more than five years	(200)	–	–	**(200)**
Net (debt)/funds	(5,896)	(4,240)	644	**9,492**

20. Contingent liabilities and capital commitments

There were no (2008: nil) contingent liabilities or capital commitments at the balance sheet date.

21. Transactions with JPMorgan Asset Management

Details of the management contract are set out in the Directors' Report on page 17. The terms make allowance for the exclusion of management charges on investments held in funds on which JPMorgan Asset Management ('JPMAM') earns a separate management fee. The fee payable to JPMAM for the year was £542,000 (2008: £734,000 excluding VAT) of which £nil (2008: £nil) was outstanding at the year end.

A performance fee of £1,668,000 (2008: 432,000) is chargeable for the year and £1,018,000 (2008: nil) is immediately payable. An amount of £1,467,000 (2008: £817,000) is carried forward and will either be paid or absorbed by underperformance in subsequent years.

Expenses amounting to £73,000 excluding VAT (2008: £73,000) were payable to JPMAM for the marketing of its savings products of which £nil (2008: £nil) was outstanding at the year end.

Included in other management expenses in note 5 on page 35 are safe custody fees payable to JPMorgan Chase amounting to £9,000 (2008: £27,000) of which £3,000 (2008: £20,000) was outstanding at the year end.

JPMAM carries out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities for the year was £5,000 (2008: £6,000) of which £nil (2008: £nil) was outstanding at the year end.

Handling charges incurred on dealing transactions amounting to £23,000 (2008: £8,000) were payable to JPMorgan Chase of which £5,000 (2008: £4,000) was outstanding at the year end.

The Company holds investments in funds managed by JPMAM. At 30th June 2009 these were valued at £6.1m (2008: £7.6m) and represented 3.9% (2008: 4.5%) of the Company's investment portfolio. During the year, the Company made no (2008: £nil) purchases of these investments and sales amounting to £0.7m (2008: £1.9m). No income (2008: £nil) was receivable from these investments during the year.

During the current and prior year, the Company made purchases and sales of units in the JPMorgan Sterling Liquidity Fund, which is managed by JPMAM. At the year end, the Company's investment in this fund amounted to £1.0m (2008: £3.5m) and represented 0.7% (2008: 2.0%) of the Company's investment portfolio. Income amounting to £63,000 (2008: £81,000) was receivable from this investment during the year.

Fees amounting to £32,000 (2008: £115,000) were receivable from stock lending transactions during the year. JPMAM commissions in respect of such transactions amounted to £7,000 (2008: £29,000).

At the year end, a bank balance of £708,000 (2008: £115,000) was held with JPMorgan Chase. A net amount of interest of £8,000 (2008: £25,000) was receivable by the Company from JPMorgan Chase for the year.

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 14. 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 financial instruments may comprise the following:

- investments in equity shares of overseas companies and a sterling liquidity fund which are held in accordance with the Company's investment objective;
- short term debtors, creditors and cash arising directly from its operations;
- forward currency contracts in pursuit of the Company's passive currency hedging strategy;
- short term forward currency contracts for the purpose of settling short term liabilities; and
- a floating rate loan facility with Lloyds TSB.

(a) Market risk

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

(i) Currency risk

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

Management of currency risk

Since November 2009, the Company has engaged in a passive currency hedging strategy, the aim of which is to eliminate currency risk arising from active stock positions in the portfolio relative to the Benchmark. The Company may also use short term forward currency contracts to manage working capital requirements. Income receivable denominated in foreign currency is converted into sterling on receipt.

Notes to the Accounts continued

for the year ended 30th June 2009

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

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 30th June 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.

	2009					
	US$ £'000	Euro £'000	Yen £'000	Swiss Franc £'000	Other £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	–	–	–	–	–	–
Current assets	43,189	19,019	6,614	12,469	29,854	111,145
Creditors	(25,310)	(32,541)	(11,005)	(6,233)	(31,161)	(106,250)
Foreign currency exposure on net monetary items	17,879	(13,522)	(4,391)	6,236	(1,307)	4,895
Investments held at fair value through profit or loss that are equities	47,916	32,972	17,780	–	26,577	125,245
Total net foreign currency exposure	65,795	19,450	13,389	6,236	25,270	130,140

	2008					
	US$ £'000	Euro £'000	Yen £'000	Swiss Franc £'000	Other £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	–	–	–	–	–	–
Current assets	245	17	99	366	67	794
Creditors	(116)	–	–	(206)	–	(322)
Foreign currency exposure on net monetary items	129	17	99	160	67	472
Investments held at fair value through profit or loss that are equities	63,897	37,755	18,176	7,774	12,299	139,901
Total net foreign currency exposure	64,026	37,772	18,275	7,934	12,366	140,373

The above year end amounts are broadly representative of the exposure to foreign currency risk during the year.

