JPMorgan Russian Securities plc

Annual Report & Accounts for the year ended 31st October 2015

J.P.Morgan
Asset Management

Features

Objective

To provide capital growth from investment in Russian securities.

Investment Policies

- To maintain a diversified portfolio of investments in quoted Russian securities and Russian pre-IPO stocks (up to 10% of the gross assets of the Company) or other companies which operate principally in Russia.
- To use gearing when appropriate to increase potential returns to shareholders.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

Further details on investment policies and risk management are given in the Strategic Report on pages 17 to 20.

Benchmark

The MSCI Russian 10/40 Equity Indices Index in sterling terms.

Capital Structure

UK domiciled. Full listing on the London Stock Exchange.

At 31st October 2015, the Company's share capital comprised 52,337,112 ordinary shares of 1p each.

Continuation Vote

A resolution that the Company continue as an investment trust will be put to Shareholders at the Annual General Meeting in 2017 and every five years thereafter.

Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM').

FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares issued by JPMorgan Russian Investment Trust plc can be recommended by independent financial advisers to ordinary retail investors in accordance with the Financial Conduct Authority (FCA) rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Association of Investment Companies (AIC)

The Company is a member of the AIC.

Website

The Company's website, which can be found at www.jpmrussian.co.uk, includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports.

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Financial Results

TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED)

–13.5%
Return to shareholders[1]
(2014: -28.8%)

–14.2%
Return on net assets[2]
(2014: -26.7%)

–13.4%
Benchmark[3]
(2014: -21.0%)

13.00p
Proposed ordinary dividend[4]
(2014: 13.00p)

4.00p
Proposed special dividend[4]
(2014: 0.00p)

Long Term Performance

FOR PERIODS ENDED 31ST OCTOBER 2015

	3 year performance	5 year performance	10 year performance
Return to shareholders[1]	-30.8%	-45.9%	28.1%
Return on net assets[2]	-28.6%	-41.7%	36.0%
Benchmark return[3]	-26.7%	-32.9%	66.7%

A glossary of terms and definitions is provided on page 62.

[1] Source: Morningstar.

[2] Source: J.P. Morgan.

[3] Source: MSCI/CSFB. The Benchmark is the MSCI Russian 10/40 Equity Indices Index in sterling terms. Prior to 1st November 2006, the benchmark was the CSFB Russian ROS Index in sterling terms.

[4] Payable subject to the passing of a Resolution at the 2016 AGM.

CHAIRMAN'S STATEMENT

Performance and overview

The fall in the Russian Equity market that began in earnest in 2014 continued into 2015 with the MSCI 10/40, the index against which we benchmark your Company's performance, falling a further -13.4% (2014: -21.0%). Both the Company's return to shareholders and the net asset value total return slightly underperformed the benchmark index, with falls of -13.5% and -14.2% respectively. The Company's NAV performance was thus 0.8% below benchmark, with stock selection being the main contributory factor. You will find details of the investment decisions which led to this underperformance in the Investment Manager's Report on pages 6 to 10.

In the two months to 31st December 2015 the benchmark index fell -4.2% and the Company's NAV fell -2.8%. There is still plenty of cause for concern including uncertainty regarding the long term direction of the price of oil and the potential for deterioration in relations with Turkey and other countries arising from Russia's continuing involvement in Ukraine and Crimea, and more recently its activities in Syria.

During the Company's financial year under review Russia's economy and external politics once again experienced significant turbulence. There was extreme volatility in both interest rates which rose substantially in December 2014, and the value of the Ruble, which experienced large devaluations in the earlier part of the period. The United States and European Union economic sanctions due to Russia's involvement in the conflict in Ukraine remain in force. Understandably these events continued to have a negative impact on the Russian economy, where both state and corporate investment levels fell and retail sales suffered. This meant that many companies experienced falls in corporate earnings and share prices. Nevertheless, the revenue earned by your Company rose significantly due to some exceptionally high dividend payouts from certain companies we hold. The discount at which the Company's shares trade relative to the net asset value remained unchanged over the period. At year end the discount to NAV was 13.8%.

With the assistance of JPMorgan Asset Management's compliance & investment functions, the Company ensures that it remains compliant with all sanctions. Developments and risks in the region are closely monitored. The Board carried out regular reviews of the Company's risk profile and you will see details of what we judge to be the key risks set out on page 19. The Company's Manager maintains a diversified portfolio which adheres to the Company's investment and risk control guidelines.

Objective and Strategy of the Company

The Board holds a strategy day each year during which it reviews the external environment in which the Company operates and other major factors affecting the Company. We have been increasingly concerned that the investment universe in Russia in which the Company can invest is becoming limited as there are a reduced number of investable stocks listed on the Russian market. We have therefore decided that in order to provide greater investment flexibility we should propose to change the Company's investment objective and policies to permit up to 10% of the Company's gross assets to be invested in companies that operate or are located in former Soviet Union Republics. It is the intention that this will allow the investment management team to use their knowledge of companies with links in Russia.

Therefore, a resolution to amend the Company's investment objective and policies to permit investments will be proposed at the forthcoming AGM and the Board recommends shareholders vote in favour of this resolution. The change in the Company's investment objective and policies is detailed in an appendix to the Company's Annual Report and Accounts. Subject to approval of the resolution by shareholders, the intention is that the proposed change in the Company's investment objective and policies to permit such investments will take effect following the AGM on 3rd March 2016.

CHAIRMAN'S STATEMENT *CONTINUED*

Dividends

Revenue for the year, after taxation, was £10,268,000 (2014: £7,029,000) and the revenue return per share, calculated on the average number of shares in issue, was 19.60 pence (2014: 13.38 pence).

Based upon the revenue generated by the portfolio, the Board proposes an ordinary dividend of 13.00 pence (2014: 13.00 pence). The significant devaluation of the Ruble during the year resulted in a number of portfolio companies reporting exceptional foreign exchange profits, which were then reflected in exceptional dividend payments. Based on the Company's forecasts such large increases are not expected in the forthcoming year. Therefore, in order to reflect the exceptional scale of dividend receipts in the Company's year ended 31st October 2015, the Board propose the payment of a special dividend of 4.0 pence. Both dividends are proposed to be paid on 11th March 2016 to ordinary shareholders on the register at the close of business on 12th February 2016, if approved by shareholders the ordinary dividend will amount to £6,804,000 (2014: £6,804,000) and the special dividend to £2,093,000 (2014: £0). The total of the two dividends amounts to £8,897,000.

The Company's objective remains that of capital growth, and the payment of dividends to investors is dependent on the level of dividend distributions from the companies in the portfolio. The Board reviews income expectations throughout the year. However, given the uncertain outlook for the Russian economy it is not possible to make any predictions as to the sustainability of dividends for 2016. From next year and thereafter, assuming sufficient distributable reserves, the Board will consider the payment of an interim dividend as well as a final dividend.

Discount Control

During the year the Company repurchased 195,000 (2014: 135,000) shares for cancellation at an average discount to net asset value of 13.9% (2014: 13.5%).

The Board's objective is to use the share repurchase authority to assist in managing any imbalance between supply and demand for the Company's shares, thereby reducing the volatility of the discount. The Board operates a policy under which the Company considers, subject to market conditions, buying shares at discounts above 8% to achieve this. Over the course of the year during periods of heightened volatility in the Russian market the Board has refrained from implementing share buybacks when the discount widened beyond 8%, as in the Board's opinion purchases of shares were unlikely to assist in stabilising the discount.

The Board continues to monitor discount movements closely. The Company will only repurchase shares at a discount to their prevailing net asset value, and issue shares when they trade at a premium to their net asset value, so as not to prejudice existing shareholders. The Board will seek authority to renew the Company's share issuance and buyback powers at the forthcoming Annual General Meeting.

Board of Directors

As announced in the Company's 2015 Half Year Report and Accounts on 11th June 2015, Lysander Tennant stood down as Chairman of the Company and the Board agreed that I be appointed as Chairman on 12th June 2015. Lysander also indicated at that time that he would retire as a director of the Company at the Annual General Meeting on 3rd March 2016. I would like to take this opportunity to thank Lysander for his long and valuable service on the Board and wish him well in the future.

In compliance with corporate governance best practice, all Directors (except Lysander Tennant) will be standing for reappointment at the forthcoming Annual General Meeting. Further to the Company's annual evaluation of the Directors, the Chairman, the Board and its Committees, the Board recommends to shareholders that all Directors be reappointed.

Investment Manager

The Board pays particular attention to the way in which the Trust is run and the cost of so doing. As part of the Board's scrutiny of the management of the Trust the Investment Manager is subject to an annual review including performance record management processes, investment style, resources and risk control mechanisms. As referred to in the previous annual report, this year's fees were lower with effect from 1st November 2014 as the investment management fee of JPMorgan Funds Limited (JPMF) had been reduced from 1.2% to 1.0% per annum of the Company's net assets.

Annual General Meeting

The Company's Annual General Meeting will be held on Thursday, 3rd March 2016 at 12.00 noon, at 60 Victoria Embankment, London EC4Y 0JP. In addition to the formal part of the meeting, there will be a presentation from Oleg Biryulyov, who will be available to answer questions on the portfolio and performance. There will also be an opportunity to meet the Board, the Investment Manager and representatives of JPMF and JPMAM. I look forward to seeing as many of you as possible at this meeting. Shareholders are asked to submit in writing any detailed or technical questions that they wish to raise at the AGM in advance to the Company Secretary at 60 Victoria Embankment, London EC4Y 0JP. Alternatively you can lodge questions on the Company's website at www.jpmrussian.co.uk.

Outlook

The markets have had a difficult start to the year, with stock market turmoil in China and further falls in the oil price. The heightened risks associated with the Russian market continue unabated. There is uncertainty regarding the outcome of Russia's involvement in Syria and how this will impact on relations with the West and its neighbours. Adverse outcomes regarding Russia's military actions in the region would seem to have potential to cause even greater negative fallout in the economy. However, our Investment Manager points out that valuations may be attractive and dividend yields are certainly healthy relative to other regions. On the basis that investors are willing to take the risks associated with Russia, there may be cause for cautious optimism.

Gill Nott
Chairman — 1st February 2016

INVESTMENT MANAGERS' REPORT

Oleg I. Biryulyov

Sonal Tanna

Market Review and Performance

The Company's 2015 reporting year was another rollercoaster year. What started off as a very disappointing quarter came to a head in December 2014 with the fall in oil prices causing a sharp depreciation in the Ruble. Constructive central bank policy action as well as signs of stabilisation led to a recovery in the first half of 2015, however there was subsequently further weakness in the Russian market as emerging markets came under pressure once more, resulting in our benchmark index dropping by 13.4% over the year.

