JPMorgan Funds Limited

Registered number: SC019438

Annual report for the year ended 31 December 2020

JPMorgan Funds Limited

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JPMorgan Funds Limited

Company information

Directors

S E Pond

A M Lewis

N J C Bloxham (appointed 1 June 2020)

K Jones (independent non-executive)

A M R Smith (independent non-executive)

O E Bennett (appointed 21 May 2020)

P M Thomson (resigned 7 December 2020)

Company Secretaries

J.P. Morgan Secretaries (UK) Limited

JPMorgan Asset Management (UK) Limited

Registered office

3 Lochside View
Edinburgh Park
EH12 9DH

Independent auditors

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

JPMorgan Funds Limited

Strategic report for the year ended 31 December 2020

Principal activities

The principal activity of JPMorgan Funds Limited (the "Company") is the management of investment trusts, open ended investment companies ("OEIC") and alternative investment funds. The Company is authorised as an Alternative Investment Fund Manager ("AIFM").

The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

The Company is a private company and is incorporated and domiciled in Scotland.

Review of business

The directors of the Company do not anticipate any changes in the activities of the Company for the foreseeable future.

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

	2020	2019
	£'000	£'000
Profit before taxation	11,685	10,348
Total shareholder's funds at year end	76,854	65,169
Assets under management	43,976,701	30,881,435

Profit before taxation increased in comparison with the prior year, on account of higher turnover and lower administrative expenses recharges from Group entities. Assets under management increased on account of inflows into funds and higher year end market levels.

Principal risks and uncertainties

Whilst management of the Company's risks and uncertainties is integrated with that of the JPMorgan Chase & Co. (the "Firm") and its associated subsidiaries (collectively, the "Group") of which the Company is 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 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 Asset Management EMEA group. 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 and operational 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 Group 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 operating 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. Where suppliers are used to support its business, the Group and Company have established an operating model for engaging and monitoring the third-party providers, whilst minimising risk, in line with Firmwide standards and policies, applicable laws and regulations.

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.

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 cash holdings.

Climate change risk

Climate change manifesting as physical or transition risks could have a material adverse impact on JPMorgan Chase's business operations, clients and customers

The Firm and the Company operate in regions, countries and communities where its businesses, and the activities of its clients and customers, could be impacted by climate change. Climate change could manifest as a financial risk to the Firm and the Company either through changes to the physical climate or from the process of transitioning to a low-carbon economy, including changes in climate policy or in the regulation of financial institutions with respect to risks posed by climate change.

Climate-related physical risks include both acute weather events and chronic shifts in the climate. Potential physical risks from climate change may include altered distribution and intensity of rainfall, prolonged droughts or flooding, increased frequency of wildfires, rising sea levels, or a rising heat index.

Transition risks arise from the process of adjusting to a low-carbon economy. In addition to possible changes in climate policy and financial regulation, potential transition risks may include economic and other changes engendered by the development of low-carbon technological advances (e.g., electric vehicles and renewable energy) and/or changes in consumer preferences towards low-carbon goods and services. Transition risks could be further accelerated by the occurrence of changes in the physical climate.

These climate-related physical risks and transition risks could have a financial impact on the Firm and Company both directly and as a result of material adverse impacts to its clients and customers, including:

- declines in asset values
- reduced availability of insurance
- significant interruptions to business operations, and
- negative consequences to business models, with a need to make changes in response to those consequences

Governance and oversight
The Firm is developing an approach to initially identify and assess the financial risks from climate change, which can also be leveraged at Company level.

The Firm additionally published its first report in 2019 on its approach toward managing climate-related risks and capitalizing on the opportunities that arise through a transition to a lower carbon economy. This report was informed by the recommendations of the Task Force on Climate-related Financial Disclosures and is available on our website.

The Firm and Company continue to refine their approach to assessing climate-related risks, in part because of the expectation that climate impacts will continue to emerge and evolve over time. The Company does not consider any adjustment to these financial statements in relation to climate change to be necessary.

Future developments
COVID-19
The Firm continues to monitor the 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 has not experienced a significant impact on its financial performance, or capital or liquidity positions during the year as a result of COVID-19.