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

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 the income receivable in foreign currency and assumes a 10% (2008: 5%) appreciation or depreciation in sterling against the US$, Euro, Yen, Swiss Franc and other currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatililty of exchange rates during the year.

If sterling had weakened this would have had the following effect:

	2009 £'000	2008 £'000
Income statement revenue after taxation:		
Revenue return	**328**	176
Capital return	**490**	24
Total return after taxation for the year	**818**	200
Net assets	**818**	200

Conversely, if sterling had strengthened this would have had the following effect:

	2009 £'000	2008 £'000
Income statement revenue after taxation:		
Revenue return	**(328)**	(176)
Capital return	**(490)**	(24)
Total return after taxation for the year	**(818)**	(200)
Net assets	**(818)**	(200)

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

(ii) Interest rate risk

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

Management of interest rate risk

The Company does not normally hold significant cash balances. Short term borrowings are used when required.

The Company may finance part of its activities through borrowings at levels approved and monitored by the Board.

The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Company borrows on the loan facility. However, amounts drawn down on this facility are for short term periods and therefore exposure to interest rate risk is not significant.

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

Interest rate exposure

The exposure of financial assets and liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below. The £200,000 debenture in issue carries a fixed rate of interest and therefore has no exposure to interest rate movements.

	2009 £'000	2008 £'000
Exposure to floating interest rates:		
JPMorgan Sterling Liquidity Fund	**1,027**	3,470
Cash and short term deposits	**708**	304
Creditors: amounts failing due within one year		
– short term loan	**(10,000)**	(6,000)
Total exposure	**(8,265)**	(2,226)

The target interest earned on the JPMorgan Sterling Liquidity Fund is the 7 day sterling London Interbank Bid Rate.

Interest receivable on cash balances is at a margin below LIBOR.

The Company has a £10 million revolving loan facility with Lloyds TSB which expires in July 2010. Under the terms of this agreement the Company may draw down up to £10 million at an interest rate of LIBOR as offered in the market for sterling deposits in the amount and term of the relevant period, plus a margin of 0.3% per annum plus the associated costs, which are the costs of complying with the lender's regulatory requirements. The Company had drawn down the whole £10 million on this facility at the year end.

At 30th June 2008, the Company had drawn down £6.0 million on a £20 million facility with Lloyds TSB.

The exposure to floating interest rates has fluctuated during the year as follows:

	2009 £'000	2008 £'000
Maximum debit interest rate exposure to floating rates – net loan balances	**(11,087)**	(13,707)
Minimum debit interest rate exposure to floating rates - net-loan balances (2008: maximum credit interest rate exposure to floating rates – net cash)	**(3,430)**	2,253

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

Interest rate sensitivity

The following table illustrates the sensitivity of the revenue after taxation for the year and net assets to a 1% (2008: 1%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary currency financial instruments held at the balance sheet date, with all other variables held constant.

	2009		2008	
	1% Increase in rate £'000	1% Decrease in rate £'000	1% Increase in rate £'000	1% Decrease in rate £'000
Income statement – return after taxation				
Revenue return	**(33)**	**33**	8	(8)
Capital return	**(50)**	**50**	(30)	30
Total return after taxation for the year	**(83)**	**83**	(22)	22
Net assets	**(83)**	**83**	(22)	22

In the opinion of the Directors, the above sensitivity analysis is not representative of the whole year as the level of exposure to floating interest rates has fluctuated during the year as shown above.

The maximum investment in the JPMorgan Sterling Liquidity Fund during the year amounted to £10.3 million (2008: £3.5 million). The highest amount drawn down on the loan facility during the year amounted to £10.0 million (2008: £7.0 million) and the interest rate on the drawings fluctuated between 0.96% and 6.32%.

