JPMorgan Asset Management (UK) Limited

Registered number: 01161446

Annual report for the year ended 31 December 2019

JPMorgan Asset Management (UK) Limited

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JPMorgan Asset Management (UK) Limited

Company information

Directors

N J Gartside (resigned 16 January 2019)

D Haimoff (appointed 18 July 2019)

M A Mulvey (appointed 29 April 2019)

S E Pond

P M Thomson

D J Watkins (resigned 25 June 2019)

V Hastings (Independent Non Executive) (resigned 3 December 2019)

S H Nichomoff (Non Executive) (appointed 18 June 2019)

A M R Smith (Independent Non Executive)

Company Secretaries

J.P. Morgan Secretaries (UK) Limited

B M Burrow (resigned 12 February 2019)

Registered office

25 Bank Street
Canary Wharf
London
E14 5JP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

JPMorgan Asset Management (UK) Limited

Strategic report for the year ended 31 December 2019

Principal activities

The primary activity of JPMorgan Asset Management (UK) Limited (the "Company") is investment management of assets for institutional clients, through a combination of segregated investments and pooled fund vehicles. Client assets are managed through equity, fixed income, alternative and multi-asset products. The Company acts as an agent for client investments. The directors of the Company do not anticipate any changes in the activities of the Company for the foreseeable future.

The Company is authorised and regulated by the Financial Conduct Authority (the "FCA"). The Company is also a U.S. Securities and Exchange Commission ("SEC") registered adviser. The Company has made all necessary disclosures on the JPMorgan Chase & Co. website (http://www.jpmorganchase.com) as required by the FCA under Pillar 3 of the Basel III framework.

Review of business

The directors monitor the financial performance and financial position of the Company which remains satisfactory in the opinion of the board:

	2019 £ 000	2018 £ 000
Turnover	763,174	799,759
Turnover growth (%)	(5)	6
Profit before taxation	176,414	216,297
Shareholder's funds at year end	601,567	682,359
Assets under management	315,461,700	291,209,038

Profit before taxation decreased in comparison with the prior year, on account of lower investment management fees from Group entities and higher administrative expenses. Since the year end there has been volatility in assets under management in line with market fluctuations.

Principal risks and uncertainties

Whilst management of the Company's risks and uncertainties is integrated with that of JPMorgan Chase & Co. (the "Firm") and its associated subsidiaries (collectively, the "Group") of which the Company is a part, the Company also manages its risks at a legal entity level.

The principal risks and uncertainties relating to the Group as a whole are discussed within the Group's annual report (which does not form part of this report). Those relating specifically to the Company itself are discussed in the financial risk management section of this report.

Financial risk management

Risk management is an inherent part of the business activities of the Group, of which the Company is a part. The Company has adopted the same risk management policies and procedures as the Group as a whole. The Company's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its major risks.

The Company exercises oversight through the Board of Directors (the "Board"). The Board delegates responsibility for the general conduct and day-to-day management of the Company's business to the CEO, with power for the CEO to sub-delegate to appropriate senior managers. The CEO has established a number of operating and risk committees to provide an appropriate forum for the discussion and consideration of relevant matters, and to make recommendations and otherwise assist him and his delegates in the discharge of his overall management responsibilities. Matters are escalated from the committees to the Board in order to allow the directors to oversee and review the conduct of the business. The CEO also reports to the Board on any matter considered appropriate or significant to the Company.

The Board also delegates the oversight of certain items to three board committees: the JPMorgan Asset Management International Limited ("JPMAMIL") Remuneration Committee, the JPMAMIL Audit, Risk and Compliance Committee and the JPMAMIL Investment Oversight Committee. Each board committee is comprised of independent non-executive directors from within the Board of Directors of the Asset Management EMEA group Legal Entities. Following each

quarterly meeting, the Board receive tailored reports from each board committee on any matters considered appropriate or significant to the Company.

The Company's operations expose it to a variety of financial risks, the most significant of which are credit risk, operational risk, market risk and foreign exchange risk.

An overview of the key aspects of risk management and the use of financial instruments is provided below. A more detailed description of the policies and processes adopted by all Group companies may be found within the JPMorgan Chase & Co. annual report.

Credit risk

The Company complies with Group policies which require monthly monitoring and reporting of exposures to all financial institutions. These exposures are subject to a Group concentration limit and are reviewed annually by the relevant risk committees.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. To monitor and control operational risk, the Group and the Company maintain a system of comprehensive policies and a control framework designed to provide a well-controlled operational environment and to monitor and record any control failures.

The Firm is monitoring the COVID-19 pandemic closely, based on the guidance being provided by the relevant health and government authorities, and continues to implement protocols and processes in response to the spread of the virus. The Firm has organised a central team to continue to consider what steps should be taken around the globe to protect our employees, prepare our businesses, and serve our clients and the communities where we live and work. In addition, teams across functions, businesses and regions continue to meet regularly to understand the global situation and to ensure any emerging developments relating to the well-being of our employees or the resiliency of our businesses are addressed quickly. Our business remains operational and senior leaders across the firm continue to monitor operational metrics.

Market risk

The Company has deferred compensation liabilities which are linked to the performance of certain funds. The risk of loss to the J.P. Morgan Asset Management International Group is mitigated by a combination of hedges held by another J.P. Morgan Asset Management International Group company and other financial investments held by the Company.

Foreign exchange risk

The Company uses financial instruments to manage certain foreign currency exposures in respect of its balance sheet.

Interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest rate risk arises from investments in liquidity funds and cash holdings.

Future developments

COVID-19

The Firm is monitoring Coronavirus Disease 2019 ("COVID-19"), based on the guidance being provided by the relevant health and government authorities, and continues to implement protocols and processes in response to the spread of the virus. For more detail on Firmwide measures refer to operational risk (page 3). The Company was not aware of any material adverse effects on the financial statements as a result of COVID-19, refer post balance sheet event (page 37).

Employee involvement
Staff briefings are held at which staff receive presentations from senior management on new products, sales results and business finances.

Business bulletins are distributed to all staff at regular intervals during the year which include information on business objectives and achievements.

Certain employees have the opportunity to participate in JPMorgan Chase & Co. share schemes, allowing employees to benefit from JPMorgan Chase & Co.'s overall financial performance.

Employment of disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Section 172(1) Companies Act 2006 Statement

This section is the section 172(1) statement required under section 414CZA(1) of the Companies Act 2006. The financial services regulatory requirements and expectations to which the Company is subject provide a framework for the Company to demonstrate how the board makes decisions for the long term success of the Company and its stakeholders, including having regard to how the board makes sure the Company complies with the requirements of section 172 of the Companies Act 2006. The structure and content of the information provided to the board has been enhanced so as to better reflect the impact of any deliberations or decision on the factors set out in section 172(1) of the Companies Act 2006.