Brexit
On December 24th 2020, the UK and EU reached an agreement on the terms for a future relationship ('a deal') from the end of the transition period on December 31st 2020. The agreement focused primarily on providing tariff- and quota-free trading of goods, and only minimally addresses the cross-border provision of services. As expected, it did not include the right to passport financial services from the UK into the EU which ceased at the end of the transition period. For the purposes of financial services, access to the EU's Single Market is dependent on positive equivalence determinations from the European Commission which in the future are possible, but not expected. Delegation of activities, including the portfolio management of UCITS funds and alternative funds (AIFs) from the EU to the UK can remain in place as expected into 2021. These delegation arrangements do not rely on equivalence decisions under current EU rules.

Over the last few years, the Firm and Company have implemented a number of changes to the operating model to support the business and, specifically, to leverage the ability of JPMorgan Asset Management (Europe) S.à.r.l. to provide both portfolio management and distribution activities within the EU. In the coming months, we expect to see further announcements from the UK and EU regulators, and will continue to consider the potential impact on the Company and Firm's operating model.

Employee involvement
The Company has no employees.

Section 172(1) Companies Act 2006 Statement

The directors of JPMorgan Funds Limited are required under the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so, the directors must consider certain factors in their decision-making and then make a statement about how they have considered those factors.

The factors the directors must consider are:

- The likely consequences of a decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the company

While not every factor may be relevant to every decision the Board makes, considering the company's stakeholders is a fundamental aspect of the Board's decision-making and the Board recognises that taking impacts on, and relationships with stakeholders into consideration will help the directors to deliver the company's strategy in line with the wider JPMorgan Chase & Co. group (the "**Group**") How We Do Business principles.

Supporting the Board's commitment to stakeholders

New directors joining the Board are provided with an induction program that includes training on directors' duties and, with regard to s.172(1), the factors that must be taken into consideration. Directors receive periodic refresher training on directors' duties throughout their tenure. The induction program and continuing board education sessions provide the directors with an understanding of the Company's business, risks, financial performance and regulatory landscape and help to provide them with solid foundation for making decisions with stakeholders in mind.

The Company has a schedule of Matters Reserved for the Board which makes sure that certain material and/or strategic decisions can only be made by the Board and may not be delegated to executive committees or management. Combined with a robust agenda-setting process, this schedule helps the Company to make sure that decisions are made at the right level and that stakeholder impacts are particularly considered in the most significant decisions.

The Board is also supported in its work by a Board Audit, Risk and Compliance Committee, a Board Investment Oversight Committee and a Board Remuneration Committee, whose responsibilities are delegated by the Board. The Board is further supported by the AM EMEA Business Control Committee and the AM EMEA Risk Committee, as well as a Management Committee which is mandated to oversee the day-to-day operations of the Company..

Relationships with stakeholders

The Company has the benefit of belonging to a large international group. The board of the Company's ultimate parent company, JPMorgan Chase & Co. ("JPMC"), meets periodically throughout the year with the Group's shareholders, employees and regulators, and with non-governmental organisations, and other persons interested in the Group's strategy, business practices, governance, culture and performance. To the extent that feedback from any such engagement is relevant to the Company and/or its relationship with stakeholders, it is provided to the Board through the internal communication channel relevant to the subject matter.

Understanding the interests of stakeholders in relation to how the Group is run is crucial to the Group's and, consequently, the Board's ability to take proper account of stakeholder impacts and interests in decision-making.

Decision-making

In making its decisions, the Board discusses relevant information and makes enquiries of relevant executive management and control functions, including in relation to the factors set out in s.172(1). In 2020, the Board has made decisions in respect of a wide variety of topics and the following are examples of how the Board considers the s.172(1) factors in its deliberations:

- The Board, cognisant of the value independent oversight and constructive challenge has to the operation of the Board, to shareholders and other stakeholders alike, appointed an independent non-executive director ("**INED**") as the Board Chair in 2020, an appointment which was made following FCA approval.

- In response to new FCA rules regarding the assessment of fund value for shareholders, the Board published its first Assessment of Value Report in August 2020. The Report provides a review of costs relative to performance and other important dimensions of value, such as the quality and depth of services provided to shareholders. The content of the Report was subject to robust internal reviews and challenge, with independent analysis also sought from an external consultant. As part of its commitment to provide current and prospective shareholders with the best value, the Board continues to monitor the Report's findings and regularly receives updates from internal functions on how agreed measures for enhancement are being implemented.