(iii) Other price risk

Other price risk includes changes in market prices, other than those arising from interest rate risk or currency risk, which may affect the value of 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 exposure to changes in market prices at 30th June comprises the following:

	2009 £'000	2008 £'000
Investments held at fair value through profit or loss	**156,739**	167,565

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

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

Concentration of exposure to other price risk

An analysis of the Company's investments is given on page 10. This shows that the investments' value is in a broad spread of countries with the highest proportion in Continental Europe. Accordingly there is a concentration of exposure to these countries. However, it should also be noted that an investment may not be wholly exposed to the economic conditions in its country of domicile.

Other price risk sensitivity

The following table illustrates the sensitivity of profit after taxation for the year and net assets to an increase or decrease of 10% (2008: 10%) in the fair value of the Company's equities. 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 adjusting for change in the management fee, but with all other variables held constant.

	2009		2008	
	10% Increase in fair value £'000	10% Decrease in fair value £'000	10% Increase in fair value £'000	10% Decrease in fair value £'000
Income statement: revenue after taxation				
Revenue return	**(31)**	**31**	(34)	34
Capital return	**15,643**	**(15,643)**	16,723	(16,723)
Total return after taxation for the year and net assets	**15,612**	**(15,612)**	16,689	(16,689)

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in settling financial liabilities as they fall due.

Management of the risk

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

The Board's policy is for the Company to remain fully invested in normal market conditions and that short term borrowings be used to manage short term liabilities, working capital requirements and to gear the Company as appropriate. Details of the current loan facility are given in part (a)(ii) to this note on page 46.

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:

	2009			2008		
	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 within one year:						
Securities purchased awaiting settlement	**677**	**–**	**677**	322	–	322
Short term loan	**10,000**	**–**	**10,000**	6,000	–	6,000
Repurchase of the Company's own shares for future settlement	**–**	**–**	**–**	260	–	260
Other creditors and accruals	**116**	**–**	**116**	158	–	158
Derivative financial instruments	**901**	**–**	**901**	–	–	–
Creditors: amounts falling due after more than one year:						
Perpetual debenture stock	**-**	**200**	**200**	–	200	200
Performance fee payable	**1,018**	**1,467**	**2,485**	–	817	817
	12,712	**1,667**	**14,379**	6,740	1,017	7,757

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

(c) Credit risk

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

Management of credit risk

Portfolio dealing

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

Cash

Counterparties are subject to daily credit analysis by the Manager and trades can only be placed with counterparties that have a minimum rating of A1/P1 from Standard & Poor's and Moody's respectively.

Exposure to JPMorgan Chase

The Company's assets are clearly ring-fenced in client designated accounts. Therefore, in the event that JPMorgan Chase were to cease trading, these assets would be protected.

Credit risk exposure

The amounts shown in the balance sheet under debtors and cash and short term deposits represent the maximum exposure to credit risk at the current and comparative year ends.

Cash and short term deposits comprises balances held at banks that have a minimum rating of A1/P1 from Standard & Poor's and Moody's respectively.

There were no securities on loan at 30th June 2009 (2008: £11,669,000). The highest value of securities on loan during the year ended 30th June 2009 amounted to £6,445,000 (2008: £18,378,000). Collateral is obtained by JPMorgan Asset Management and is called in on a daily basis to a value of 102% of the value of the securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% if it is in a different currency. Collateral acceptable under the Stock Lending Agreement may comprise: cash in sterling, euros or US dollars, Eurozone government securities, UK government securities or US government securities.

(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 amount in the balance sheet is a reasonable approximation of fair value except for the debenture disclosed below. The fair value of the £200,000 debenture issued by the Company has been calculated by reference to a similarly dated gilt yield plus a margin based on the 5 year average for the AA Barclays sterling corporate bond spread.

	Accounts value		Fair value	
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Debenture	**200**	200	**151**	146

Notes to the Accounts continued

for the year ended 30th June 2009

23. Capital management policies and procedures

The Company's capital comprises the following:

	2009 £'000	2008 £'000
Debt		
Short term loan	**10,000**	6,000
Equity		
Share capital	**6,544**	6,735
Reserves	**138,926**	159,071
	145,470	165,806
Total capital	**155,470**	171,806

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise 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.