This statement also contains the disclosures on employee engagement and business relationships required by Schedule 7.11(1)(b) and Schedule 7.11B(1) (respectively) of the Companies (Miscellaneous Reporting) Regulations 2018.

The Company's Board of Directors is accountable for overall oversight of the Company. The Board of Directors has responsibility for maintaining the safety and soundness of the Company, and for ensuring that the Company is acting within the strategy, values, standards and controls of the wider JPMorgan Chase & Co. group of companies (the "Firm" or the "Group").

Certain of the factors to which the directors must have regard under section 172(1) of the Companies Act 2006 are dealt with by policies, procedures and practices set by the Firm on a firmwide basis; these policies, procedures and practices apply to the Company and the board.

The Company (or, as applicable, the Firm) makes certain disclosures that include information about its governance that has a direct or indirect impact on the board of the Company's decision-making processes and how they apply the factors set out in section 172(1) of the Companies Act 2006. A list of those disclosures is at the end of this statement.

In addition, the Company is required to comply with provisions relating to its governance that do not require public disclosures to be made, including:

- EBA/ESMA Joint Guidelines on Management Body Suitability (the "Suitability Guidelines")
- EBA Guidelines on Internal Governance (the "Internal Governance Guidelines")
- The Senior Managers and Certification Regime under the Financial Services and Markets Act 2000, which has applied since 9 December 2019 (the "SMCR")
- The principles set out in the FCA Handbook (the "FCA Principles")

Strategy, Risk and Sustainability

The directors are expected to act with honesty, integrity and independence of mind in assessing and challenging senior management, and to commit enough time to the role in order to perform these duties effectively, as required by the Suitability Guidelines.

The Company has a Matters Reserved for the Board which requires that the Board defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management. This includes requirements that the Board will approve and oversee the Company's strategic objectives, risk strategy and internal governance, including the segregation of duties in the organisation and the prevention of conflicts of interest.

Risk is an inherent part of the Firm's business activities. The Firm's overall objective is to manage its business, and the associated risks, in a manner that balances serving the interest of its clients, customers and investors and protects the safety and soundness of the Firm. Firmwide Risk Management is overseen and managed on an enterprise-wide basis. The Firm believes that effective risk management requires:

- Acceptance of responsibility, including escalation of risk issues, by all individuals within the Firm;
- Ownership of risk assessment, data and management within each line of business ("LOB") and corporate functions; and
- Firmwide structures for risk governance.

The Firm follows a disciplined and balanced compensation framework with strong internal governance and independent Board oversight, with delegation to a local remuneration committee.

A regional governance structure has been established to allow the Board to delegate certain matters, not included in the Matters Reserved for the Board, to a governance framework. The Board monitors and periodically assesses the effectiveness of this governance framework and takes appropriate steps to address any deficiencies. The Board may also delegate levels of authority to senior management, and has responsibility for providing effective oversight of these individuals.

The Board delegates certain matters to a number of key regional committees, including for regional risk control and oversight. The EMEA governance framework connects legal entity, line of business and global governance structures. In addition, the Board is supported by the JPMorgan Asset Management International Limited ("JPMAMIL") Remuneration Committee, the JPMAMIL Audit, Risk and Compliance Committee and the JPMAMIL Investment Oversight Committee. Each board committee is comprised of independent non-executive directors from within the Board of Directors of the Asset Management EMEA group legal entities.

The Firm has established a Corporate Governance Policy – Firmwide that sets out the expectations that the Firm has of the directors of the material entities within the Group; this policy applies to the Company. Its provisions cover, among other things, board meeting attendance and board composition. The policy seeks to establish an internal governance framework, as set out in the Internal Governance Guidelines.

Engagement with regulators

The Company's board and senior leaders maintain an open relationship with regulators and from time to time, may be required to attend meetings with the regulators responsible for the Company. These meetings may take the form of ongoing supervision of the firm or ad hoc, thematic requests for information in relation to an industry issue or area of regulatory focus. The Company is committed to being transparent and responsive to the regulators in its interactions, and the Company maintains an open dialogue and ensures that complete, accurate, and timely information is provided. Interaction helps the Company learn first-hand from regulators about matters of importance to them and their expectations of the Company. It also gives the Company's board and management a forum for keeping our regulators well-informed about the Company's performance and business practices, as well as ensuring that anything relating to the Company of which the regulator would reasonably expect to be aware is disclosed timely.

Engagement with customers and suppliers

The Company is committed to always deal fairly, ethically and in good faith with its customers, suppliers, competitors, business partners, regulators and employees. Discrimination, harassment or inappropriate or abusive conduct by or against of its stakeholders is not tolerated. In addition to compliance with applicable laws and regulations, the Company expects all its employees to hold themselves to the highest standards of ethical conduct and has put in place comprehensive policies and procedures to monitor culture and conduct within the organisation. Trust is essential to the organisation's business success and particular focus has been put on being a reliable steward of customers and suppliers' information, whether that information relates to financial, personal or business matters.

The Company works to achieve a competitive advantage through superior products and services, never through unethical or illegal business practices. The organisation prohibits taking unfair advantage of any of its stakeholders through manipulation, concealment, abuse of privileged or confidential information, misrepresentation of material facts or any other unfair dealings or practices. In addition, the Company has fiduciary obligations to its clients to act in their best interest and avoids or otherwise addresses through controls, disclosures or other appropriate steps, any actual or potential conflicts of interest. Accountability, transparency and integrity are the cornerstones of doing good business, which includes simplifying disclosures, products and operations, and effectively managing environmental, social and governance matters. This preserves the organisation's reputation for integrity. In line with UK legal requirements, the Company discloses its payment practices information on a semi-annual basis.

The Firm's Business Principles set out the Firm's focus on the customer:

- Exceed expectations by listening to customers and anticipating their needs, making it easy for them to do business with us
- Earn trust by always focusing on customers' best interests; high-quality customers will grow along with the Company
- Give customers a good, fair deal – offer high-quality, competitively priced products and services
- Consider the full range of products and services that will fit customer needs, cross selling when appropriate
- Never allow short-term profit considerations to get in the way of doing what's right for the customer
- Use our own products – when it comes to understanding the customer, nothing beats being a customer

Engagement with employees

The Firm's Business Principles set out the Firm's principles relating to "A Great Team and Winning Culture", including in relation to recruitment and retention, diversity, teamwork, meritocracy, communication and leadership.

The JPMC board is committed to maintaining a strong corporate culture that instils and enhances a sense of personal accountability on the part of all of the Firm's employees. In addition to discussions at Board meetings with senior management about these efforts, JPMC directors participate in meetings with employees to emphasize this commitment. These meetings include employee town halls, lines of business and leadership team events, annual senior leaders' meetings and informal sessions with members of the JPMC Operating Committee and other senior leaders. In addition, the Firm conducts a periodic Employee Opinion Survey, the results of which are shared with the Company's board for discussion and feedback is taken and actioned upon by management.