Environmental, Social and Governance matters

The Firm works with clients in nearly every sector of the economy - including corporations, development finance institutions, governments, and investors - to help advance environmental and social best practices and capitalise on opportunities created by the transition to a lower-carbon, more sustainable future. The Firm also strives to promote sustainability, including energy efficiency and renewable energy, across its operations globally.

Assessing its clients' approach to, and performance on, environmental and social issues is an important component of the Firm's risk management process. The Firm's Environmental and Social Policy Framework, which is available on our website, outlines the Firm's approach to evaluating risks posed by environmental and social matters, including certain activities that the Firm will not finance, and sectors and activities subject to environmental and social due diligence.

In February 2020, the Firm announced additional steps in its initiatives to address climate change and further promote sustainable development by committing to facilitate $200 billion in financing in 2020 that will align with the objectives of the United Nations Sustainable Development Goals. This commitment includes $50 billion in financing for green initiatives. The commitment is intended to address a broad set of challenges in the developing world and developed countries where social and economic development gaps persist. Additionally, in October 2020, the Firm announced a commitment to align its financing activities in three sectors – oil and gas, electric power and automotive manufacturing – with the climate goals of the Paris Agreement. As part of its strategy, the Firm intends to help clients navigate the challenges and capitalize on the long-term economic and environmental benefits of transitioning to a low-carbon world.

Across the Firm's buildings and retail branches globally, sustainability efforts focus on reducing energy use and greenhouse gas ("GHG") emissions. In 2020, the Firm expanded its goal to use renewable energy for 100 percent of its global power needs to a commitment to achieve operational carbon neutrality.

The Firm discloses relevant data and metrics on its scope 1, 2 and 3 GHG emissions and energy consumption in its Environmental, Social, and Governance Report, which is published annually and available at www.jpmorganchase.com/esg.

The Company supports the Firm's efforts in achieving established targets on environmental and social matters.

Streamlined Energy and Carbon Reporting ('SECR')

The Company has no employees and neither owns buildings nor other physical assets. As the energy usage is therefore less than 40,000 KWh annually, it has applied the permitted exemption not to report. SECR disclosures for the JPMorgan Asset Management International group's UK business can be found in the financial statements of JPMorgan Asset Management (UK) Limited.

Approved by the Board on 23rd April 2021 and signed on its behalf by:

NJC Bloxham
Director
23 April 2021

JPMorgan Funds Limited

Directors' report for the year ended 31 December 2020

The directors present their report and the audited financial statements of JPMorgan Funds Limited for the year ended 31 December 2020.

Results and dividends

The profit before taxation for the financial year was £11,685,000 (2019: £10,348,000) and profit for the financial year £11,685,000 (2019: £7,570,000). An interim ordinary dividend of £nil was paid during the year (2019: £56,000,000). The directors do not recommend a final dividend for the year (2019: £nil).

Future developments

For more detail on future developments, refer to the Strategic Report (page 4).

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 Generally Accepted Accounting Practice, (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 also 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

For more detail on financial risk management, refer to the Strategic Report (page 2).

Directors of the Company

The names of the directors who were in office during the year and up to the date of signing the financial statements are listed on page 1.

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 overall insurance maintained at a consolidated level.

Third party indemnities

A qualifying 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.

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".

SECR Disclosure
SECR is discussed in the strategic report under the heading "Streamlined Energy and Carbon Reporting ('SECR')".

Approved by the Board on 23rd April 2021 and signed on its behalf by:

NJC Bloxham
Director
23 April 2021

Independent auditors' report to the members of JPMorgan Funds Limited

Report on the audit of the financial statements

Opinion

In our opinion, JPMorgan Funds Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 for the year ended 31 December 2020 (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2020; the Statement of comprehensive income and 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2020 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also

considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to increase revenue of the company. Audit procedures performed included:

- Discussions with the Audit, Risk and Compliance Committee, the Board of Directors and with management (those involved within the Finance function, Internal Audit, Legal, Risk and Compliance), including consideration of their process for identifying and responding to the risk of fraud, and any known or suspected instances of fraud or non compliance with laws and regulations both within the Company and any associated service organisations;

- Reviewing key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Audit, Risk and Compliance Committee and the Board of Directors;
- Identifying and testing journal entries, including posted with unexpected account combinations against revenue, large revenue amounts, posted by unexpected persons, and containing unusual account descriptions, where any such journal entries were identified; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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 obtained 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.