As a result of volatile market conditions and in particular some stock specific issues, during the year under review the Company's NAV fell -14.2% on a total return basis, and the return to shareholders decreased to -13.5% in sterling terms. This resulted in the Company underperforming its benchmark, the MSCI Russian 10/40 Equity Indices Index by -0.8% on a net asset value basis. The stocks that were detractors comprised mainly of companies not held as we do not fundamentally believe them to be quality investments, but which however performed strongly in the surprise recovery in early 2015 (VTB bank, Transneft). Domestic consumer exposed companies that struggled with the fall in consumption (Dixy, Sollers, Qiwi) and commodity or related companies (Rusal, Volga gas, Novoliptsk steel, TMK) were also detractors.

Economic and Political Events

As we commented last year, the Central Bank of Russia's decision to make the Ruble a free-floating currency was one of the most significant changes for the Russian economy in recent years. As a result of this policy our view is that the current account and fiscal balances are less vulnerable to oil price volatility and this has allowed the economy to begin to gradually recover, despite an unfavourable backdrop of low oil prices and economic sanctions. As we write, it is felt that the worst of the real economic impact is behind us. While consumption remains weak, the monthly trend is improving. It seems that the contribution to growth from new exports, such as chemicals and simple machinery, is positive and investment too is showing signs of stabilisation. Falling inflation should allow the Central Bank to cut interest rates and support the recovery.

The key risk to the above thesis is a renewed fall in oil prices to even lower levels. In this scenario the currency could continue to adjust, and inflation remain higher than expected, delaying rate cuts. While near term volatility in the oil price is impossible to forecast, our general assumption is for prices to normalise at higher levels over the next three to five years, which would be supportive for Russia.

While President Putin's popularity remains high, there are some signs of economic distress leading to political tensions. With slower growth we remain hopeful that this will encourage reforms; however, there seems to be a risk that such attempts to redistribute economic rent and profit may lead to new protests.

US and European sanctions imposed last year following Russia's involvement in Ukraine and the annexation of Crimea remain in place. There was some hope that European sanctions would be lifted by default (i.e. not renewed) but these have been recently extended for a further six months. We continue to believe that the Kremlin will not give in to Western demands over Ukraine; however the changing geopolitical landscape with regards to Russia's involvement in Syria has led to some speculation about sanction relief. In summary, given that the original aim of the sanctions in our view remains unachievable, political motivations could lead to some relaxation over time, and would be viewed positively by the market. The extent to which relations between Russia and Turkey deteriorate following the shooting down of a Russian fighter jet by Turkey in November 2015 and the potential economic consequences, remain to be seen.

PERFORMANCE ATTRIBUTION
FOR THE YEAR ENDED 31ST OCTOBER 2015

	%	%
Contributions to total returns		
Benchmark return		–13.4
Asset allocation	1.3	
Stock selection	–0.6	
Gearing/(net cash)	–0.1	
Investment Manager contribution		0.6
Portfolio return		–12.8
Management fee/other expenses	–1.4	
Return on net assets		–14.2
Effect of movement in discount over the year		0.7
Return to Ordinary shareholders		–13.5

Source: FactSet, JPMAM and Morningstar. All figures are on a total return basis.

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

A glossary of terms and definitions is provided on page 62.

We think that there are three fundamental long term questions for investors in the Russian market:

- does the Russian economy offer the potential for growth?
- do Russian companies have an opportunity to reinvest capital with returns above their cost of capital?
- are Russian companies willing to share profit with minority shareholders?

Our short answers to all of above questions are 'yes' and the rest of this report will explain our views on these issues as well as highlighting some of the risks that are associated with investing in Russia.

Growth

It is generally acknowledged that a combination of lower oil prices and geopolitical tensions has led to significant adjustments and changes in the Russian economy. The increasingly stronger protectionist bias to policy and greater urgency of capital stock modernisation is a result of these tensions, and, we would argue, pave the way for a more self-sustained economic development strategy. The development strategy is further supported by the new flexible exchange rate regime. Tighter budget constraints will continue to impose greater discipline on State Owned Enterprises (SOE) and should help foster reform. Longer life expectancy and a higher retirement age are also likely to create incentives to invest in human capital.

INVESTMENT MANAGERS' REPORT *CONTINUED*

We acknowledge that the challenges remain significant. There seems to be a risk of increased taxation, in particular that of resource companies as the state's taxation revenues have decreased. There is also a risk of greater pricing controls which would be contrary to the reform agenda that we hope for. Political priorities and patronage remain hurdles that need to be overcome.

Reinvestment opportunities

Our thinking is that well run Russian companies are now in a better position to grow and generate superior economic returns and there is now greater room for domestic players to grab market share as multinational corporates retreat. Scarcity of finance is expected to accelerate consolidation of fragmented sectors, benefitting leading players. Stronger incentives for the long overdue structural reforms may unlock growth opportunities in sectors such as railways, healthcare, housing and communal services.

The key risks here are that policy choices are not clear and therefore predictability of return on invested capital is poor, and consequently the cost of capital remains high. Also the possible greater involvement of the state in directing scarce capital to resources could lead to poor spending decisions.

Willingness of companies to share profits with minorities

We see two areas here. The Ministry of Finance wants additional revenues from SOE's and we have seen higher dividend pay-outs being considered. For private companies, often principal shareholders are keen to diversify wealth and extract high dividends from their companies.

The other side to these supportive factors is that with capital markets closed, there is a stronger incentive to preserve retained earnings, and also SOE's may lobby for lower pay-outs to offset the impact of higher taxation.

There are clearly significant challenges, but we believe the opportunities are also significant. Furthermore, the current market valuations do take these hurdles into account. On our part, we remain hopeful that the successes from more market oriented policies like exchange rate flexibility will influence policy and we will see further reforms going forward.

Portfolio Positioning

The Investment Manager actively manages the portfolio which includes using fundamental bottom-up research to help identify growth companies that are well managed.

Performance contribution was split across the spectrum with significant gains coming from:

Ros Agro – one of the largest food/agri businesses in Russia, and has been a major beneficiary of import substitution. The prices for their products (sugar, pork, grains) are, to an extent, USD linked and consequently the company enjoyed margin expansion with the weakness in the Ruble. Furthermore the sector has been able to obtain subsidies from the government, so has been sheltered from the rising cost of capital in Russia.

Surgutneftegaz – as per our assumption last year, the company paid a large dividend yield as a result of the return generated on its USD cash holdings. We understand that its effective yield was 21%. We continue to own this company based on its strong balance sheet and willingness to share its profits with minorities. We also think that it provides us with a hedge in the event of further Ruble weakness.

Sberbank – we increased our position in Sberbank during the course of the year after having reduced it last year. While we consider it to be the best banking franchise in Russia, it is highly leveraged to economic recovery and Ruble recovery, while trading at an attractive valuation.

Phosagro – we bought this company during the review year. It is a producer of phosphate fertilisers, with USD linked revenues that have benefitted from Ruble devaluation. Reports indicate that they are also in the process of adding 20% additional capacity, while it is trading on a 6%+ expected dividend yield.

The other significant trade in the year was buying Rosneft. Our view is that Rosneft has some of the best assets, and also a large debt pile, which resulted in the market putting a low value (5x PE) for this company. However, we believe that the leverage and implied balance sheet risk is overstated by the market. Information indicates that the company is supported by the Russian state and banks as a strategic asset, and effectively has access to scarce capital resources. This is therefore a valuation normalisation story for us.

Funding for these changes came from disposals of Lukoil, Mobile Telesystems and Surgutneftegaz. We reduced our position in Lukoil over concerns that the company may not be able to comfortably fund its dividend, and because it seemed relatively less attractive than Rosneft and Gazprom (on a valuation basis).

We sold out of our position in Mobile Telesystems as a result of our view of the poor operating environment and lack of pricing power, as well as poor handling of risks related to their Uzbekistan operations.

Investment Management Team

We continue to build up our investment expertise and to assemble a strong internal research capability. During the course of the year the JPMorgan Emerging Markets and Asia Pacific Group (EMAP) was formed in April 2015, bringing together two of the markets' most experienced and well-resourced teams, which had previously focussed on the Pacific Region and Emerging Markets respectively. Together they have approximately 90 people with expertise of investing in emerging markets equities.

Post year end

Post year end we added to Gazprom, based on very low valuation assigned by the market. It seems that the concerns around gas prices and the large capex plans have weighed on the stock and it is trading at extremely low levels (2.5x PE). In addition, we understand that the dividend yield is 5%+, with the potential of almost 10% dividend yield should the company decide to pay-out the 20% minimum that is suggested but not yet formally committed to.

Outlook

We believe that any stabilisation of the economic landscape would be beneficial for Russian equities.

A stronger or stable oil price could lead to a stronger currency and expansion of the domestic economy. That in turn may lead to recovery of earnings and we could even see the double impact of accelerating growth and a stronger currency, which may push earnings growth for the leading domestic stocks into double digits in USD terms.

INVESTMENT MANAGERS' REPORT *CONTINUED*

In our opinion the reduction of interest rates is a very powerful monetary policy tool. We expect to see a continuation of interest rates cuts through the next 12-18 month period together with lower inflation within the next five years in Russia. Such a scenario could provide a chance for a re-rating of the country risk free rate and re-pricing of present values for long term projects. The Russian equity market is dominated by capital intensive industries with long term investment projects and long payback periods. Discounted cash flows for such projects have been depressed by very high costs of capital and in most cases projects with more than a 10 year life span suffered from these calculations significantly. We think that if the cost of capital becomes normalised we will see adjustments for values of such long term projects which could have a beneficial impact on the valuation of such companies.

We continue to see scope for reforms and hope that slowly but surely further liberalisation and restructuring of the Russian economy will take place. Such a restructuring process could be linked with further privatisation and development of the equity market. We believe that it could be a deeper and wider market in five years time. Expansion of the market could create opportunities for active fund managers and experienced long term equity investors.

The domestic political outlook currently seems rather more stable in Russia. Although we would expect to see some rotation of specialists in the government and presidential administration we think that the senior leadership in the country will remain unchanged for the foreseeable future. The global political outlook would appear to be rather uncertain with western sanctions continuing and the conflict in Syria heightening tensions in the region.

Overall, we see the Russian story as a glass half full rather than half empty. We think that valuations are supportive for investors willing to accept the current level of country risk.