Environmental, Social and Governance matters

The Firm engages with numerous non-governmental organisations on a diverse range of issues that are important to communities and consumers about the Firm's business. The Firm also engages with organisations on environmental and social issues and provides philanthropic support to a broad range of non-profit organisations that work on issues that are important to the Firm. Management shares insights and feedback from these relationships and engagements with the JPMC board, providing the board with valuable insights to the issues that matter to the Firm's various stakeholders. This helps the Firm understand how the Firm's products and services can better serve its stakeholders and the communities in which it operates.

JPMorgan Asset Management (UK) Limited

Strategic report for the year ended 31 December 2019

The Firm is committed to being transparent about how we do business and reporting on its efforts. One way the Firm does this is by publishing an annual ESG Report, which provides information on how the Firm is addressing Environmental, Social and Governance matters that it and its stakeholders view as among the most important to the Firm's business.

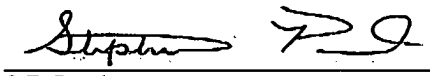
Engagement and transparency with the Firm's stakeholders help the Firm gain useful feedback and help us improve our governance processes.

The board will continue to review and challenge how the Company can improve engagement with its employees and stakeholders and further enhance its decision-making processes in line with section 172(1) of the Companies Act 2006 throughout 2020 and beyond.

For further information on the corporate governance related disclosures made by the Company, please see:

- JPMorgan Chase & Co. Business Principles:
  https://www.jpmorganchase.com/corporate/About-JPMC/ab-business-principles.htm
- JPMorgan Chase & Co. Annual Meeting of Shareholders Proxy Statement:
  https://www.jpmorganchase.com/corporate/investor-relations/document/proxy-statement2019.pdf
- Capital Requirements Directive IV (2013/36/EU) governance disclosures:
  https://www.jpmorgan.com/jpmpdf/1320747737676.pdf ("CRD IV Disclosures")
- Gender Diversity on EMEA Boards:
  https://www.jpmorgan.com/global/emea/crd4
- Environmental Social and Governance Report:
  https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-cr-esg-report-2018.pdf[1]
- Corporate Responsibility Report:
  https://reports.jpmorganchase.com/corporate-responsibility/2018/cr-2018-home.htm[2]
- Transparency Statement under s.54 of the Modern Slavery Act 2015:
  https://www.jpmorganchase.com/corporate/About-JPMC/document/modern-slavery-act-2018.pdf[3]

Approved by the Board on 23rd April, 2020 and signed on its behalf by:



S E Pond
Director

Date 23 April 2020

[1] This links to the 2018 edition of the report. The 2019 report is expected to be published in May 2020.
[2] This links to the 2018 edition of the report. The 2019 report is expected to be published in May 2020.
[3] This links to the Transparency Statement for 2018. The 2019 Transparency Statement is expected to be published in May 2020.

JPMorgan Asset Management (UK) Limited

Directors' report for the year ended 31 December 2019

The directors present their report and the audited financial statements of JPMorgan Asset Management (UK) Limited for the year ended 31 December 2019.

Results and dividends
The profit before taxation was £176,414,000 (2018: £216,297,000) and the retained profit for the financial year was £142,432,000 (2018: £182,870,000).

An interim ordinary dividend of £224,000,000 was paid during the year (2018: £195,000,000).

The directors do not recommend the payment of a final dividend (2018: £nil).

Statement of directors' responsibilities
The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:
- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Financial risk management
Information on the management of financial risk is discussed in the strategic report under the heading "Financial risk management".

Employee involvement and employment of disabled persons
Information on the employee involvement and employment of disabled persons is discussed in the strategic report under the headings "Employee involvement" and "Employment of disabled persons".

Section 172(1) Companies Act 2006 Statement
Section 172(1) Companies Act 2006 Statement is discussed in the strategic report under the heading "Section 172(1) Companies Act 2006 Statement".

Future developments
Future developments are discussed in the strategic report under the heading "Future developments".

JPMorgan Asset Management (UK) Limited

Directors' report for the year ended 31 December 2019

Disclosure of information to the auditors
Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
(2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Liability insurance for directors
As permitted by Section 233 of the Companies Act 2006, the directors of the Company are covered for insurance purposes by the Group's blanket insurance maintained at a consolidated level.

Third Party Indemnities
An indemnity is provided to the directors of the Company under the by-laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity remains in force at the date of these financial statements and a copy of the by-laws of JPMorgan Chase & Co. is kept at the registered office of the Company.

Independent Auditors
The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

Approved by the Board on 23rd April, 2020 and signed on its behalf by:

S E Pond
Director

Date 23 April 2020

JPMorgan Asset Management (UK) Limited

Independent auditors' report to the members of JPMorgan Asset Management (UK) Limited

Report on the financial statements

Opinion

In our opinion, JPMorgan Asset Management (UK) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report ("the Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed,

we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Independent auditors' report to the members of JPMorgan Asset Management (UK) Limited

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jonathan Wiseman

Jonathan Wiseman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 24 April 2020

JPMorgan Asset Management (UK) Limited

Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover	3	763,174	799,759
Cost of sales	4	(122,363)	(130,645)
Gross profit		640,811	669,114
Administrative expenses	5	(601,678)	(555,769)
Other operating income	6	112,819	95,165
Operating profit		151,952	208,510
Income from shares in subsidiary and joint venture	7	11,382	12,455
Realised gain on financial assets	8	6,433	9,477
Unrealised gain/(loss) on financial assets	9	4,437	(16,099)
Interest receivable and similar income	10	2,210	1,954
Profit before taxation		176,414	216,297
Tax on profit	14	(33,982)	(33,427)
Profit for the financial year and total comprehensive income for the year	25	142,432	182,870

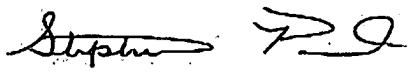
The notes on pages 16 to 37 form an integral part of these financial statements.

JPMorgan Asset Management (UK) Limited

Balance sheet as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Tangible assets	15	4,754	6,040
Investments in subsidiary and joint venture	16	10,434	10,434
		15,188	16,474
Current assets			
Debtors	17	310,820	132,020
Investments	19	18,719	75,068
Derivative financial instruments	20	513	-
Cash at bank and in hand		552,657	749,427
		882,709	956,515
Creditors: amounts falling due within one year	21	(231,661)	(230,616)
Net current assets		651,048	725,899
Total assets less current liabilities		666,236	742,373
Creditors: amounts falling due after more than one year	22	(64,669)	(60,014)
Net assets		601,567	682,359
Capital and reserves			
Called up share capital	24	24,000	24,000
Capital contribution reserve	25	10,400	10,346
Profit and loss account	25	567,167	648,013
Total shareholder's funds		601,567	682,359

The financial statements on pages 13 to 37 were approved by the board of directors on 23rd April, 2020 and signed on its behalf by:



S E Pond
Director

Date 23 April 2020

Company registered number: 01161446

The notes on pages 16 to 37 form an integral part of these financial statements.