A loan covenant in respect of the £10 million facility with Lloyds TSB, requires the Company to ensure that total borrowings do not exceed 35% of the net asset value at any time. No breaches to this covenant occurred during the year.

	2009 £'000	2008 £'000
Investments excluding liquidity fund holding	**156,739**	167,565
Net assets	**145,470**	165,806
Gearing	**107.8%**	101.1%

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

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

Information about the Company

Financial Calendar

Financial year end	30th June
Half year results announced	February
Final results announced	September
Final dividend on shares	December
Interest payment on 4.5% perpetual debenture stock	1st January, 1st July
Annual General Meeting	October
Interim Management Statements	April and October

History
The Company was formed in 1887. The Company was a general investment trust until 1982, when it adopted its current objective. The current name was adopted in 2006.

The Company is managed by JPMorgan Asset Management (UK) Limited, and the present named investment manager, Jeroen Huysinga, is responsible for the portfolio.

Directors
George Paul (Chairman)
Richard Barfield
Simon Davies
John Rennocks
Jonathan Carey

Company Numbers
Company registration number: 24299
Stock Exchange SEDOL Number: 0914327
Bloomberg Code: JMO LN
Reuters Code: JMO.L

Market Information
The Company's net asset value ('NAV') is published daily, via the London Stock Exchange.

The Company's shares are listed on the London Stock Exchange and the New Zealand Stock Exchange. The market price is shown daily in the Financial Times, The Times, The Daily Telegraph, The New Zealand Herald, The Scotsman, The Independent and on the JPMorgan website at www.jpmoverseas.co.uk, where the share price is updated every 15 minutes during trading hours.

Website
www.jpmoverseas.co.uk

Share Transactions
The shares may be dealt in directly through a stockbroker or 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 Personal Equity Plan (PEP) and 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

For company secretarial and administrative matters please contact Divya Amin.

aic
The Association of Investment Companies
A member of the AIC

UK Registrars
Equiniti
Reference 3984,
Aspect House
Spencer Road
Lancing

West Sussex BN99 6DA
Telephone: 0871 384 2330

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1103. Registered shareholders can obtain further details on individual holdings on the internet by visiting www.shareview.co.uk.

New Zealand Registrars
Computershare Investor Services Limited
Private Bag 92119
Auckland 1020
Level 2
159 Hurstmere Road
Takapuna
North Shore City
New Zealand.
Telephone 09 522 0022

Notifications of changes of address and enquiries regarding certificates or dividend cheques should be made in writing to the Registrars.

Auditors
PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD

UK Brokers
Winterflood Securities
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA
Telephone: 020 3100 0000

New Zealand Brokers
First NZ Capital Securities
P.O. Box 396
Wellington
New Zealand
Telephone: 0800 800 968 (NZ Toll Free)
Please contact Peter Irwin

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

Shareholder Analysis

Year to 30th June	Number of shares	% Holding
Unit Trusts	2,464,242	9.4
Investment Trusts[1]	1,329,552	5.1
Pension Funds	1,282,352	4.9
Insurance Companies	706,708	2.7
Other Institutions	274,737	1.0
Charities	243,560	0.9
Government	202,094	0.8
Total Institutions	6,503,245	24.8
Retail Investors holding shares directly or through nominee accounts [1]	8,613,841	32.9
Private Client Brokers	7,174,456	27.5
Individuals in the Investment Trust Share Plan [2]	2,533,722	9.7
Individuals in the Invesment Trust Pension Accounts [2]	902,199	3.4
Individuals in the Investment Trust Individual Savings Account [2]	421,235	1.6
Total Retail Holdings	19,645,453	75.1
Treasury Shares*	26,000	0.1
Total Shares in Issue	26,174,698	100.0

[1] Includes shares below threshold of 10,000 shares

[2] Savings products managed by JPMorgan

Source: Thomson Financial

* Shares held in Treasury do not carry voting rights

Notice of Meeting

Notice is hereby given that the one hundred and twenty-second Annual General Meeting of JPMorgan Overseas Investment Trust plc will be held at Trinity House, Tower Hill, London EC3N 4DH on Tuesday 27th October 2009 at 12.00 noon for the following purposes:

1 To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th June 2009.

2 To approve the Directors' Remuneration Report for the year ended 30th June 2009.

3 To approve a final dividend of 11.5p per ordinary share.

4 To re-elect Mr John Rennocks as a Director of the Company.

5 To re-elect Mr Simon Davies as a Director of the Company.

6 To re-elect Mr George Paul as a Director of the Company.

7 To elect Mr Jonathan Carey as a Director of the Company

8 To re-appoint PricewaterhouseCoopers LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business:

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

9 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 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £324,991, representing approximately 5% of the Company's issued ordinary share capital as at the date of the passing of this resolution 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 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 new ordinary shares – Special Resolution

10 THAT subject to the passing of Resolution 9 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570,571 and 572 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of Section 560 of the Act) pursuant to the authority conferred by Resolution 9 as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £324,991, representing approximately 5% of the total 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 pursuant of such offers, agreements or arrangements as if the power conferred hereby had not expired.

Authority to repurchase shares – Special Resolution

11 THAT the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693 of the Act) of its issued shares of 25 pence each in the capital of the Company

PROVIDED ALWAYS THAT

(i) the maximum number of ordinary shares hereby authorised to be purchased shall be 3,897,296 or if less, that number of ordinary 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 an ordinary share shall be 25 pence;

(iii) the maximum price which may be paid for an ordinary share shall be an amount equal to (a) 105% of the average of the middle market quotations for an 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 ordinary shares will be made in the market for cash at prices below the prevailing NAV per share (as determined by the Directors);

Notice of Meeting continued

(v) the authority hereby conferred shall expire on

26th April 2011 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 a contract to purchase ordinary 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 sell shares from Treasury – Special Resolution

12 THAT the Directors of the Company be authorised, for the purposes of paragraph 12.6 of the Listing Rules of theUnited Kingdom Listing Authority, to sell ordinary shares of 25 pence each in the capital of the Company at a price above the net asset value per share of the existing ordinary shares in issue, provided always that such issue will be limited to:

(i) up to an aggregate nominal amount of £649,982, representing approximately 10% of the total ordinary share capital in issue as at the date of the passing of this resolution; and

(ii) the sale of shares which, immediately before such sale, were held by the Company as Treasury shares.

Authority to disapply pre-emption rights on sale of shares from Treasury – Special Resolution

13 THAT subject to the passing of resolution 12 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 573 of the Companies Act 2006 (the "Act") to allot (within the meaning of Section 560(2)(b) of the Act) equity securities (within the meaning of Section 560(1) of the Act) wholly for cash as if Section 561(1) of the Act did not apply to any such sale, provided that this power shall be limited to the allotment (within the meaning of Section 560(2)(b) of the Act) of equity securities for cash out of Treasury up to an aggregate nominal amount of £649,982, representing approximately 10% of the Company's total ordinary share capital in issue as at the date of the passing of this resolution 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.

Adoption of new Articles of Association – Special Resolution

14 THAT

(i) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of Section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

(ii) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association

By order of the Board
Divya Amin, for and on behalf of
JPMorgan Asset Management (UK) Limited, Secretary
23 September 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 a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person. 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 Meeting will be restricted to shareholders, with guests admitted only by prior arrangement.

8 A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006 (as amended by the Shareholder Rights Directive 2009, each such representative(s) may exercise the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

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

9 Members that satisfy the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to a) the audit of the company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or b) any circumstances connected with an auditor of the company ceasing to hold office since the previous AGM; which the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website.

10 Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting; no answer need be given if it is undesirable in the interests of the Company or the good order of the meeting.

11 Members that satisfy the thresholds in section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the next annual general meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting. A resolution may properly be moved at an annual general meeting unless a) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the company's constitution or otherwise); b) it is defamatory of any person; or c) it is frivolous or vexatious. Such a request may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it, and must be received by the company not later than 6 weeks before the date of the AGM.

12 Members satisfying the thresholds of section 338A of the Companies Act 2006 may request the Company to include any matter (other than a proposed resolution) in the business to be dealt with at the AGM which may properly

Notice of Meeting continued

be included in the business at the AGM. A matter may properly be included in the business at the AGM unless a) it is defamatory of any person or b) it is frivolous or vexatious. Such a request may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it, and must be received by the company not later than 6 weeks before the date of the AGM.

13 In accordance with section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmoverseas.co.uk

14 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, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting.