Oleg I. Biryulyov
Sonal Tanna
Investment Managers

1st February 2016

SUMMARY OF RESULTS

	2015	2014	
Total returns for the year ended 31st October			
Return to shareholders[1]	-13.5%	-28.8%	
Return on net assets[2]	-14.2%	-26.7%	
Benchmark[3]	-13.4%	-21.0%	
Net asset value, share price and discount at 31st October			**% change**
Shareholders' funds (£'000)	194,640	236,418	-17.7
Net asset value per share	371.9p	450.0p	-17.4
Share price	320.5p	386.8p	-17.1
Exchange rate (US$: £1)	1.54	1.59	-3.1
Exchange rate (Ruble : £1)	98.60	68.76	+43.4
Share price discount to net asset value per share	13.8%	14.0%	
Shares in issue	52,337,112	52,532,112	
Revenue for the year ended 31st October			
Gross revenue return (£'000)	13,598	9,383	+44.9
Net revenue return on ordinary activities after taxation (£'000)	10,268	7,029	+46.1
Revenue return per share	19.60p	13.38p	+46.5
Proposed ordinary dividend per share[4]	13.00p	13.00p	
Proposed special dividend per share[4]	4.00p	–	
Gearing/(net cash) at 31st October[5]	**(2.2)%**	**(1.0)%**	
Ongoing Charges[6]	**1.43%**	**1.50%**	

A glossary of terms and definitions is provided on page 62.

[1] Source: Morningstar.

[2] Source: J.P. Morgan.

[3] Source: MSCI/CSFB. The benchmark is the MSCI Russian 10/40 Equity Indices Index in sterling terms.

[4] 2015: Dividend proposed is subject to Shareholder approval of Resolution 4 at the 2016 Annual General Meeting.

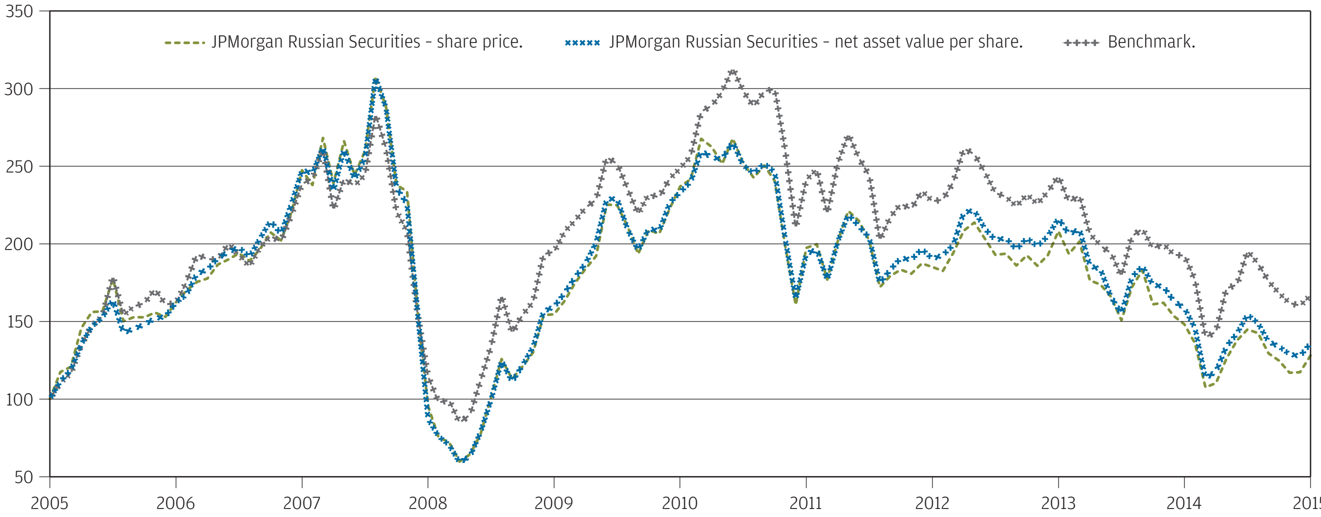
[5] Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding liquidity funds and bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

[6] Ongoing Charges represents the management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the daily net assets during the year. The Ongoing Charges are calculated in accordance with guidance issued by the Association of Investment Companies (the 'AIC') in May 2012.

PERFORMANCE

Ten Year Performance

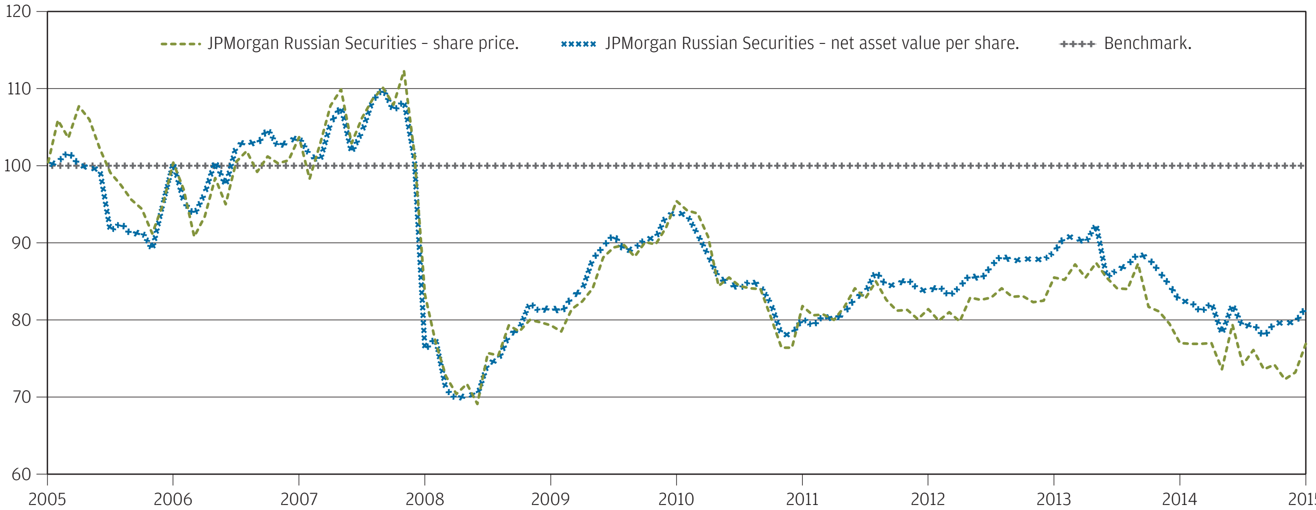
FIGURES HAVE BEEN REBASED TO 100 AT 31ST OCTOBER 2005



Source: Morningstar/MSCI.

Performance Relative to Benchmark

FIGURES HAVE BEEN REBASED TO 100 AT 31ST OCTOBER 2005



Source: Morningstar.

TEN YEAR FINANCIAL RECORD

At 31st October	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net assets (£'m)	164.3	265.0	403.5	142.7	260.0	376.1	311.1	298.8	332.4	236.4	194.6
Net asset value per share (p)	292.5	473.1	721.4	255.1	464.9	680.3	564.4	555.2	631.1	450.0	371.9
Share price (p)	269.0	436.8	665.5	257.0	416.0	637.5	531.0	498.0	560.0	386.8	320.5
(Discount)/premium (%)	(8.0)	(7.7)	(7.7)	0.7	(10.5)	(6.3)	(5.9)	(10.3)	(11.3)	(14.0)	(13.8)
Gearing/(net cash) (%)[1]	3.6	2.8	5.1	(7.0)	0.5	(3.0)	(2.1)	(2.1)	(2.3)	(1.0)	(2.2)
Ongoing Charges (%)[2]	1.69	1.89	1.78	2.53	1.85	1.71	1.82	1.51	1.44	1.50	1.43

Year ended 31st October											
Gross revenue (£'000)	2,841	4,388	7,469	9,632	950	6,034	7,550	8,589	12,902	9,383	13,598
Revenue/(loss) per share (p)	(1.55)	(1.34)	(1.32)	0.95	(4.11)	(0.69)	(0.63)	5.03	18.14	13.38	19.60
Ordinary dividends per share (p)[3]	–	–	–	–	–	–	–	–	15.30	13.00	13.00
Special dividends per share (p)[3]	–	–	–	–	–	–	–	–	–	–	4.00

Returns rebased to 100 at 31st October 2005											
Return to shareholders[4]	100.0	162.4	247.4	95.5	154.7	237.0	197.4	185.1	208.2	148.2	128.1
Return on net assets[4]	100.0	162.3	247.4	87.2	159.5	233.3	193.6	190.4	216.5	158.6	136.0
Benchmark return[5]	100.0	161.7	238.6	114.7	194.9	248.5	241.3	227.5	243.6	192.4	166.7

A glossary of terms and definitions is provided on page 62.

[1] Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding liquidity funds and bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position. The figure for 2012 has been restated to include net current assets, prior years were not restated.

[2] Ongoing Charges represents the management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the daily net assets during the year. The Ongoing Charges are calculated in accordance with guidance issued by the Association of Investment Companies (the 'AIC') in May 2012 and replaces the Total Expense Ratio published in previous years.

[3] 2015: Dividend proposed is subject to Shareholder approval of Resolution 4 at the 2016 Annual General Meeting.

[4] Source: Morningstar/JPMorgan.

[5] Source: MSCI/CSFB. The benchmark is the MSCI Russian 10/40 Equity Indices Index in sterling terms. Prior to 1st November 2006, the benchmark was the CSFB Russian ROS Index in sterling terms.

TEN LARGEST EQUITY INVESTMENTS AT 31ST OCTOBER

Company	Sector	2015 Valuation £'000	%[1]	2014 Valuation £'000	%[1]
Sberbank Rossii[2]	Financials	25,019	12.8	21,478	9.1
Magnit	Consumer Staples	18,410	9.4	33,662	14.2
Surgutneftegaz[3]	Energy	17,662	9.0	8,286	3.5
Moscow Exchange	Financials	15,173	7.8	10,098	4.3
Rosneft GDR[4]	Energy	12,268	6.3	–	–
MMC Norilsk Nickel ADR	Materials	11,587	5.9	16,079	6.8
Gazprom[5]	Energy	11,271	5.8	13,875	5.9
Tatneft[6]	Energy	9,570	4.9	10,800	4.6
Phosagro GDR[7]	Materials	8,137	4.2	4,293	1.8
Lukoil ADR	Energy	8,094	4.1	26,732	11.3
Total[8]		**137,191**	**70.2**		

See glossary of terms on page 62 for definition of ADR and GDR.

[1] Based on total investments of £195.3m (2014: £236.0m).

[2] Includes preference shares valued at £13,196,000.

[3] Comprises preference shares entirely.

[4] Not held in the portfolio at 31st October 2014.

[5] Includes ADR valued at £9,286,000.

[6] Includes ADR valued at £463,000 and preference shares valued at £9,107,000.

[7] Not included in the ten largest equity investments at 31st October 2014.

[8] At 31st October 2014, the value of ten largest equity investments amounted to £159.6m representing 67.5% of total investments.