JPMorgan Asset Management (UK) Limited

Statement of changes in equity for year ended 31 December 2019

	Called up share capital	Capital contribution reserve	Profit & loss account	Total shareholder's funds
	£ 000	£ 000	£ 000	£ 000
Balance as at 1 January 2018	24,000	13,959	662,421	700,380
Capital contribution reduction	-	(3,613)	-	(3,613)
Profit for the financial year and total comprehensive income for the year	-	-	182,870	182,870
Dividends	-	-	(195,000)	(195,000)
Deferred tax asset	-	-	(2,278)	(2,278)
Balance as at 31 December 2018	24,000	10,346	648,013	682,359
Capital contribution addition	-	54	-	54
Profit for the financial year and total comprehensive income for the year	-	-	142,432	142,432
Dividends	-	-	(224,000)	(224,000)
Deferred tax asset	-	-	722	722
Balance as at 31 December 2019	24,000	10,400	567,167	601,567

The following describes the nature and purpose of each reserve within equity:

Called up share capital - nominal value of share capital subscribed for.

Capital contribution reserve - additional capital provided by the immediate parent entity.

Profit & loss account - all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The notes on pages 16 to 37 form an integral part of these financial statements.

1 Accounting policies

General information
The Company is a private company and is incorporated in England and Wales and domiciled in the UK. The address of its registered office is 25 Bank Street, Canary Wharf, London, E14 5JP.

Basis of preparation
The financial statements have been prepared on a going concern basis, and in accordance with Financial Reporting Standard 100 "Application of Financial Reporting Requirements" and Financial Reporting Standard 101 "Reduced Disclosure Framework".

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments and in accordance with the Companies Act 2006. The functional and presentation currency used is sterling and amounts have been presented in thousands ("£ 000s").

Disclosure exemptions adopted:

In preparing these financial statements the Company has taken advantage of disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by JPMorgan Chase & Co.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of JPMorgan Chase & Co. These financial statements do not include certain disclosures in respect of:

- Financial instruments; and
- Fair value measurement.

The financial statements of JPMorgan Chase & Co. can be obtained as described in note 28.

Adoption of IFRS 16
Effective 1 January 2019, the Company adopted IFRS 16 Leases, which superseded IAS 17 Leases. The objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial information to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease.

The adoption of IFRS 16 did not result to in any changes to the classification and measurement of leases.

Group financial statements
The financial statements contain information about JPMorgan Asset Management (UK) Limited as an individual Company and do not contain consolidated financial information. The Company has taken advantage of the exemption conferred by S400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the consolidated accounts of a larger non-EEA group.

Investments in subsidiary and joint venture
Investments in subsidiary undertakings and joint ventures are included at cost less any impairment in value that may have occurred. Realised gains and losses arising on disposal of subsidiaries are calculated as the difference between net sales proceeds and the carrying value.

Income and expenditure recognition
Recognition

The Company earns revenue from the management of assets for institutional clients, through a combination of segregated investments and pooled fund vehicles. It also earns revenues in respect of sales, marketing, distribution and administration services, which are provided in the UK. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model;
1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Fee arrangements
Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

Performance obligations
Investment management fees arise from the management of assets for institutional clients, through a combination of segregated investments and pooled fund vehicles plus fees arise from the sales, marketing, distribution and administration services, which are provided in the UK. These services are satisfied over time as the services are provided and are typically based upon a percentage of the value of the client's assets under management.

Performance fees are earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods. They are only recognised where there is deemed to be a low probability of a significant reversal in future periods. Performance fees are typically earned over one year and are recognised at the end of the performance period.

Transaction price
Transaction price is determined based on the transaction price negotiated with the customer.

Cash and cash equivalents
This includes deposits held on demand with banks with a maturity of less than 30 days and cash in hand.

Financial instruments
(i) Derivative financial instruments

Derivative contracts held as economic hedges are held at fair value. These comprise forward foreign exchange ("FFX") contracts which are held to hedge exposures to certain foreign currency denominated assets and liabilities. Fair values are calculated based on market forward exchange rates at the balance sheet date.

The foreign currency denominated exposures are translated into sterling at rates of exchange ruling on the balance sheet date. Any realised or unrealised foreign exchange gain or loss resulting from FFX contracts and foreign currency denominated exposures are taken to the profit and loss account.

(ii) Financial assets and liabilities

The Company recognises financial instruments from the trade date, and continues to recognise them until, in the case of assets, the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership, or in the case of liabilities, until the liability has been settled, extinguished or has expired.

Investments are classified as financial assets at fair value through profit or loss. Investments are designated under this category upon initial recognition and this is consistent with the Group's risk management framework.

Realised and recognised gains or losses arising from changes in fair value are included in the profit and loss account of the period in which they arise.

(iii) Impairment of financial assets

The Company's approach to measuring expected credit losses ("ECLs") depends on the type of instrument.

Fee receivables

For fee receivables arising from contracts with customers (e.g. investment management fee receivables), the Company applies a provision matrix as a practical expedient for calculating expected credit losses. The matrix provides that in the case of institutional customers, a receivable is considered to have had a significant increase in credit risk ("SICR") if it is 90 days past due and credit-impaired, if it is 180 days past due at which point an ECL for 100% of the amount owned is recognised. In the case of non-institutional customers, a receivable is considered to have had a SICR if it is 30 days past due and credit-impaired and if it is 90 days past due at which point an ECL for 100% of the amount owned is recognised.

Other financial instruments

The Company has determined that ECLs on other financial instruments are immaterial due to: the existence of credit risk mitigants such as the credit quality (e.g. investment-grade); and/or the short-term nature of the instrument. Similarly the Company has determined that these other financial instruments are without SICR due to the credit quality and/or the short-term nature of the instrument.

For inter-company loans and receivables, the Company evaluates the counterparty based on the Firm's resolution and recovery plan, tenor of the loan/receivable, and any collateral received. The Company has not experienced any losses on inter-company loans and receivables.

The Company continues to monitor its financial instruments to ensure the described framework is appropriate and its exposure to credit risk and ECLs on these instruments are adequately reflected in the allowance for credit losses.

Pensions and other post-retirement benefits
The Company operates both a defined benefit plan and defined contribution scheme for its employees.