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

26 April 2021

JPMorgan Funds Limited

Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	3	221,160	214,829
Cost of sales	4	(157,897)	(145,145)
Gross profit		63,263	69,684
Administrative expenses	5	(51,629)	(59,369)
Other operating income / (expenses)		2	(34)
Operating profit		11,636	10,281
Interest receivable and similar income	6	58	67
Interest payable and similar expenses	7	(9)	-
Profit before taxation		11,685	10,348
Tax on profit	10	-	(2,778)
Profit for the financial year and total comprehensive income for the year		11,685	7,570

All amounts relate to continuing operations. The Company has no other comprehensive income for the year (2019: nil).

The notes on pages 16 to 23 form an integral part of these financial statements.

JPMorgan Funds Limited

Balance sheet as at 31 December 2020

	Note	2020 £'000	2019 £'000
Current assets			
Debtors	11	94,802	140,556
Cash at bank and in hand		52,821	51,946
		147,623	192,502
Creditors: amounts falling due within one year	12	(70,769)	(127,333)
Net assets		76,854	65,169
Capital and reserves			
Called up share capital	13	250	250
Profit and loss account		76,604	64,919
Total shareholder's funds		76,854	65,169

The financial statements on pages 13 to 23 were approved by the board of directors on 23rd April 2021 and signed on its behalf by:

NJC Bloxham
Director
23 April 2021

Company registered number: SC019438

JPMorgan Funds Limited

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital	Profit and loss account	Total shareholder's funds
	£'000	£'000	£'000
At 1 January 2019	250	113,349	113,599
Profit for the financial year and total comprehensive income for the year	-	7,570	7,570
Dividends paid	-	(56,000)	(56,000)
At 31 December 2019	250	64,919	65,169
Profit for the financial year and total comprehensive income for the year	-	11,685	11,685
At 31 December 2020	250	76,604	76,854

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

- Called up share capital - nominal value of share capital subscribed for.
- Profit and loss account - all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The notes on pages 16 to 23 form an integral part of these financial statements.

JPMorgan Funds Limited

Notes to the financial statements for the year ended 31 December 2020

1 **Accounting policies**

General Information

The Company is a private company, limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 3 Lochside View, Edinburgh Park, EH12 9DH.

Basis of preparation

The financial statements have been prepared in accordance with The Companies Act 2006 on a going concern basis, and in accordance with UK 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 round 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 UK 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 14.

Turnover recognition

Recognition

The company earns turnover from the management of investment trusts, OEICs and alternative investment funds. It also earns turnovers in respect of sales, marketing, distribution and administration services, which are provided in the UK. This turnover 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 turnover recognition criteria using the following 5 step model;
I. 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 thc contract
5. Recognise turnover 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 turnover from the provision of services:

1 Accounting policies (continued)

Performance obligations
Investment management fees arise from the management of investment trusts, OEICs and alternative investment funds and fees 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 or a percentage of the annual management charge.

Performance fees are received from the management of alternative investment funds and are recognised and accrued at the point the entitlements arise. No performance fees were received or accrued this financial year (2019: nil).

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 low probability of 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.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

(i) 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.

(ii) 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.

1 Accounting policies (continued)

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.

Client money
Assets held and liabilities incurred in a fiduciary capacity have been excluded from these financial statements.

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

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

Judgements and key areas of estimation uncertainty
The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the Company's directors to exercise judgement in applying the Company's accounting policies. Due to nature of business undertaken by the Company, no significant accounting estimates or judgements were required in preparation of these financial statements.

Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 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.

2 Financial risk management (continued)

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 2020, the Company's Investment Funds under management are disclosed in the following table.

	Number of Investment Funds	**Net asset value of Investment Funds**
Strategy		**£ 000**
Equity	28	17,372,189
Fixed Income	7	2,664,351
Asset Allocation	10	6,158,653
	45	26,195,193

Since the year end there has been volatility in assets under management in line with market fluctuations.

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

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

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

3 Turnover

Turnover principally represents fees and commissions receivable in respect of the management of investment trusts, OEIC's and alternative investment funds. The gross sales of units and shares during the year were £12,534,800,000 (2019: £7,987,700,000).