15 No Director has any contract of service with the Company.

16 As at 18th September 2009 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 26,174,698 ordinary shares, carrying one vote for every four shares held. Therefore the total voting rights in the Company are 6,499,827. (The shares held in Treasury, totalling 175,388, do not carry voting rights.)

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.

Appendix

The Companies Act 2006 ("the 2006 Act"), which is replacing the Companies Act 1985 ("the 1985 Act") has been implemented in stages but is fully in force from 1 October 2009. In addition, the Shareholders' Rights Regulations which amend certain provisions of the 2006 Act relating to meetings of the Company came into force in August 2009.

Under Resolution 13, the Company is adopting new Articles of Association ("the Articles") which will reflect the changes in company law brought about by the Shareholders' Rights Regulations and by the provisions of the 2006 Act which came into effect on or before 1 October 2009. The Articles also include some other modernising and clarificatory amendments, including, where appropriate, tracking the wording of the new model form articles for public companies contained in Schedule 3 to the Companies (Model Articles) Regulations 2008 ("the model form articles"), which are replacing the Table A articles under the 1985 Act on which many of the Company's current articles are based. Set out below is a summary of the principal changes.

1. The Company's objects

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The provisions governing the operations of the Company are currently set out in both its memorandum of association and its articles of association. Under the 2006 Act, the memorandum no longer contains an objects clause and simply records the names of the subscribers and the number of shares which each subscriber agreed to take in the Company. Under section 28 of the 2006 Act, the objects clause and all other provisions in the memorandum are treated as part of the articles with effect from 1 October 2009 but the Company can remove these provisions by special resolution. Unless the articles provide otherwise, the Company's objects will be unrestricted. The Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 13 confirms the removal of these provisions and adopts the new Articles.

2. Limited liability (Article 3)

Under the 2006 Act, the memorandum of association also no longer contains a clause stating that the liability of the members of a company is limited. For existing companies, this statement is automatically treated as having moved into the articles on 1 October 2009. As noted in paragraph 1 above, Resolution 13 confirms the removal, from the Company's articles of association, of the provisions of the Company's memorandum of association which are treated as forming part of the Company's articles of association by virtue of section 28 of the 2006 Act, which includes the statement of limited liability. An explicit statement of the members' limited liability is therefore included in the new Articles.

3. Authorised share capital and unissued shares

The 2006 Act abolishes the concept of authorised share capital and under the 2006 Act, the memorandum of association no longer contains a statement of the Company's authorised share capital. For existing companies, this statement is deemed to be a provision of the Company's articles of association setting out the maximum amount of shares that may be allotted by the Company. The adoption of the new Articles by the Company will have the effect of removing this provision relating to the maximum amount. Directors will still need to obtain the usual shareholders' authorisation in order to allot shares, except in respect of employee share schemes.

References to authorised share capital and to unissued shares have therefore been removed from the new Articles.

4. Redeemable shares (Article 5)

Under the 2006 Act, the articles of association need not include the terms on which redeemable shares may be redeemed. The directors may determine the terms, conditions and manner of redemption of redeemable shares provided they are authorised to do so by the articles. The new Articles contain such authorisation.

5. Share certificates (Article 12)

The new Articles contain new provisions for the issue of consolidated share certificates, in line with the model form articles.

6. Transfer of shares (Articles 30 and 31)

The provision which gave the ability to suspend the registration of transfers of shares for periods not exceeding 30 days in any one year has been removed from the new Articles as there is no ability under the 2006 Act to close the register.

7. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital (Article 40)

Under the 1985 Act, a company required specific authorisations in its articles of association to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital. Under the 2006 Act, public companies do not require specific authorisations in their articles of association to undertake these actions; but shareholder authority is still required. Amendments have been made to the new Articles to reflect these changes.

8. Participation in meetings at different places and by electronic means (Article 51)

Amendments made to the 2006 Act by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The new Articles include amendments to provide greater scope for members to participate in meetings of the Company even if they are not present in person at the principal place where the meeting is being held. The amendments allow for members to participate not only by attendance at satellite meeting locations, but also by any other electronic means of participation.