Defined contribution scheme
A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension plans are recognised as an expense and charged to the income statement on an accrual basis.

Defined benefit scheme
A defined benefit scheme that shares risks between entities under common control where there is no contractual agreement or stated policy for charging the net defined benefit cost amongst the participating entities and where the Company is not deemed to be the sponsoring employer is not recognised on balance sheet, in accordance with IAS 19 Employee benefits ("IAS 19"). Obligations for contributions to defined benefit pension plans are recognised as an expense and charged to the income statement on an accrual basis.

Share-based awards
Share-based awards may be made to employees of the Company under the Group's incentive award schemes. The fair value of any such shares, rights to shares or share options is measured when the conditional award is made. This value is recognised as the compensation expense to the Company over the period to which the performance criteria relate together with employer's social security expenses or other payroll taxes. All of the awards granted are equity settled.

Mandatory Investor Plan
During the year, the Company continued to operate its Mandatory Investor Plan. Investments included in current assets are fund investments managed by JPMorgan Group companies that are held by the Company along with forward contracts that are held in another J.P. Morgan Asset Management International Group company as an economic hedge against these deferred compensation liabilities.

The deferred compensation liabilities, which are determined by the initial value of the compensation provided and the mark to mark adjustments on the fund investments over the vesting period, are amortised over this period.

Mark to market adjustments on the fund investments are charged to the profit and loss account in the period to which they relate.

Members departing from the scheme may forfeit their deferred benefits and an allowance for the expected forfeiture rate is made in the amortisation calculation, based on experienced forfeiture rates. In the instance of forfeiture, the actual cumulative amortised amount is fully unwound and taken to the profit and loss account in the year of departure.

Tangible fixed assets and depreciation
Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Tangible assets are capitalised at cost (including, where appropriate, attributable costs associated with bringing the asset into working condition) and depreciated by equal annual instalments, over their estimated useful lives as set out below:

Office equipment	3 or 5 years
Motor vehicles	3 years

Foreign currency translation
Monetary assets and liabilities in foreign currencies are translated into sterling at market rates prevailing at the balance sheet date, and resulting gains and losses are taken to the profit and loss account. Foreign currency income and expense items are translated at the rate prevailing at the transaction date.

Non-monetary items denominated in foreign currency that are stated at historical cost are translated into sterling at the date of the transaction.

Revaluation differences on non-monetary financial assets and liabilities are recognised in the profit and loss account.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

Dividend recognition
Dividends are recognised in the period in which they are approved.

Critical accounting estimates and judgments
The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are, discussed below.

a) Legal proceedings
The Company reviews outstanding legal cases following developments in the legal proceeding and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

b) Restricted stock units
Stock awards are accounted for by amortising the fair value of the stock award over the future required service period of the employee. This requires judgement in relation to likely staff attrition rates in the future which will affect the actual award vesting.

c) Mandatory Investor Plan
For more detail on the Mandatory Investor plan, refer to page 19 Accounting policies, within the Notes to the financial statements.

2 Financial risk management

(i) Interests in structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Company considers the investment management arrangement for all UK Open-Ended Investment Companies (OEICs) ("Investment Funds") under its management to be interests in unconsolidated structured entities. In accordance with the terms and conditions of the respective Investment Funds' investment management agreements and offering documentation, the Company executes day-to-day management and investment activities of the Investment Funds whose objectives are achieving long term capital growth. The Company is remunerated by the respective Investment Funds for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Investment Funds.

The Company considers a number of its investments in other funds ("Investee Funds") to be investments in unconsolidated structured entities. The Investee Funds are managed by the Company or the Company's fellow subsidiaries, and apply various investment strategies to accomplish their respective investment objectives. Some of the Investee Funds finance their operations by issuing redeemable shares which are puttable at the holder's option and entitles the holder to a proportional stake in the respective fund's net assets. The Company holds redeemable shares in each of its Investee Funds. The change in fair value of each Investee Fund is included in the profit and loss.

Investment funds under management

The Company engages in investment management of various pooled fund vehicles including UK OEICs (the "Investment Funds"). The Company's investment management arrangement with the Investment Funds are subject to the terms and conditions of the respective Investment Funds' investment management agreements and offering documentation and are susceptible to market price risk arising from uncertainties about future values of those Investment Funds. As the investment manager, the Company makes investment decisions after extensive due diligence of the investment portfolio, in accordance with the investment objectives and investment strategies of the respective Investment Funds. The Company is remunerated by the respective Investment Funds for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Investment Funds.

At 31 December 2019, the Company's Investment Funds under its management are disclosed in the following table.

Strategy	Number of Investment Funds	Net asset value of Investment Funds £ 000
Equity	26	13,603,180
Fixed Income	7	1,160,261
Asset Allocation	9	3,020,487
	42	17,783,928

Since the year end there has been volatility in the Company's Investment Funds under its management, in line with market fluctuations.

At 31 December 2018, the Company's Investment Funds under its management are disclosed in the following table.

Strategy	Number of Investment Funds	Net asset value of Investment Funds £ 000
Equity	23	10,117,721
Fixed Income	5	967,958
Asset Allocation	5	2,304,836
	33	13,390,515

The Company's exposure to the interest in its Investment Funds is equal to the investment management fee income, details of which are set out in note 3 to the financial statements.

Investments in Investee Funds

The Company will from time to time invest in certain of its Investment Funds ("Investee Funds") which are considered to be structured entities. The Company's investments in Investee Funds are subject to the terms and conditions of the respective Investee Fund's offering documentation and are susceptible to market price risk arising from uncertainties about the future values of those Investee Funds. All of the Investee Funds in the investment portfolio are managed by portfolio managers who are compensated by the respective Investee Funds for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Company's investment in each of the Investee Funds.

The Company has the right to request redemption of its investments in Investee Funds daily.

At 31 December 2019, the exposure to investments in Investee Funds at fair value by strategy employed is disclosed in the following table.

Strategy	Number of Investee Funds	Net asset value of Investee Funds £ 000	Investment Fair Value £ 000
Equity	-	-	-
Fixed Income	-	-	-
Asset Allocation	1	1,452,836	3,175
	1	1,452,836	3,175

At 31 December 2018, the exposure to investments in Investee Funds at fair value by strategy employed is disclosed in the following table.

Strategy	Number of Investee Funds	Net Asset Value of Investee Funds £ 000	Investment Fair Value £ 000
Equity	22	10,114,257	6,537
Fixed Income	5	802,890	1,459
Asset Allocation	4	2,229,996	2,540
	31	13,147,143	10,536

These investments are included in financial assets at fair value through profit or loss in the balance sheet.