SECTOR ANALYSIS

	31st October 2015			31st October 2014		
	Portfolio %[1]	Benchmark %	Active Position %	Portfolio %[1]	Benchmark %	Active Position %
Energy	30.7	41.1	(10.4)	27.8	40.8	(13.0)
Financials	20.6	18.4	2.2	14.4	16.8	(2.4)
Materials	18.4	13.6	4.8	14.6	17.0	(2.4)
Consumer Staples	17.9	8.7	9.2	19.2	9.6	9.6
Information Technology	4.2	–	4.2	4.6	–	4.6
Consumer Discretionary	3.4	–	3.4	7.4	–	7.4
Telecommunication Services	1.7	13.8	(12.1)	9.2	11.8	(2.6)
Health Care	0.9	–	0.9	0.7	–	0.7
Industrials	0.5	–	0.5	2.1	–	2.1
Utilities	–	4.4	(4.4)	–	4.0	(4.0)
Total portfolio excluding liquidity fund	98.3	100.00	1.7	–	–	–
Liquidity Fund	1.7	–	1.7	–	–	–
Total	**100.0**	**100.0**		**100.0**	**100.0**	

[1] Based on total investments of £195.3m (2014: £236.0m).

LIST OF INVESTMENTS AT 31ST OCTOBER 2015

Company	Valuation £'000
Energy	
Surgutneftegaz[1]	17,662
Rosneft GDR	12,268
Gazprom[2]	11,271
Tatneft[3]	9,570
Lukoil ADR	8,094
Volga Gas	1,096
Total Energy	**59,961**
Financials	
Sberbank Rossii[4]	25,019
Moscow Exchange	15,173
Total Financials	**40,192**
Materials	
MMC Norilsk Nickel ADR	11,587
Phosagro GDR	8,137
OAO Severstal GDR	4,365
Novolipetsk Steel GDR	3,702
United Company Rusal	2,470
Alrosa AO	2,351
Acron	1,905
Highland Gold Mining	1,453
Total Materials	**35,970**
Consumer Staples	
Magnit	18,410
Ros Agro GDR	8,034
X5 Retail GDR	5,172
Cherkizovo GDR	3,413
Total Consumer Staples	**35,029**
Information Technology	
Mail Ru GDR	4,712
Qiwi ADR	3,500
Total Information Technology	**8,212**

Company	Valuation £'000
Consumer Discretionary	
Etalon GDR	2,804
Sollers	2,360
M Video	1,386
Total Consumer Discretionary	**6,550**
Telecommunication Services	
Megafon GDR	3,296
Total Telecommunication Services	**3,296**
Health Care	
MD Medical GDR	1,799
Total Health Care	**1,799**
Industrials	
Global Ports Investments GDR	901
Total Industrials	**901**
Liquidity Fund	
JP Morgan US Dollar Liquidity Fund	3,419
Total Liquidity Fund	**3,419**
Total Investment Portfolio	**195,329**

See Glossary for definition of ADR/GDR.

[1] Comprises preference shares entirely.
[2] Includes ADR valued at £9,286,000.
[3] Includes ADR valued at £463,000 and preference shares valued at £9,107,000.
[4] Includes preference shares valued at £13,196,000.

BUSINESS REVIEW

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. To assist shareholders with this assessment, the Strategic Report sets out the structure and objective of the Company, its investment policies and risk management, investment limits and restrictions, performance and key performance indicators, share capital, principal risks and how the Company seeks to manage those risks, the Company's environmental, social and ethical policy, future developments and long term viability.

Business Model

JPMorgan Russian Securities plc is an investment trust and has a premium listing on the London Stock Exchange. Its objective is to provide shareholders with capital growth, primarily from investing in quoted Russian securities. In seeking to achieve this objective the Company employs J.P. Morgan Funds Limited ('JPMF' or the 'Manager') which in turn delegates portfolio management to JPMorgan Asset Management (UK) Limited ('JPMAM') to actively manage the Company's assets. The Board has determined investment policies and related guidelines and limits, as described below. It aims to outperform the MSCI Russian 10/40 Equity Indices Index in sterling terms, in the long term with net dividends reinvested, expressed in sterling terms. The Company proposes to change its investment objective and policies and a resolution will be proposed to the shareholders at the forthcoming AGM. Further details are in the Chairman's statement on page 3 and the Appendix on page 61. These changes will amend the Company's investment objective and some of the policies and investment limits detailed below.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HMRC as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). As a result the Company is not liable to taxation on capital gains. The Directors have no reason to believe that approval will not continue to be retained.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 3 to 5, and in the Investment Manager's Report on pages 6 to 10.

Investment Policies and Risk Management

In order to achieve its objective and manage risk, the Company invests in a diversified portfolio of quoted Russian securities and Russian pre-IPO stocks or other companies which operate principally in Russia. The number of investments in the portfolio will normally range between 20 and 50. The investment portfolio is managed by a Russian fund manager, currently based in London, and fully supported by a global emerging markets team, including sector specialists. The Board also discusses the economy and political developments of Russia in depth at Board meetings and considers the possible implications for the investment portfolio.

Investment Limits and Restrictions

The Board seeks to manage some of the Company's risks by imposing various investment limits and restrictions.

- No more than 10% of the Company's gross assets are to be invested in pre-IPO stocks.
- The Company will not normally invest in unlisted securities, apart from pre-IPO stocks.
- The Company will not normally invest in derivatives.
- The Company will utilise liquidity and borrowings in a range of 10% net cash to 15% geared in typical market conditions.
- No more than 15% of gross assets are to be invested in other UK listed investment companies (including investment trusts).

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

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

The economic sanctions introduced by the USA and European Union against Russia in March 2014 continue and were further extended in December 2014 to include Crimea. The Manager undertakes regular checks of holdings to ensure compliance and reports to the Board. The Board has also implemented a rapid response communication process with the Manager, which allows the Board to receive immediate updates from the Manager and take decisions as quickly as possible.

Active Fund Management Rationale

JPMAM believes that the Russian market is inefficient and that this is demonstrated by the high and variable volatility of many market sectors and individual companies. Although corporate disclosure and transparency is improving, there still remain areas where the inefficiencies in this region can be exploited offering opportunities to experienced, well-informed investors.

JPMAM's investment process has been specifically designed for emerging markets and has been refined over 20 years of active management experience in the region.

Highlights of the investment strategy are:

- Inefficient, immature emerging markets reward active investment management not indexation.
- Identifying growth companies that are well managed to maximise shareholder returns brings outperformance through fundamental bottom-up research.
- Valuation disciplines avoid overpaying for growth.
- JPMAM believes that assets are best managed by specialists from the markets and regions in which they have expertise and they have therefore established a strong presence around the region. Company visits and local knowledge are also key.

BUSINESS REVIEW *CONTINUED*

JPMAM has a long established presence in the region, having managed money in Russia since 1994. JPMAM's Emerging Markets and Asia Pacific Group is responsible for managing all emerging market equity. The approximately 90 team members are located in four offices, managing US$50 billion for clients globally.

Performance
In the year ended 31st October 2015, the Company produced a total return to shareholders of -13.5% and a total return on net assets of -14.2%. This compares with the return on the Company's benchmark of -13.4%. As at 31st October 2015, the value of the Company's investment portfolio was £195.3 million. The Investment Manager's Report on pages 6 to 10 includes a review of developments during the year.

The results of the investment strategy, as detailed above, and the performance of the Company against its benchmark, as identified on page 2 are regularly reviewed by the Board together with data relating to the performance of the Company's Peers and feedback from some of the major shareholders. The Board also considers factors likely to affect the future performance of the Company.

Total Return, Revenue and Dividend
Gross loss for the year totalled £29,821,000 (2014: £82,236,000) and net loss after deducting management fee, administrative expenses, finance costs and taxation, amounted to £34,414,000 (2014: £87,230,000). Net revenue after taxation for the year amounted to £10,268,000 (2014: £7,029,000).

The Directors recommend a final ordinary dividend of 13.00 pence per share and a special dividend of 4.00 pence per share payable on 11th March 2016 to holders on the register at the close of business on 12th February 2016. If approved, this distribution will amount to a total of £8,897,000.

Key Performance Indicators ('KPIs')
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

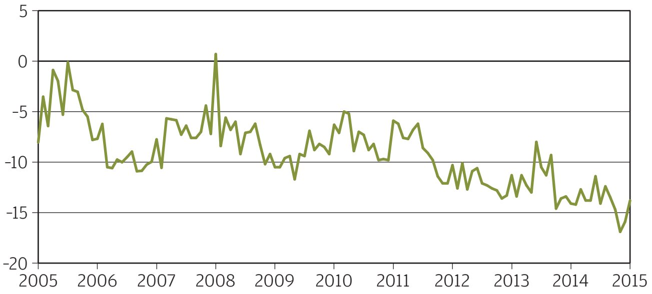
- **Performance against the benchmark**
  The principle objective is to achieve capital growth. However, the Board also monitors performance against a benchmark index. Please refer to page 12 for details of the Company's performance against the MSCI Russian 10/40 Equity Indices in sterling terms.

- **Performance against the Company's peers**
  The Board also monitors the performance relative to a broad range of competitor funds. The Company's performance for the current period is comparable to those of its peers.

- **Performance attribution**
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. Please refer to page 7 for the Company's performance attribution for the year ended 31st October 2015.

- **Share price (discount)/premium to net asset value ('NAV') per share**
  The Board has adopted a share repurchase policy which seeks to address imbalances in the supply of and demand for the Company's shares in the market and thereby reduce the volatility and absolute level of the discount to NAV per share at which the Company's shares trade. In the year ended 31st October 2015, the shares traded at a daily (discount)/premium of between -17.5% and -3.2%. See the Discount Control section of Chairman's statement for further detail page 4.

Discount/Premium Performance



Source: Datastream.

— JPMorgan Russian Securities - share price discount/premium to NAV (month end data points).

- **Ongoing Charges**
  The Ongoing Charges represent the Company's management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average of the daily net assets during the year. The Ongoing Charges for the year ended 31st October 2015 were 1.43% (2014: 1.50%). The Board reviews each year an analysis which shows a comparison of the Company's Ongoing Charges and its main expenses with those of its peers.

Share Capital
During the year, the Company made market purchases of 195,000 of its own shares, nominal value £1,950, for cancellation, representing 0.37% of the shares outstanding at the beginning of the year. The consideration paid for these shares amounted to £560,000. The reason for the purchases was to seek to reduce the volatility and absolute level of the share price discount to net asset value per share. Since the year end the Company has not repurchased any ordinary shares. Further details regarding the Company's purchase of its own shares can be seen in the Chairman's report on page 4.

A resolution to renew the authority to repurchase shares at a discount to NAV is due to be put to shareholders at the forthcoming Annual General Meeting.