9. Adjournments (Article 53)

The Shareholders' Rights Regulations add a provision to the 2006 Act which requires that, when a general meeting is adjourned due to lack of quorum, at least ten days' notice must be given to reconvene the meeting. The new Articles include amendments to the provisions dealing with notice of adjourned meetings to make them consistent with this new requirement.

10. Removal of chairman's casting vote

Pursuant to changes brought about by the Shareholders' Rights Regulations, a traded company is no longer permitted to allow the chairman to have a casting vote in the event of an equality of votes. Accordingly, this provision has been removed in the new Articles.

11. Voting rights (Article 62)

The Shareholders' Rights Regulations clarify the various powers of proxies and representatives of corporate members in respect of resolutions taken on a show of hands. Where a proxy has been duly appointed by one member, he has one vote on a show of hands unless he has been appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been appointed by more than one member to vote for the resolution and by more than one member to vote against the resolution. Where a corporate member appoints representatives to attend meetings on its behalf, each representative duly appointed by a corporate member has one vote on a show of hands. The new Articles contain provisions which clarify these rights and also clarify how the provisions giving a proxy a second vote on a show of hands should apply to discretionary powers.

12. Voting record date (Article 63)

The new Articles include a new provision which was not previously in the Company's articles of association, dealing with the method for determining which persons are allowed to attend or vote at a general meeting of the Company and how many votes each person may cast. Under this new provision, when convening a meeting the Company may specify a time, not more than 48 hours before the time of the meeting (excluding any part of a day that is not a working day), by which a person must be entered on the register of members in order to have the right to attend or vote at the meeting. This new provision is in line with a requirement for listed companies introduced by the Shareholders' Rights Regulations.

13. Validity of votes (Article 67)

Following the implementation of the Shareholders' Rights Regulations, proxies are expressly required to vote in accordance with instructions given to them by members. The new Articles contain a provision stating that the Company is not required to enquire whether a proxy or corporate representative has voted in accordance with instructions given to him and that votes cast by a proxy or corporate representative will be valid even if he has not voted in accordance with his instructions.

14. Termination of proxy authority (Article 73)

Article 73 provides that the termination of a proxy's authority should be in writing as this is required by the Shareholders' Rights Regulations.

15. Corporate representatives (Article 75)

The new Articles provide that the Company can require a corporate representative to produce a certified copy of the resolution appointing him before permitting him to exercise his powers.

16. Retirement of directors by rotation (Articles 83 and 84)

The new Articles have been redrafted in order to make this provision clearer and to ensure (as far as possible) a regular number of retiring directors each year, with the number to retire being the number nearest to one-third of the board, excluding those directors who are retiring and seeking re-election for other reasons. Article 81 continues to comply with Combined Code provision A.7.1 which recommends that all directors should be subject to re-election at intervals of no more than three years. New Article 82 requires any non-executive director (other than the chairman) who has held office for nine years or more to put himself up for re-election at each annual general meeting. This is in line with Combined Code provision A.7.2.

17. Alternate directors (Articles 90, 92 and 94)

Article 90 now clarifies that an alternative director is entitled to be paid expenses (but not directors' fees). Article 92 is a new provision which effectively applies the provisions of Article 87, regarding removal of directors, to alternate directors. Article 94(c) makes it clear that an alternate is subject to the same restrictions as the director who appointed him.

18. Borrowing powers (Article 96)

A number of presentational and descriptive amendments have been made to the borrowing powers provision:

(i) Article 96(1)(a) – a reference has been added to amounts "credited as paid up" on share capital to clarify that these should be included as well as amounts actually paid up.

(ii) Article 96(1)(b) – this has been amended to refer to total of "any credit balance on the distributable and undistributable reserves of the Group", to clarify that all reserves of the Group will be relevant for the calculation and to reflect the language used by those preparing the accounts. The reference to "including share premium account, capital redemption reserve and credit balance on the profit and loss account reserve" has therefore been deleted.

(iii) Article 96(1) – the last paragraph has been amended to allow the company also to adjust for variations in its capital redemption reserve since the balance sheet date as the directors may reasonably consider to be appropriate.

(iv) Articles 96(1)(a) and 96(3)(e) – additional wording has been included to clarify how any preference shares that might be issued should be treated for the purposes of the borrowing powers. Under IFRS and UK GAAP preference shares are now treated as a debt on a company's balance sheet, rather than equity.
The additional wording included in Articles 96(1)(a) and 96(3)(e) reflects this accounting treatment. The effect of this wording is to exclude the amount of any preference share capital from the calculation of the Company's share capital and reserves and to include such amount in the calculation of the Company's borrowings.