The Company's maximum exposure to loss from its interests in Investee Funds is equal to the total fair value of its investments in Investee Funds. Once the Company has disposed of its shares in an Investee Fund, the Company ceases to be exposed to any risk from that Investee Fund. The number of Investee Funds has reduced because the method of hedging the Mandatory Investor Plan liability was changed during 2019, and the majority of the financial assets previously used as an economic hedge were sold as a consequence.

3 Turnover

Turnover represents fees and commissions receivable in respect of asset management and administration services, which are provided in the United Kingdom to clients globally.

Location from where turnover is received	2019 £ 000	2018 £ 000
Americas	208,922	226,917
Continental Europe	318,599	330,731
Rest of the world	85,816	85,093
United Kingdom	149,837	157,018
	763,174	799,759

4 Cost of sales

Cost of sales includes fund management charges of £122,363,000 (2018: £130,645,000) payable to Group undertakings.

5 Administrative expenses

	2019 £ 000	2018 £ 000
Staff costs (note 12)	358,375	355,585
Depreciation of tangible fixed assets	3,392	3,480
Auditors' remuneration:		
- The audit of the Company's annual financial statements	169	180
- Audit related assurance services	214	212
- Tax advisory services	-	100
Bank charges	51	49

In addition to its own audit fees disclosed above, the Company has also borne the statutory audit fees totalling £262,000 (2018: £326,000) of fellow subsidiaries in the group and audit related assurance services of fellow subsidiaries in the group totalling £306,000 (2018: £410,000) for the year ended 31 December 2019. Non audit related services were also borne by the Company in respect of other subsidiaries in the group totalling £Nil (2018: £135,000).

6 Other operating income

	2019 £ 000	2018 £ 000
Realised loss on foreign exchange transactions	(1,522)	(14,460)
Unrealised (loss) / profit on foreign exchange transactions	(1,214)	8,299
Other income/(expense)	(272)	(3,591)
Amounts recharged to fellow subsidiaries for operating expenses	115,827	104,917
	112,819	95,165

7 Income from shares in subsidiary and joint venture

The Company received an interim dividend of £11,382,000 (2018: £12,455,000) from its 49% holding in China International Fund Management Co. Limited.

8 Realised gain on financial assets

Realised gain on financial assets comprises aggregated gains and losses on the sale of fund investments.

9 Unrealised gain / (loss) on financial assets

The unrealised gain on financial assets comprises mark to market movements on fund investments.

10 Interest receivable and similar income

	2019 £ 000	2018 £ 000

Bank interest receivable	1,409	1,317
Interest receivable on amounts held with Group undertakings	801	589
Other interest receivable	-	48
	2,210	1,954

11 Dividends paid

	2019 £ 000	2018 £ 000
Equity - ordinary interim dividend paid £9.333 (2018: £8.125) per £1 share	224,000	195,000

12 Employee information

The employment contracts for some staff are with fellow Group undertakings. Relevant costs continue to be recharged to the Company as in previous periods.

The monthly average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Asset management and administration	1,290	1,424

Employee information

	2019 £ 000	2018 £ 000
Wages and salaries	305,155	300,548
Social security costs	39,805	41,658
Other pension costs (note 23)	13,415	13,379
	358,375	355,585

13 Directors' remuneration

	2019 £ 000	2018 £ 000
Aggregate emoluments*	2,771	2,342
Total defined contribution pension payments for all directors	16	16
Total contributions to a defined benefit pension plan for all directors	-	-
Aggregate amounts receivable (excluding shares) under long-term incentive plan (LTIPs)	-	1,308

	2019 No.	2018 No.

Number of directors to whom defined benefit contribution pension rights accrued	4	5
Number of directors with shares received or receivable under LTIPs	5	6
Number of directors	9	7

Highest paid director:

	2019 £ 000	2018 £ 000
Emoluments of highest paid director (excluding pension contributions)	2,068	1,474
The highest paid director did (Yes) or did not (No) exercise any share options during the year	No	No
The highest paid director did (Yes) or did not (No) have shares received or receivable under LTIPs	No	Yes

*The amounts shown above in respect of emoluments payable to directors exclude amounts paid or due to directors under long-term incentive plans, the value of share options granted or exercised and benefits to which directors are entitled under any pension schemes.

In accordance with Companies Act 2006, the directors' emoluments above represent the proportion paid or payable in respect of qualifying services only. Directors also receive emoluments for non-qualifying services, which are not required to be disclosed.

14 Tax on profit

(a) Analysis of tax charge in the year

	2019 £ 000	2018 £ 000
Current tax		
UK corporation tax on current year profits	31,103	30,221
Foreign tax	2,282	2,739
Adjustments in respect of previous years	607	(1,007)
Double taxation relief	(1,713)	(1,480)
Total current tax	32,279	30,472

Deferred tax		
Origination and reversal of timing differences - current year	969	2,173
Effect of changes in tax rates	734	782
Total deferred tax	1,703	2,955
Total tax on profit	33,982	33,427

(b) Factors affecting current tax charge for the year

Tax expense for the year is lower (2018: lower) from the standard rate of corporation tax in the UK for the year ended of 31 December 2019 19.00% (2018: 19.00%). The differences are explained below:

	2019 £ 000	**2018 £ 000**
Profit before taxation	176,414	216,296
Profit multiplied by effective rate of corporation tax in the UK (19.00%) (2018: 19.00%)	33,518	41,096
Effects of:		
(Non taxable income) / Expenses not deductible	(1,576)	(2,071)
Share-based awards	130	(6,632)
Foreign tax suffered	569	1,259
Remeasurement of deferred tax - change in UK tax rate	734	782
Adjustments in respect of previous years	607	(1,007)
Total tax charge for year	33,982	33,427

The Chancellor announced as part of his 2020 Budget that the rate of corporation tax would remain at 19% with effect from 1 April 2020, which was subsequently substantively enacted in March 2020. This compares with the deferred tax calculation rate of 17%.

15 Tangible fixed assets

	Office equipment £ 000	**Total £ 000**
Cost or valuation		
At 1 January 2019	13,102	13,102
Additions	2,156	2,156
Disposals	(50)	(50)
Exchange adjustments	-	-
At 31 December 2019	15,208	15,208

Accumulated depreciation		
At 1 January 2019	7,062	7,062
Charge for the year	3,392	3,392
Disposals	-	-
Exchange adjustments	-	-
At 31 December 2019	10,454	10,454
Net book value		
At 31 December 2019	4,754	4,754
At 31 December 2018	6,040	6,040

16 Investment in subsidiary undertaking and joint venture

Investment in subsidiary undertaking

	2019	2018
	£	£
Cost at 1 January and 31 December	100	100

Company holds an investment in the following company:

Principal activity	Country of incorporation and registration	Class	%

Subsidiary undertakings

J.P. Morgan 8CS Investments (GP) Limited	General partner	England & Wales	Ordinary shares	100%

The address of the registered office of J.P. Morgan 8CS Investments (GP) Limited is 25 Bank Street, Canary Wharf, London, E14 5JP.