The Company did not issue any new shares during the year.

Principal Risks
The Directors confirm that they have carried out an assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or

liquidity. The risks identified and the ways in which they are managed or mitigated are summarised as follows:

With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company and the Company's actions to manage the risks.

In the year under review the Board monitored the risks arising which included continuing sanctions against Russia and the significant falls in the price of oil and valuation of the Ruble which have impacted market sentiment.

These key risks fall broadly under the following categories:

- Investing in Russia: Investors should note that there are significant risks inherent in investing in Russian securities not typically associated with investing in securities of companies in more developed countries. In terms of gauging the economic and political risk of investing in Russia, it frequently appears in the higher risk categories when compared with most Western countries. The value of Russian securities, and therefore the net asset value of the Company, may be affected by uncertainties such as economic, political or diplomatic developments, social and religious instability, taxation and interest rates, currency repatriation restrictions, crime and corruption and developments in the law or regulations in Russia and, in particular, the risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership.

  The Board, with the assistance of the Manager, monitors the Company's activities to ensure that they remain compliant with the current sanctions regime including the specific requirements applicable to the Manager as a company subject to the laws of the United States of America. The Board acknowledges the negative impact of sanctions on the wider market although the current sanctions regime has not prevented the Company from operating within its investment guidelines.

- Share Price Discount to Net Asset Value ('NAV') per Share: If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The widening of the discount can be seen as a disadvantage of investment trusts which could discourage investors. Although it is common for an investment trust's shares to trade at a discount, the current sanctions regime and recent large falls in the price of oil and value of the Ruble have negatively impacted market sentiment. The Board monitors the Company's discount level and seeks, where deemed prudent, to address imbalances in the supply and demand of the Company's shares through a programme of share buybacks.

- Investment Under Performance and Strategy: An inappropriate investment strategy, for example asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies. The Board manages these risks by diversification of investments through its investment restrictions and guidelines, which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the investment managers, who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile.

  Possible actions include changing the portfolio manager or selecting another manager.

- Failure of Investment Process: A failure of process could lead to losses. The Manager mitigates this risk through internal controls and monitoring. Fraud requires immediate notification to the Board and regular reports are provided on control processes.

- Loss of Investment Team or Investment Manager: The sudden departure of the investment manager or several members of the wider investment management team could result in a short term deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team based approach, as well as special efforts to retain key personnel.

- Operational and Cyber Crime: Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the Depositary or custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Under the terms of its agreement, the Depositary has strict liability for the loss or misappropriation of assets held in custody. See note 19(c) for further details on the responsibilities of the Depositary. Details of how the Board monitors the services provided by JPMF and its associates and the key elements designed to provide effective internal control are included within the Internal Control section of the Corporate Governance report on pages 25 and 29. The threat of Cyber attack is increasing and regarded as having the ability to cause equivalent disruption to the Company's business as more traditional business continuity and security threats. The Company benefits from JPMorgan's Cyber Security Programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested by Deloitte and reported every six months against the AAF standard.

- Board Relationship with Shareholders: The risk that the Company's strategy and performance does not align with shareholders expectations is addressed by the Manager and includes the organisation of a programme of visits to major shareholders, and the provision of an extensive range of investor information including nationwide presentations by sales teams. Feedback from shareholders is received directly and via brokers which is fed back to the Board regularly.

- Political and Economic: Changes in financial or tax legislation, including in the European Union, may adversely affect the

BUSINESS REVIEW *CONTINUED*

Company. The Manager makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. In addition, the Company is subject to administrative risks, such as the imposition of restrictions on the free movement of capital. A widening of the capital controls recently introduced by the Russian Government could negatively impact the Company. The introduction of limitations on the ability of Russian companies to distribute dividends to foreign companies could materially reduce the Company's revenue and amount available for distribution to shareholders.

- Regulatory and Legal: Breach of regulatory rules could lead to suspension of the Company's Stock Exchange listing, financial penalties, or a qualified audit report. Loss of investment trust status could lead to the Company being subject to tax on capital gains. The Directors seek to comply with all relevant regulation and legislation and rely on the services of its Company Secretary, the Manager, and its professional advisors to monitor compliance with all relevant requirements.
- Market and Financial: The Company's assets consist of listed securities and it is therefore exposed to movements in the prices of individual securities and the market generally. The Board considers asset allocation and stock selection on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by the Manager. The recent significant falls in the price of oil and devaluation of the Ruble have had a negative impact on the Company's NAV. The financial risks faced by the Company include market price risk, interest rate risk, foreign currency risk, liquidity risk and credit risk. Further details are disclosed in note 19 on pages 51 to 56. The Manager regularly monitors the liquidity of the portfolio including determining the market valuation of securities held, the average daily volume and number of days to liquidate a holding. As can be seen in Note 18 on page 50, all the Company's assets are categorised as Level 1 as they have quoted prices in an active market.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board.

At 31st October 2015, there were four male Directors and one female Director on the Board. The Company has no employees and therefore there is nothing further to report in respect of diversity within the Company.

Employees, Social, Community and Human Rights Issues

The Company is managed by JPMF, has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Board notes the JPMAM policy statements in respect of Social, Community, Environmental and Human Rights issues, as outlined below.

Social, Community, Environmental and Human Rights

JPMAM believes that companies should act in a socially responsible manner. Although our priority at all times is the best economic interests of our clients, we recognise that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists within JPMAM's environmental, social and governance ('ESG') team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their industry.

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our detailed approach to how we implement the principles is available on request.

Future Developments

The future development of the Company is much dependent upon the success of the Company's investment strategy in the light of economic and equity market developments. The Chairman and Investment Manager discusses the outlook in their respective reports on pages 3 and 6.

Long Term Viability

Taking account of the Company's current position, the principal risks that it faces and their potential impact on its future development and prospects, the Directors have assessed the prospects of the Company, to the extent that they are able to do so, over the next five years. They have made that assessment by considering those principal risks, the Company's investment objective and strategy, the investment capabilities of the Manager and the current outlook for the Russian economy and equity market. It has also taken into account the fact that the Company has a continuation vote at the 2017 AGM and, with input from the Company's major shareholders and its brokers, the likelihood of shareholders voting in favour of continuation. Based on that information the Directors do not think that the continuation vote will impact on the Company's long term viability. In determining the appropriate period of assessment the Directors had regard to their view that, given the Company's objective of achieving long term capital growth, shareholders should consider the Company as a long term investment proposition. This is consistent with advice provided by independent financial advisers and wealth managers, that investors should consider investing in equities for a minimum of five years. Thus the Directors consider five years to be an appropriate time horizon to assess the Company's viability. The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment.

By order of the Board
Paul Winship, ACIS for and on behalf of
JPMorgan Funds Limited,
Secretary

1st February 2016

BOARD OF DIRECTORS

Gill Nott (Chairman of the Board and Nomination Committee)†
A Director since 2011.

Last reappointed to the Board: March 2015. Appointed as Chairman 12th June 2015.

Mrs Nott spent the majority of the first 27 years of her career working in the energy sector. In 1994 she became CEO of ProShare. Due to her work in the retail savings sector, she spent six years on the Board of the Financial Services Authority from 1998 to 2004. Mrs Nott has held a portfolio of non-executive positions, particularly in the closed-end fund sector, over the last 15 years. She is a non-executive director of BlackRock Smaller Companies Investment Trust plc and Baronsmead VCT 2, VCT 3 and VCT 5 plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 3,000.

Alexander Easton*†
A Director since 2010.

Last reappointed to the Board: March 2015.

He was formerly the head of European equities at UBS Investment Bank and managing director responsible for UBS Brunswick (Russia). He is currently a partner in two Russian venture capital firms.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 12,018.

Robert Jeens (Audit Committee Chairman)*†
A Director since 2011.

Last reappointed to the Board: March 2015.

Following 12 years with Touche Ross & Co where he was an audit partner, Mr Jeens moved to Kleinwort Benson Group plc, becoming finance director in 1992, before becoming group finance director of Woolwich plc for three years until 1999. Since then he has held a portfolio of non-executive appointments and is currently chairman of Allianz Technology Trust plc and a director of Henderson Group plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 15,000.

BOARD OF DIRECTORS *CONTINUED*

George Nianias*†
A Director since 2008.

Last reappointed to the Board: March 2015.

He is the founder and group chairman of Denholm Hall Group. He has also been financial adviser to several eastern European cities including Krakow, St. Petersburg and Moscow.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: Nil.

Lysander Tennant*†
A Director since 2002.

Last reappointed to the Board: March 2015.

He is an employee at Tamar Energy, a renewable energy business focusing on anaerobic digestion. He was formerly a fund manager at BZW Investment Management Limited, and portfolio manager at American Express Asset Management Limited investing in Russian securities.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 5,700.

* Member of the Audit Committee.

† Member of the Nomination Committee.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31st October 2015.

Management of the Company

The Manager and Company Secretary to the Company is JPMorgan Funds Limited ('JPMF'). Portfolio Management is delegated to JPMorgan Asset Management UK Limited (JPMAM).

JPMF and JPMAM are wholly-owned subsidiary of JPMorgan Chase & Co which, through other subsidiaries, also provides accounting, banking, dealing and custodian services to the Company.

The Board conducts a formal evaluation of the performance of, and contractual relationship with, the Manager on an annual basis. Part of this evaluation includes a consideration of the management fees and whether the service received is value for money for shareholders. No separate management engagement committee has been established because all Directors are considered to be independent of the Manager and, given the nature of the Company's business, it is felt that all Directors should take part in the review process.

The Board has thoroughly reviewed the performance of the Manager in the course of the year. The review covered the performance of the Manager, its management processes, investment style, resources and risk controls and the quality of support that the Company receives from the Manager including the marketing support provided. The Board is of the opinion that the continuing appointment of the Manager is in the best interests of shareholders as a whole. Such a review is carried out on an annual basis.

Management Agreement

The current Management Agreement was entered into with effect from 1st July 2014 following implementations of the Alternative Fund Manager Directive.

JPMF is employed under a contract which can be terminated on 90 days' notice, without penalty. The Manager may also terminate the contract on 90 days' notice if in its sole opinion there has been a loss of confidence between the Manager and the Company so as to make the relationship unworkable. If the Company wishes to terminate the contract on less than 90 days' notice, the balance of the 90 days' remuneration is payable by way of compensation.

The Manager is remunerated at a rate of 1.0% per annum of the Company's net assets, payable monthly in arrears. Prior to 1st November 2014, the Manager's remuneration was 1.2% per annum of the Company's net assets.

Investments on which the Manager earns a separate management fee are excluded from the Company's net assets for the purpose of calculating the management fee. No performance fee is payable.