19. Delegation to persons or committees (Article 98)

Article 98 follows the new, simplified approach to delegation adopted in the model form articles, allowing the directors to delegate as they decide appropriate.

20. Directors' appointments, interests and conflicts of interest (Article 103)

Article 103, which is the provision for dealing with conflicts in our current articles, allowing directors to be interested in transactions and to be an officer of or employed by or interested in a body corporate in which the company is interested provided that he has disclosed his interest in accordance with the articles and the provisions of the Acts, has been amended so that it contains provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director from being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict falls within the situations covered by Article 103.

21. Procedures regarding board meetings & resolution in writing (Articles 105 & 108)

The provisions of Article 105 have been amended to make it clear that notice of a board meeting may be given personally, by telephone, in hard copy or in electronic form. The requirements for giving notice to directors who are not in the United Kingdom have also been clarified.
In order to clarify the procedure for written resolutions of directors, Article 108 has been amended so that, rather than referring to a resolution in writing by all directors, a resolution in writing will be valid and effectual as if it had been passed at a meeting if executed by all the directors entitled to receive notice of the meeting and who would have been entitled to vote (and whose vote would have been counted) on a resolution at a meeting.

22. Quorum (Article 109)

The proposed amendment to Article 109, which deals with the quorum requirement for board meetings, clarifies that a director cannot count in the quorum for a matter or resolution on which he is not entitled to vote (or when his vote cannot be counted) but he may count in the quorum for the other matters or resolutions to be considered or voted on at the meeting.

Appendix continued

23. Permitted interests and voting (article 110)

Article 110 has been amended to allow a director to vote on a resolution which relates to giving him an indemnity or funding for expenditure incurred in defending proceedings provided all the other directors have been given or are to be given arrangements on substantially the same terms. This exception has become a common exception for listed companies to include.

24. Notice when post not available (Article 129)

Article 129 is the article covering service of notice in the event of a postal strike. It has been amended to allow the Company in such circumstances to serve notices only on those members who receive notices via electronic means, provided that, as before, the Company also puts an advert in two national newspapers and sends a confirmatory hard copy notice if the postal service is available again within seven days of the meeting.

25. The seal (Articles 138 and 139)

Article 138 provides that instruments (other than share certificates) to which the seal is affixed shall be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors.

26. Change of name (Article 141)

Under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006 a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the new Articles enable the directors to pass a resolution to change the Company's name.

Glossary of Terms

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.

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.

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV when calculating the total return on net assets.

Benchmark Return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received 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 benchmark.

Actual Gearing Factor

Investments excluding the holding in the liquidity fund, expressed as a percentage of shareholders' funds. This shows the effect of gearing on the NAV if the market value of the portfolio were to increase by 100%.

Total Expense Ratio ('TER')

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

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

If the share price of an investment company is lower than the NAV per share, the shares are 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's shares 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:

Asset Allocation

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

Stock Selection

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

Gearing/Cash Effect

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

Currency

Measures the impact of investing in different currencies on the performance which is measured in sterling terms.

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.

Performance fees

Measures the effect of a performance fee charge or writeback.

VAT Recovery

In 2007, HM Revenue & Customs announced acceptance that VAT was not chargeable on investment trust management fees. The Company has since been able to recover VAT on management fees paid in the past plus Interest thereon.

Repurchase of shares into Treasury

Measures the impact of the NAV enhancement created by repurchase of the Company's shares into Treasury at a discount to their NAV.

Repurchase of shares for cancellation

Measures the impact of the NAV enhancement created by repurchase and cancellation of the Company's shares at a discount to their NAV.

Glossary of Terms continued

Residual

Arises when there is a divergence between total return as calculated by Morningstar and total return from JPMAM attribution systems which is a result of different methodologies and timing differences.

JPMorgan Helpline
Freephone 0800 20 40 20 or 0207 742 9999
9.00 am to 5.3o pm Monday to Friday

JPMorgan Pension Helpline
Freephone 0800 41 31 76 or 0172 241 4888
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Please use this number if you have any queries relating to the Pension Account.

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