The directors are of the opinion that the value of the investment in subsidiary at the year end is not less than the value at which it is stated at the balance sheet date.

Investment in joint venture

	2019 £ 000	2018 £ 000
Cost at 1 January and 31 December	10,434	10,434
Cost carried forward	10,434	10,434

	Principal activity	Country of incorporation and registration	Class	
Joint ventures				
China International Fund Management Co. Limited	Investment management	China	Ordinary Shares	49 %

The address of the registered office of China International Fund Management Co. Limited is 25th Floor, Zhendan Mansion, 99 Fucheng Road, Shanghai, 200120, China.

The Company holds 49% (2018: 49%) of the ordinary share capital of China International Fund Management Co. Limited ("the Joint Venture"), the remaining shares being held by Shanghai International Trust and Investment Co. Limited.

The directors are of the opinion that the value of the investment in the joint venture at the year end is not less than the value at which it is stated at the balance sheet date by reference to the financial performance and financial position of the Joint Venture:

	2019 £ 000	2018 £ 000
Total shareholders' funds	204,494	205,760
Profit after tax	32,918	38,087

17 Debtors

	2019 £ 000	2018 £ 000
Trade debtors	18,474	11,841
Amounts owed by Group undertakings	215,614	42,088
Other debtors	101	2,836
Corporation tax receivable	-	1,252

Deferred tax asset (note 18)	22,126	23,178
Prepayments and accrued income	54,505	50,825
	310,820	132,020

Amounts owed by Group undertakings includes £175,000,000 placed on an unsecured evergreen basis with JPMorgan Chase Holdings LLC. Interest is receivable on this balance, repriced on a monthly basis at market terms and settled on a monthly basis. The remaining amounts owed by Group undertakings are unsecured, interest-free and repayable on demand.

18 Deferred tax asset

	2018 £ 000	2018 £ 000
Deferred tax assets due within 12 months	4,551	6,181
Deferred tax liabilities due within 12 months	-	-
Total asset	4,551	6,181
Deferred tax assets due after more than 12 months	17,575	16,996
Deferred tax liabilities due after more than 12 months	-	-
Total asset	22,126	23,177
Total deferred tax provision	-	-
Total asset	22,126	23,177

	Accelerated capital allowances £ 000	Share based awards £ 000	Disallowable provisions £ 000	Total £ 000

At 1 January 2018	23	8,378	20,010	28,411
(Charged) / credited to the income statement	370	(291)	(3,035)	(2,956)
(Charged) / credited directly to equity	-	(2,278)	-	(2,278)
At 31 December 2018	393	5,809	16,975	23,177
(Charged) / credited to the income statement	323	(2,464)	439	(1,702)
(Charged) / credited directly to equity	-	651	-	651
At 31 December 2019	716	3,996	17,414	22,126

There is no unrecognised deferred tax. The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in the financial statements.

19 Investments

Financial assets designated at fair value through profit and loss

	2019 £ 000	2018 £ 000
Other fund investments	18,719	75,068

	Money market fund investments £ 000	Other fund investments £ 000	Total £ 000
Cost			
At 1 January 2019	-	75,430	75,430
Additions	-	37,388	37,388
Disposals	-	(102,243)	(102,243)
Exchange adjustments	-	4,069	4,069
Closing book value at 31 December 2019	-	14,644	14,644

Revaluation

At 1 January 2019	-	(362)	(362)
Current year unrealised gain	-	4,437	4,437
Closing revaluation at 31 December 2019	-	4,075	4,075
Carrying value at 31 December 2019	-	18,719	18,719
Carrying value at 31 December 2018	-	75,068	75,068

During the year the method of hedging the Mandatory Investor Plan liability was changed and the majority of the financial assets were sold as a consequence. Forward contracts to hedge the Mandatory Investor Plan liability are now held in another J.P. Morgan Asset Management International Group company.

The money market fund investments are held in J.P. Morgan Liquidity Funds, as at the year end balances equate to £26.00 (2018: £27.00) required to keep the account open.

20 Derivative financial instruments

The net fair value at 31 December 2019 on open forward foreign exchange contracts held as economic hedges (as described in the accounting policy) is a gain of £513,000 (2018: loss of £1,536,000). The fair value gains and losses were recognised in other operating income for the year.

21 Creditors: amounts falling due within one year

	2019 £ 000	2018 £ 000
Derivative financial instruments (note 20)	-	1,536
Trade creditors	3,621	1,093
Amounts owed to Group undertakings	39,322	38,799
Other taxation and social security	28,125	20,745
Accruals and deferred income	160,593	168,443
	231,661	230,616

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

Accruals and deferred income include the Mandatory Investor Plan liability of £32,546,000 (2018: £34,654,000). Refer to note 22 for details on the Mandatory Investor Plan.

22 Creditors: amounts falling due after more than one year

	2019 £ 000	2018 £ 000
Incentive compensation	196	602
Mandatory Investor Plan	64,473	59,412
	64,669	60,014

Mandatory Investor Plan

The Company's Mandatory Investor Plan (the "Plan") is a deferred compensation plan established to defer receipt of a

portion of the bonus compensation of eligible participants. The objective of the Plan is to link the compensation received to the performance of investments elected by the eligible participant and the Company. The bonus compensation is deferred over a two to three year vesting period, with the exception of retirement eligible employees that are 100% accrued in the year of award. The risk of loss to the J.P. Morgan Asset Management International Group is mitigated by a combination of hedges held by another J.P. Morgan Asset Management International Group company and other financial investments held by the Company.

23 Pension schemes

During the year, the Company participated in the JPMorgan UK Pension Plan ("UKP") and the JPMC UK Retirement Plan ("UKR") (formerly J.P. Morgan London Office Retirement Plan) in the UK. The UKP is an ongoing defined contribution pension scheme.

The UKR is a defined benefit plan that shares risks between entities under common control. The Company is not deemed to be the sponsoring employer of the plan and there is no contractual agreement or stated policy for charging the net defined benefit cost amongst the participating entities therefore the Company does not recognise the net defined benefit obligation on balance sheet, in accordance with IAS 19. The sponsoring employer of the plan is JPMorgan Chase Bank, N.A.

Additional information in relation to the plan can be found in the JPMorgan Chase & Co. 2019 Annual Report on Form 10-K.

Profit and loss account charge

The Company recorded a total pension expense of £13,415,000 for the year ended 31 December 2019 (2018: £13,379,000) in respect of the UKP. There were no outstanding contributions as at 31 December 2019 (2018: £nil).