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF, an affiliate of JPMAM, has been appointed as the Company's alternative investment fund manager ('AIFM'). JPMF has been approved as an AIFM by the Financial Conduct Authority ('FCA'). For the purposes of the AIFMD the Company is an alternative investment fund ('AIF').

JPMF has delegated responsibility for the day to day management of the Company's portfolio to JPMAM. JPMF is required to ensure that a depositary is appointed to the Company. The Company therefore has appointed BNY Mellon Trust and Depositary (UK) Limited ('BNY') as its depositary. BNY has delegated its safekeeping function to the custodian, JPMorgan Chase Bank, N.A., however, BNY remains responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. Investor Disclosure Documents, which set out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information are available on the Company's website at www.jpmrussian.co.uk

There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider. As an authorised AIFM, JPMF will make the requisite disclosures on remuneration levels and policies to the FCA at the appropriate time.

Going Concern

In assessing the Company's ability to continue as a going concern the Directors have considered the Company's investment objective (see page 17), risk management policies (see pages 51 to 56), capital management (see note 20), the nature of the portfolio and expenditure projections, and believe that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts. The Directors considered the current political environment in Russia and the impact of sanctions in making its assessment.

A resolution that the Company continue as an investment trust will be put to shareholders at the Annual General Meeting in 2017 and every five years thereafter.

DIRECTORS' REPORT *CONTINUED*

Directors

The Directors of the Company who held office at the end of the year are detailed on pages 21 and 22.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 30. No changes have been reported to the Directors' shareholdings since the year end.

In accordance with corporate governance best practice, all Directors will retire by rotation at the forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment. The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its committees, confirms that each Director continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that they be reappointed.

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, the Directors have the benefit of a deed of indemnity which is a qualifying third party indemnity, as defined by Section 234 of the Companies Act 2006. The deeds of indemnity were executed on 21st January 2011 and are currently in force.

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

Disclosure of information to Auditors

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

(a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act) of which the Company's auditors are unaware, and

(b) each of the Directors has taken all the steps that he/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.

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

Independent Auditor

Ernst & Young LLP have expressed their willingness to continue in office as auditor to the Company, and resolutions proposing their reappointment and authorising the Directors to determine their remuneration for the ensuing year will be put to shareholders at the Annual General Meeting.

Annual General Meeting

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

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

(i) Authority to allot relevant securities and disapply pre-emption rights (resolutions 10 & 11)

The Directors will seek renewal of the authority to issue up to 2,616,856 new shares or shares held in Treasury other than by a pro rata issue to existing shareholders up to an aggregate nominal amount of £26,169, such amount being equivalent to approximately 5% of the current issued share capital. The full text of the resolutions is set out in the Notice of Meeting on pages 58 to 59.

It is advantageous for the Company to be able to issue new shares to investors purchasing shares through the JPMAM savings products and also to other investors when the Directors consider that it is in the best interest of shareholders to do so. Any such issues would only be made at prices greater than the NAV, thereby increasing the assets underlying each share.

(ii) Authority to repurchase the Company's shares for cancellation (resolution 12)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2015 Annual General Meeting, will expire on 3rd March 2016 unless renewed at the 2016 Annual General Meeting. The Directors consider that the renewal of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

The full text of the resolution is set out in the Notice of Annual General Meeting on pages 58 to 59. Repurchases will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share as and when market conditions are appropriate.

(iii) Investment Objective and Policies – Ordinary Resolution (resolution 13)

THAT the new investment objective and policies as set out in the Appendix to the Company's annual report and accounts for the year ended 31st October 2015 and produced to the meeting, be and is hereby approved in substitution for the Company's existing investment objective and policies.

Recommendation

The Board considers that resolutions 10 to 13 are likely to promote the success of the Company and are in the best interests of the

Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 35,718 shares representing approximately 0.1% of the voting rights in the Company.

Corporate Governance Statement

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities in respect of the Accounts on page 33, indicates how the Company has applied the principles of good governance of the Financial Reporting Council's UK Corporate Governance Code 2014 (the 'UK Corporate Governance Code') and the AIC's Code of Corporate Governance 2013, (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

The Board is responsible for ensuring the appropriate level of corporate governance and considers that, apart from certain matters noted below, the Company has complied with the best practice provisions of the UK Corporate Governance Code, insofar as they are relevant to the Company's business, and the AIC Code throughout the year under review, except for the following areas:

- Role of the CEO, as the Company does not appoint a CEO;
- Executive Director remuneration as the Company does not appoint executive directors;
- Internal audit function as the Company relies on the internal audit department of the manager; and
- Nomination of a Senior Independent Director. The Board has considered whether a senior independent director should be appointed and has concluded that, as the Board consists entirely of non-executive directors, this is unnecessary at present.

Role of the Board

A management agreement between the Company and JPMorgan Funds Limited ('JPMF') (the Manager), sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administration, and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has previously been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements. The Board conducts a formal evaluation of the Manager every year.

At each Board meeting, Directors' interests are considered. These are reviewed carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved. It was resolved that there were no actual or indirect interests of a Director which conflicted with the interests of the Company, which arose during the year.

Following the introduction of The Bribery Act 2010, the Board has adopted appropriate procedures designed to prevent bribery. It confirms that the procedures have operated effectively during the year under review.

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

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

Board Composition

Lysander Tennant stood down as chairman of the Board on 11th June 2015 and the Board appointed Gill Nott as chairman effective from 12th June 2015. Lysander Tennant has indicated his intention not to offer himself for reappointment as a director at the forthcoming AGM on 3rd March 2016.

The Board currently consists of five non-executive Directors, all of whom are regarded by the Board as independent. The Chairman's independence was assessed upon her appointment and annually thereafter. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 21 and 22. There have been no changes to the Chairman's other significant commitments during the year under review.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which may be found below.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be elected by shareholders. Thereafter, Directors stand for annual re-election, following the Board's adoption of corporate governance best practice. Subject to the performance evaluation carried out each year, the Board will agree whether it is

DIRECTORS' REPORT *CONTINUED*

appropriate for the Director to seek an additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking re-election but, when making a recommendation, the Board will take into account the requirements of the UK Corporate Governance Code, including the need to periodically refresh the Board and its sub-Committees.

The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its Committees, confirms that Mrs Nott and Messrs Easton, Jeens, Nianias and Tennant continue to be effective and demonstrate commitment to the role. The Board recommends to shareholders that all the above Directors be re-elected, except Mr Tennant who will not be offering himself for reappointment.

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

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Details of membership of committees are shown with the Directors' profiles on pages 21 and 22.

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

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended
Gill Nott[1]	5	2	1
Alexander Easton	5	2	1
Robert Jeens	5	2	1
George Nianias	5	2	1
Lysander Tennant[1]	5	2	1

[1] Attended the Audit Committee meetings by invitation.

Training and Appraisal

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter regular briefings are provided on changes in regulatory requirements that affect the Company and the Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts. Regular reviews of the Directors' training needs are carried out by the Chairman, and of the Board chairman by the Nomination Committee Chairman by means of the evaluation process detailed below.

Board Committee

Nomination Committee

The Nomination Committee, chaired by Gill Nott, consists of all Directors and meets at least annually to ensure that the Board has the balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates, for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender. A variety of sources, including the use of external recruitment consultants, may be used to ensure that a wide range of candidates is considered.

The Board's policy on diversity, including gender, is to take account of the benefits of these during the appointment process. However, the Board remains committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity. Therefore, no targets have been set against which to report.

The Committee conducts an annual performance evaluation of the Board, its committees and individual Directors to ensure that all Directors and the Chairman have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. This year online questionnaires, developed by a firm of independent consultants Lintstock Limited, were completed by each Director and the Chairman. The evaluation of all Directors and the Chairman was led by the Chairman of the Nomination Committee who also met individually with each Director. The Committee also reviewed Directors' fees and made recommendations to the Board as required. In the forthcoming year and thereafter, as the Chairman is also the Chairman of the Nomination Committee, the Performance of the Chairman will be reviewed by all the non-executive directors.

The Committee has procedures in place to deal with potential conflicts of interest and confirms that there were no actual or indirect interests of a Director which conflicted with the interests of the Company during the year.

Audit Committee

The Audit Committee, chaired by Robert Jeens, consists of all the Directors, bar the Chairman of the Board, and meets at least twice each year. The Chairman of the Board attends all Meetings by invitation of the Committee. The members of the Audit Committee consider that they have recent and relevant financial expertise and the requisite skills and experience to fulfil the responsibilities of the Committee. Ongoing evaluation is undertaken as detailed previously in order to identify any performance issues.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual accounts and the Company's compliance with the UK Corporate Governance Code. At the request of the Board, the Audit Committee provides confirmation to the

Board as to how it has discharged its responsibilities so that the Board may ensure that information presented to it is fair, balanced and understandable, together with details of how it has done so.

During its review of the Company's financial statements for the year ended 31st October 2015, the Audit Committee considered the following significant issues, in particular those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in investments note 1 to the accounts on page 42. The audit includes the determination of the valuation, existence and ownership of the investments. Controls are in place to ensure valuations are appropriate and existence is verified through custodian reconciliations. The Board monitors the controls in place.
Political Risks including current sanctions and possible capital controls	The ability of the Board to control external political events such as the current sanctions regime and the threat of capital controls is limited. However, the Board together with the Manager monitors the sanctions regime closely to ensure that the Company's business operates within its requirements. In addition the Board monitors the political situation and its impact on the portfolio at frequent intervals and whenever a major event arises. Together with the input from the Investment Manager, efforts are made to manage exposure to certain sectors deemed to be more susceptible to political influences.
Market risk	The ability of the Board to control external market events such as the recent large falls in the price of oil and devaluation of the Ruble is limited. Portfolio selection is managed in light of the current volatility.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(c) to the accounts on page 42. The Board regularly reviews subjective elements of income and agrees their accounting treatment.
Calculation of Management Fee	The Management fee is calculated in accordance with the Investment Management Agreement. The Board monitor the level of the fee periodically.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager on behalf of the Board.

The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the financial statements.

Having taken all available information into consideration and having discussed the content of the annual report and accounts with the Alternative Investment Fund Manager (JPMF), Investment Managers, Company Secretary and other third party service providers, the Audit Committee has concluded that the Annual Report for the year ended 31st October 2015, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 33.

The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the financial statements. The Audit Committee reviews the terms of the Management Agreement and examines the effectiveness of the Company's internal control systems, receives information from the Manager's compliance department (see page 28 Risk Management and Internal Controls) and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. In the Directors' opinion the Auditors are independent.