4 Cost of sales

Cost of sales includes £136,061,000 (2019: £128,486,000) payable to Group undertakings.

5 Administrative expenses

Amounts receivable by the Company's auditors in respect of the audit of the Company's financial statements for the years ended 31 December 2020 are £89,000 (2019: £83,000) respectively, and for audit related assurance services for the year ended 31 December 2020 are £337,000 (2019: £318,000). The audit remuneration costs are borne by a fellow subsidiary.

JPMorgan Funds Limited

Notes to the financial statements for the year ended 31 December 2020

6 Interest receivable and similar income

	2020 £'000	2019 £'000
Interest receivable on amounts held with Group undertakings	58	67

7 Interest payable and similar expenses

	2020 £'000	2019 £'000
Interest payable on amounts held with Group undertakings	9	-

8 Employee information

The Company had no employees during the year (2019: nil). The employment contracts and associated costs for all staff are with fellow subsidiaries of the Group and are recharged to the Company from JPMorgan Asset Management (UK) Limited on a monthly basis as part of a management charge.

9 Directors' remuneration

	2020 £'000	2019 £'000
Aggregate emoluments*	658	863
Total defined contribution pension payments for all directors	6	7
Aggregate amounts receivable (excluding shares) under long-term incentive plan (LTIPs)	4	-

	2020 £'000	2019 £'000
Number of directors who exercised share options	-	-
Number of directors to whom defined contribution pension rights accrued	4	2
Number of directors with shares received or receivable under (LTIPs)	5	3
Number of directors	7	5

Highest paid director:

	2020 £'000	2019 £'000
Emoluments of highest paid director (excluding pension contributions)	303	678
Value of LTIPs of highest paid director	-	-
The total amount contributed to the defined contribution scheme for the highest paid director	1	2
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	Yes	No

9 Directors' remuneration (continued)

*The amounts shown above in respect of emoluments paid to directors includes 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 the Companies Act 2006, the directors' emoluments above represent the proportion paid or payable in respect of qualifying services to the Company including LTIPs. Directors also receive emoluments for non-qualifying services, which are not required to be disclosed.

10 Tax on profit

	2020 £'000	2019 £'000
(a) Analysis of tax charge in the year		
UK corporation tax on current year profits	-	1,966
Adjustments in respect of prior years	-	812
Total tax charge for year	-	2,778

(b) Factors affecting current tax charge for the year
The tax charge for the year is lower (2019: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £'000	2019 £'000
Profit before taxation	11,685	10,348
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	2,220	1,966
Effects of:		
Adjustments in respect of prior years	-	812
Group relief claimed for nil consideration	(2,220)	-
Total tax charge for the year	-	2,778

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be nil.

11 Debtors

	2020 £'000	2019 £'000
Settlement debtors	73,950	109,623
Amounts owed by Group undertakings	3,119	17,955
Prepayments and accrued income	17,733	12,978
	94,802	140,556

Included within amounts owed by Group undertakings for 2019 was £15,000,000 placed on an unsecured evergreen basis that was repayable on demand with JPMorgan Chase Holdings LLC. Interest was receivable on this balance, repriced on a monthly basis at market terms and settled on a monthly basis. This evergreen facility was repaid during 2020. The remaining amounts owed by Group undertakings are unsecured, interest-free and repayable on demand.

12 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Settlement creditors	44,229	102,393
Amounts owed to Group undertakings	22,854	19,893
Taxation and social security	-	1,867
Accruals and deferred creditors	3,686	3,180
	70,769	127,333

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

13 Called up share capital

	2020 £'000	2019 £'000
Authorised, allotted and fully paid		
250,000 (2019: 250,000) ordinary shares of £1 each	250	250

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

14 Ultimate parent undertaking

The immediate parent undertaking is JPMorgan Asset Management International Limited. During 2020, 100% of the ownership of the Company was transferred to JPMorgan Asset Management Holdings (UK) Limited from JPMorgan Asset Management Marketing Limited, then transferred to JPMorgan Asset Management International Limited from JPMorgan Asset Management Holdings (UK) Limited, as part of the Firm's commitment to streamline its legal entity organisational structure.

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
London
E14 5JP