24 Called up share capital

Authorised, allotted and fully paid share capital

	2019 £ 000	2018 £ 000
24,000,000 (2018: 24,000,000) ordinary shares of £1 each	24,000	24,000

25 Reserves

	Capital contribution reserve £ 000	Profit and loss account £ 000	Total £ 000
Balance at 1 January 2019	10,346	648,013	658,359
Capital contribution addition	54	-	54
Profit for the financial year and total comprehensive income for the year	-	142,432	142,432
Dividends paid	-	(224,000)	(224,000)
Deferred tax asset	-	722	722
Balance at 31 December 2019	10,400	567,167	577,567

26 Share based payments

The ultimate parent of the Company, JPMorgan Chase & Co. (the Firm) has granted long-term stock-based awards to certain key employees under its Long Term Incentive Plan ("LTIP"), as amended and restated effective 19 May 2015 and

further amended and restated effective 15 May 2018. Under the terms of the LTIP, as of 31 December 2019, 75 million shares of common stock were available for issuance through May 2022 (2018: 86 million shares). The LTIP is the only active plan under which the Firm is currently granting stock-based incentive awards. In the following discussion, the LTIP, plus prior Firm plans and plans assumed as the result of acquisitions, are referred to collectively as the "LTI Plans" and such plans constitute the Firm's stock-based incentive plans.

The Firm's share-based payment awards generally vest at a rate of 50% after two years and 50% after three years and convert into shares of common stock at the vesting date. In addition the Firm separately recognises compensation expense for each tranche of each award as if it were a separate award with its own vesting date. For each tranche granted, compensation expense is recognised in line with how awards vest from the grant date until the vesting date of the respective tranche, provided that the employees will not become full-career eligible (relating to staff with 15 years of service) during the vesting period. For awards with full-career eligibility provisions and awards granted with no future substantive service requirement, the Firm accrues the estimated value of awards expected to be awarded to employees as of the grant date without giving consideration to the impact of post-employment restrictions. For each tranche granted to employees who will become full-career eligible during the vesting period, compensation expense is recognized in line with how awards vest from the grant date until the earlier of the employee's full career eligibility date or the vesting date of the respective tranche.

Restricted stock units

Restricted stock units ("RSUs") are awarded at no cost to the recipient upon their grant. RSUs are generally granted annually and generally vest at a rate of 50% after two years and 50% after three years and convert into shares of common stock at the vesting date. In addition, RSUs typically include full-career eligibility provisions, which allow employees to continue to vest upon voluntary termination, subject to post-employment and other restrictions based on age or service-related requirements. All of these awards are subject to forfeiture until vested and contain clawback provisions that may result in cancellation prior to vesting under certain specified circumstances. RSUs entitle the recipient to receive cash payments equivalent to any dividends paid on the underlying common stock during the period the RSUs are outstanding.

Compensation expense for RSUs is measured based upon the number of shares granted multiplied by the stock price at the grant date, and for employee stock options and SARs (stock appreciation rights), is measured at the grant date using the Black-Scholes valuation model. Compensation expense for these awards is recognised as described above.

The following table summarises grants of restricted stock and RSUs to employees of the Company for each of the years ended 31 December 2019 and 31 December 2018:

	2019 No of Shares	2019 Weighted average fair value	2018 No of Shares	2018 Weighted average fair value
Restricted share units outstanding	365,436	£75.98	504,497	£65.48

Key employee stock options and SARs

Under the LTI Plans, stock options and stock appreciation rights ("SARS") have generally been granted with an exercise price equal to their fair value of JPMorgan Chase's common stock on the grant date. The firm periodically grants employee stock options to individual employees. There were no material grants of stock options or SARs in 2019, 2018 and 2017. SARs generally expire ten years after the grant date

	2019 No of options	2019 Weighted average exercise price	2018 No of options	2018 Weighted average exercise price

Outstanding 1 January	117,166	£30.10	374,563	£31.69
Granted	-	-	-	-
Exercised	(42,906)	£93.70	(35,434)	£84.69
Cancelled	-	-	-	-
Transferred	-	-	(221,963)	£29.98
Outstanding 31 December	74,260	£28.93	117,166	£29.98
Exercisable 31 December	74,260	£28.93	117,166	£31.29

The above options are valued utilising the Black-Scholes valuation model.

The following table summarises additional information about options and SARs outstanding as at 31 December 2019 and 31 December 2018:

Range of exercise prices	2019 Outstanding	2019 Weighted average exercise price	2019 Weighted average remaining contractual life	2018 Outstanding	2018 Weighted average exercise price	2018 Weighted average remaining contractual life
Min - $20	-	-	-	-	-	-
$20 - $35	-	-	-	-	-	-
$35 - $50	74,260	£28.93	1.74	117,166	£29.804	2.37
$50 - max	-	-	-	-	-	-
Total	74,260	£28.93	1.74	117,166	£29.804	2.37

The weighted average share price during 2019 was £85.86 (2018: £83.28).

Compensation expense related to stock-based incentives

Total compensation expense, all of which related to equity settled share-based payment transactions, was £10,670,000 for 2019 and (2018: £15,568,000)

27 Contingent Liability

In January 2020, the Company was notified by a foreign regulator of suspected administrative contraventions of major shareholding notification requirements. As the investigation is still ongoing, the Company does not recognise a provision in relation to this issue because the likelihood of economic outflow is still possible rather than probable, and the amount of a possible fine cannot be measured with sufficient reliability. The potential undiscounted amount of the total payments the Company could be required to make, if there was an adverse conclusion to the matter, is estimated to be approximately €2,200,000 (£1,930,000).

28 Ultimate parent undertaking

The immediate parent undertaking is JPMorgan Asset Management Holdings (UK) Limited.

The parent company of the largest group for which consolidated financial statements are prepared, and whom the directors regard as the ultimate holding company, is JPMorgan Chase & Co. which is incorporated in the United States of America.

The consolidated financial statements of JPMorgan Chase & Co. are available to the public and may be obtained from the Company's registered office at:

The Company Secretary
25 Bank Street
Canary Wharf
London
E14 5JP

29 Post balance sheet event

Following the outbreak of the COVID-19 pandemic in early 2020, the Company and the Firm are monitoring the development of the pandemic and evaluating its impact on the financial position and operating results of the Company. As at the date on which this set of financial statements were authorised for issue, the Company was not aware of any material adverse effects on the financial positon, operations or capital position as a result of the COVID-19 pandemic. For more detail on Firmwide measures refer to Financial instruments and risk management.

The Company expects turnover to increase or decrease in line with market fluctuations and holds sufficient excess Capital and liquid resources to mitigate the financial risk of a market downturn. As the Company's cost of sales are calculated as a percentage of assets under management, this will decrease in proportion to the decrease in turnover, in adverse market conditions. The majority of administrative expenses are variable in nature, and hence the Company expects these will reduce during adverse market conditions.