The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of external auditors. Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Accounts were considered and also engage with Directors as and when required. In September 2015 a tender for audit services was undertaken with Ernst & Young, PwC and Grant Thornton invited to submit tenders for consideration by the Audit Committee. Having reviewed the performance of the external auditors, including assessing the quality of work, timing of communications and work with the Manager and the detailed tenders provided by PwC and Grant Thornton, it was decided to retain Ernst & Young as the Company's auditors and the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The current audit firm has audited the Company's financial statements since the formation of the Company. The Company's year ended 31st October 2015 is the fifth of a five year maximum term that the current audit partner has been in the role for the Company. See note 5 on page 44 for details of the auditor's fees.

Terms of Reference

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

DIRECTORS' REPORT *CONTINUED*

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders twice each year by way of the annual report and accounts, and half year report. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares.

The Company's broker, investment managers and the Manager have regular discussions with larger shareholders. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 65. The Chairman can also be contacted via the Company's website by following the 'Ask a Question' link at www.jpmrussian.co.uk.

All shareholders are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet shareholders and answer their questions. In addition, a presentation is given by the investment manager who reviews the Company's performance.

The Company's Annual Report and Accounts is published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 65.

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

Section 992 Companies Act 2006

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

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

Voting Rights in the Company's shares
Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of Annual General Meeting on page 60.

Notifiable Interests in the Company's Voting Rights
At the year end the following had declared a notifiable interest in the Company's voting rights:

Shareholders	Number of voting rights	%
City of London Investment Management Company Limited	12,591,004	24.06
Lazard Asset Management LLC	10,469,188	20.00
JPMorgan Asset Management (UK) Limited[1]	3,236,878	6.18
Legal and General Investment Management	1,654,577	3.01

[1] Held on behalf of JPMAM Investment Account and ISA participants.

Risk Management and Internal Controls

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by the Manager and its associates, the Company's system of internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. See page 19 Principle Risks. This process has been in place for the year under review and up to the date of the approval of the Annual Report and Accounts, and it accords with the Turnbull guidance. Whilst the Company does not have an internal audit function of its own, the Board considers that it is sufficient to rely on the internal audit department of the Manager. This arrangement is reviewed on an annual basis. The key elements designed to provide effective internal control are as follows:

Financial Reporting – Regular and comprehensive review by the Board of key investment and financial data, including management accounts, revenue projections, analysis of transactions and performance comparisons.

Management Agreement – Appointment of a manager, depositary and custodian regulated by the Financial Conduct Authority (FCA), whose responsibilities are clearly defined in a written agreement.

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

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

The Board, either directly or through the Audit Committee, keeps under review the effectiveness of the Company's system of internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

- Reviews the terms of the management agreement and receives regular reports from the Manager's compliance department;
- Reviews the reports on the risk management and internal controls and the operations of its Depositary BNY Mellon Trust & Depositary (UK) Limited and its custodian JPMorgan Chase Bank, which are themselves independently reviewed; and
- Reviews every six months an independent report on the internal controls and the operations of The Manager.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of internal control for the year ended 31st October 2015, and to the date of approval of this Annual Report and Accounts.

During the course of its reviews of the system of internal control, the Board has not identified, nor been advised of any failings or weaknesses which it has determined to be significant.

Greenhouse Gas Emissions

The Company is managed by JPMF with Portfolio Management delegated to JPMAM. It has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. JPMAM is also a signatory to Carbon Disclosure Project. JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to the Manager. The following is a summary of JPMorgan Asset Management (UK) Limited ('JPMAM') policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board.

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

JPMAM recognises its wider stewardship responsibilities to its clients as a major asset owner.

JPMAM endorses and complies with the FRC Stewardship Code for its UK investments and supports the principles as best practice elsewhere. We believe that regular contact with the companies in which we invest is central to our investment process and we also recognise the importance of being an 'active' owner on behalf of our clients.

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website: http://www.jpmorganinvestmenttrusts.co.uk/Governance. This also sets out its approach to the seven principles of the FRC Stewardship Code, its policy relating to conflicts of interest and its detailed voting record.

By order of the Board
Paul Winship, ACIS for and on behalf of
JPMorgan Funds Limited,
Secretary

1st February 2016

DIRECTORS' REMUNERATION REPORT

The Board has prepared this Report in accordance with the requirements of Section 421 of the Companies Act 2006 as amended.

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote. The shareholders approved the resolution in favour of the Company's Directors' Remuneration Policy at the 2015 AGM. Therefore an ordinary resolution to approve this report will be put to shareholders at the 2018 Annual General Meeting. The policy, is set out in full below and is currently in force.

At the Annual General Meeting held on 5th March 2015, of votes cast, 99.86% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration policy and 0.14% voted against.

Details of voting on the Directors' Remuneration Policy will be provided in the Company's annual report triennially.

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

The Nomination Committee, comprising all Directors, reviews fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on market data provided by the Manager, and includes research carried out by Trust Associates on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally.

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

The Company's Articles of Association stipulate that aggregate fees must not exceed £150,000 per annum. Any increase in this the maximum aggregate amount requires both Board and shareholder approval.

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

The Company has not sought shareholder views on its remuneration policy. The Nomination Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and will take account of these views if appropriate.

The Directors do not have service contracts with the Company. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 25.

Directors Remuneration Policy Implementation

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 31st October 2014 and no changes are proposed for the year ending 31st October 2016.

At the Annual General Meeting held on 5th March 2015, of votes cast, 99.83% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.17% voted against.

Details of voting on the Remuneration Policy Implementation Report from the 2016 Annual General Meeting will be given in the annual report for the year ending 31st October 2016, and annually thereafter.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in the Independent Auditors' Report on pages 34 to 37.

Details of the implementation of the Company's remuneration policy are given below. No advice from remuneration consultants was received during the year under review.

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 31st October 2015 was £131,000. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

There are no performance targets in place for the Directors of the Company and there are no benefits for any of the Directors which will vest in the future. There are no benefits, pension, bonus, long term incentive plans, exit payments or arrangements in place on which to report.

Single total figure table[1]

Directors' Name	Total fees 2015	2014
Gill Nott	£27,600	£23,000
Alexander Easton	£23,000	£23,000
Robert Jeens	£27,000	£27,000
George Nianias	£23,000	£23,000
Lysander Tennant	£30,400	£35,000
Total	**£131,000**	**£131,000**

[1] Audited information.

During the year under review, Directors' fees were paid at a fixed rate of £35,000 per annum for the Chairman, £27,000 per annum for the Chairman of the Audit Committee and £23,000 per annum for each other Director. The last increase to Directors' fees was made on 1st November 2013. There will be no increase to Directors' fees in the forthcoming period of account to 31st October 2016.

No amounts (2014: nil) were paid to third parties for making available the services of Directors.

Directors' Shareholdings

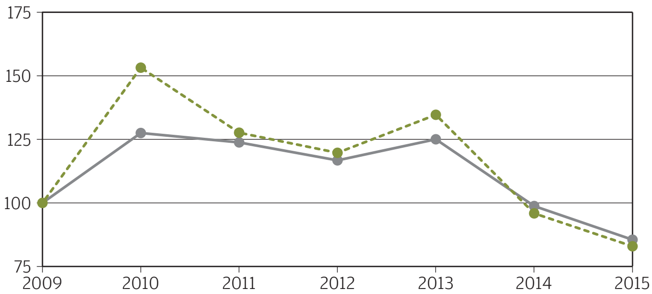
There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The Directors' beneficial shareholdings are detailed below. The Directors have no other share interests or share options in the Company and no share schemes are available.

Directors' Name	2015[1] Number of shares held	2014 Number of shares held
Gill Nott	3,000	3,000
Alexander Easton	12,018	12,018
Robert Jeens	15,000	10,000
George Nianias	nil	nil
Lysander Tennant	5,700	5,700
Total	**35,718**	**30,718**

[1] Audited information.

A graph showing the Company's share price total return compared with the Company's benchmark index, is set out below. Details of the Company's performance are set out on page 12.

Six Year Share Price and Benchmark Total Return Performance to 31st October 2015



Source: Morningstar/MSCI.

Share price total return.

Benchmark. The Benchmark is the MSCI Russian 10/40 Equity Indices Index in sterling terms.

A table showing the total remuneration for the role of Chairman over the five years ended 31st October 2015 is below:

Remuneration for the role of Chairman over the five years ended 31st October 2015

Year ended 31st October	Fees	Performance related benefits received as a percentage of maximum payable
2015	£35,000	n/a
2014	£35,000	n/a
2013	£31,000	n/a
2012	£31,000	n/a
2011	£31,000	n/a

DIRECTORS' REMUNERATION REPORT *CONTINUED*

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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 31st October 2015	2014
Remuneration paid to all Directors	£131,000	£131,000
Distribution to shareholders		
– by way of share repurchases	£560,000	£718,000
– by way of dividend	£6,804,000	£8,037,000
Total distribution to shareholders	**£7,364,000**	**£8,755,000**

For and on behalf of the Board
Gill Nott
Chairman

1st February 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

and the Directors confirm they have done so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

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

Each of the Directors, whose names and functions are listed in the Directors' Report, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law, give a true and fair view of the assets, liabilities, financial position and return or loss of the Company; and
- The Directors confirm that, taken as a whole, the annual report and accounts are fair, balanced and understandable and provide the information necessary for shareholders to assess the strategy and business model of the Company.
- That the Strategic Report and Directors Report include a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces.

The Board confirms it is satisfied that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the performance, business model and strategy of the Company.

The accounts are published on the www.jpmrussian.co.uk website which is maintained by the Company's Manager. The maintenance and integrity of the website maintained by the Manager is, so far as it relates to the Company, the responsibility of the Manager. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. The financial statements are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

For and on behalf of the Board
Gill Nott
Chairman

1st February 2016

Independent Auditor's Report

TO THE MEMBERS OF JPMORGAN RUSSIAN SECURITIES PLC

Our opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st October 2015 and of its net loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

We have audited the financial statements of JPMorgan Russian Securities plc for the year ended 31st October 2015 which comprises the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our assessment of risks of material misstatement

We identified the following risks of material misstatement that had the greatest effect on the overall audit strategy, the allocation of resources on the audit and directing the efforts of the engagement team. The risks that we have identified are consistent with those risks that were identified in the prior year. The Audit Committee have set out their assessment of the significant issues in relation to the financial statements on page 27. The table below also includes our responses to these risks:

Risks	Our response to these risks
The investment income receivable by the Company during the period directly drives the Company's ability to make a dividend payment to shareholders. The investment income receivable for the year to 31st October 2015 was £13.6 million (2014: £9.4 million) (as disclosed in note 3 to the financial statements). If the Company is not entitled to receive the dividend income recognised in the financial statements or the income recognised does not relate to the current financial year, this will impact the extent of the profits available to fund dividend distributions to shareholders. In the Russian market there can be a delay between declaration of the dividend and the final payment date and the recoverability of accrued dividends should be assessed.	• We agreed a sample of dividends to the corresponding announcement made by the investee company and agreed cash received to bank statements. • We agreed, for a sample of investee companies, the dividend announcements made by the investee company from an external third party source to the income entitlements recorded by the Company. • For a sample of dividends accrued at year end, we reviewed the investee company announcements to assess whether the dividend obligation arose prior to 31st October 2015. • We agreed a sample of accrued dividends to post year end bank statements to assess the recoverability of these amounts.
The valuation of the assets held in the investment portfolio is the key driver of the Company's investment return. The value of the Company's investment portfolio at 31st October 2015 was £195.3 million (2014: £236.0 million) (movements in the investment portfolio are shown in Note 9 to the financial statements). Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.	• We have used our bespoke asset pricing tool to value 100% of the investment portfolio. We did not identify any material differences. • We agreed the number of shares held in each security to a confirmation of legal title received from both the Company's custodian and depositary.
Given the impact of political sanctions and other economic pressures on the Russian economy, we have considered the ability of the Company to continue to operate as a going concern and the Company's continued ability to comply with the sanctions regime.	• We reviewed and assessed the system of internal control used by the Company to monitor compliance with the sanctions regime. • We reviewed the stocks in the portfolio for evidence that the stocks may be subject to the economic sanctions placed on the Russian market. None of the stocks in the investment portfolio at 31st October 2015 appear on the sanctions list. • We considered the detrimental effect that the geopolitical turmoil in Russia has had on investor sentiment and the consequent withdrawal of investment capital from Russia from some investors. In this respect, we noted that no actions have been taken by Russia to limit the flow of investment capital into and out of Russia from foreign institutions. • We reviewed and assess the Company's viability statement and the rationale supporting the conclusions, together with the Board's assessment of going concern.

Risks	Our response to these risks
The fees payable by the Company for investment management services are a significant component of the Company's cost base and, therefore, impact the Company's total return. For the year to 31st October 2015, the management fee was £2.0 million (2014: £3.3 million) (as disclosed in note 4 to the financial statements). If the management fees are not calculated in accordance with the methodology prescribed in the investment management agreement this could have a significant impact on both costs and overall performance. With effect from 1st November 2014 the investment management agreement has been amended and the basic management fee reduced from 1.2% to 1.0% per annum.	• We used the terms contained in the investment management agreement to perform a recalculation of the fee payable each month. • We agreed the inputs for the monthly calculation to source data and agreed the monthly cash payments made to bank statements.

Our application of materiality

We determined materiality for the Company to be £1.9 million (2014: £2.4 million), which is 1% of total equity. This provided a basis for determining the nature, timing and extent of our risk assessment procedures, identifying and assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have derived our materiality calculation based on a proportion of total equity as consider it to be the most important financial metric on which shareholders would judge the performance of the Company.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment and given no history of significant errors, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75% of planning materiality, being £1.4 million (2014: £1.8 million). Our objective in adopting this approach was to ensure that total undetected and uncorrected audit differences in all accounts did not exceed our planning materiality level.

We agreed with the Audit Committee that we would report all audit differences in excess of £0.1 million (2014: £0.12 million) as well as any differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

We have nothing material to add or draw attention to in relation to:

(a) The Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;

(b) The disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;

(c) The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and

(d) The Directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

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

Under the Listing Rules we are required to review:

- the Directors' Statement in relation to going concern, set out on page 23, and longer-term viability, set out on page 20; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Michael-John Albert (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor,
London

1st February 2016

INCOME STATEMENT FOR THE YEAR ENDED 31ST OCTOBER 2015

	Notes	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Losses on investments held at fair value through profit or loss	2	–	(43,618)	(43,618)	–	(91,746)	(91,746)
Net foreign currency gains		–	199	199	–	127	127
Income from investments	3	13,598	–	13,598	9,383	–	9,383
Gross return/(loss)		**13,598**	**(43,419)**	**(29,821)**	**9,383**	**(91,619)**	**(82,236)**
Management fee	4	(397)	(1,587)	(1,984)	(660)	(2,640)	(3,300)
Other administrative expenses	5	(840)	–	(840)	(787)	–	(787)
Net return/(loss) on ordinary activities before taxation		**12,361**	**(45,006)**	**(32,645)**	**7,936**	**(94,259)**	**(86,323)**
Taxation	6	(2,093)	324	(1,769)	(907)	–	(907)
Net return/(loss) on ordinary activities after taxation		**10,268**	**(44,682)**	**(34,414)**	**7,029**	**(94,259)**	**(87,230)**
Return/(loss) per share	8	**19.60p**	**(85.31)p**	**(65.71)p**	**13.38p**	**(179.37)p**	**(165.99)p**

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

The 'Total' column of this statement is the Profit and Loss Account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The Total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.

The accompanying notes on pages 42 to 57 form an integral part of these accounts.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up share capital £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st October 2013	527	74	48,482	275,809	7,511	332,403
Repurchase of the Company's own shares for cancellation	(1)	1	(718)	–	–	(718)
Net (loss)/return on ordinary activities	–	–	–	(94,259)	7,029	(87,230)
Dividends appropriated in the year	–	–	–	(526)	(7,511)	(8,037)
At 31st October 2014	526	75	47,764	181,024	7,029	236,418
Repurchase of the Company's own shares for cancellation	(2)	2	(560)	–	–	(560)
Net (loss)/return on ordinary activities	–	–	–	(44,682)	10,268	(34,414)
Dividends appropriated in the year	–	–	–	–	(6,804)	(6,804)
At 31st October 2015	524	77	47,204	136,342	10,493	194,640

The accompanying notes on page 42 to 57 form an integral part of these accounts.

BALANCE SHEET AT 31ST OCTOBER 2015

	Notes	2015 £'000	2014 £'000
Fixed assets	9		
Investments held at fair value through profit or loss		191,910	235,986
Investment in liquidity fund held at fair value through profit or loss		3,419	–
		195,329	**235,986**
Current assets	10		
Debtors		552	290
Cash and short term deposits		911	2,248
		1,463	**2,538**
Creditors: amounts falling due within one year	11	(2,152)	(2,106)
Net current (liabilities)/assets		**(689)**	**432**
Total assets less current liabilities		**194,640**	**236,418**
Net assets		**194,640**	**236,418**
Capital and reserves			
Called up share capital	12	524	526
Capital redemption reserve	13	77	75
Other reserve	13	47,204	47,764
Capital reserves	13	136,342	181,024
Revenue reserve	13	10,493	7,029
Total equity shareholders' funds		**194,640**	**236,418**
Net asset value per share	14	**371.9p**	**450.0p**

The accounts on pages 38 to 57 were approved and authorised for issue by the Directors on 1st February 2016 and were signed on their behalf by:

Robert Jeens
Director

The accompanying notes on pages 42 to 57 form an integral part of these accounts.

Company registration number: 4567378.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST OCTOBER 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operating activities	15	9,055	5,606
Taxation			
Overseas tax recovered		66	281
Capital expenditure and financial investment			
Purchases of investments		(143,903)	(188,087)
Sales of investments		140,721	189,964
Other capital charges		(111)	(178)
Net cash (outflow)/inflow from capital expenditure and financial investment		**(3,293)**	**1,699**
Dividend paid		**(6,804)**	**(8,037)**
Net cash outflow before financing		**(976)**	**(451)**
Financing			
Repurchase of the Company's own shares for cancellation		(560)	(1,055)
Net cash outflow from financing		**(560)**	**(1,055)**
Decrease in cash for the year	16	**(1,536)**	**(1,506)**

The accompanying notes on pages 42 to 57 form an integral part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 2015

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in January 2009. All of the Company's operations are of a continuing nature.

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

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

(b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis in accordance with a documented investment strategy and information about the portfolio is provided internally on that basis to the Board of Directors. Accordingly, upon initial recognition, the investments are designated by the Company as at fair value through profit or loss ('FVTPL'). They are recognised initially at fair value which is taken to be their cost, excluding expenses incidental to acquisition which are charged to the capital column of the income statement at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets.

Gains and losses on sales of investments are recognised in the Income Statement and are transferred to capital reserves within 'Gains and losses on sales of investments' and represent the excess of sales proceeds over the carrying value at the previous balance sheet date. Increases and decreases in the valuation of investments held at the year end are recognised in the Income Statement and are transferred to capital reserves within 'Holding gains and losses on investments'.

All purchases and sales are recognised on a trade date basis.

(c) Income

Dividends receivable from equity shares and distribution from liquidity funds are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is taken to capital.

Overseas dividends are shown gross of any withholding tax.

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

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

(d) Expenses

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

- the management fee is allocated 20% to revenue and 80% to capital in line with the Board's expected long term split of revenue and capital return from the Company investment portfolio.
- expenses incidental to the purchase or sale of an investment are charged entirely to the capital column of the income statement. These expenses are commonly referred to as transaction costs and comprise mainly brokerage commission.

(e) Financial instruments

Cash and short term deposits may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Other debtors and creditors do not carry any interest or significant price risk exposure and are accordingly stated at carrying value as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying value of all debtors and creditors approximates to their fair value.

(f) Foreign currency

In accordance with FRS 23: 'The effects of changes in Foreign Currency Exchange rates', the Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital, the currency in which management fees and dividends are paid, and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the accounts are presented.

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

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature. Gains and losses on investments arising from a change in exchange rates are recognised in the Income Statement and included in 'Holding gains and losses on investments'.

(g) Taxation

Current tax is provided on an accruals basis at the rate expected to be received or paid based on the Company's taxable profit.

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

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred taxation liabilities are recognised for all taxable timing differences but deferred taxation assets are only recognised to the extent that it is more likely than not that taxable profits will be available against which those timing differences can be utilised.

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

Irrecoverable withholding tax is recognised on any overseas dividends on an accruals basis using the applicable rate for the country of origin.

(h) Dividend payable

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

(i) Value Added Tax ('VAT')

Irrecoverable VAT is included in the expense on which it has been suffered. Recoverable VAT is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies and is required on an accruals basis.

(j) Repurchase of ordinary shares for cancellation

The cost of repurchasing ordinary shares including the related stamp duty and transaction costs is charged to 'Other reserve' and dealt with in the Reconciliation of Movement in Shareholders' Funds. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve.

(k) Investment in Liquidity Fund

The investment in liquidity fund is held at fair value through profit and loss.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

2. Losses on investments held at fair value through profit or loss

	2015 £'000	2014 £'000
Losses on sales of investments held at fair value through profit or loss based on historical cost	(52,653)	(43,004)
Amounts recognised as investment holding gains and losses at the previous balance sheet date in respect of investments sold during the year	32,312	14,249
Losses on sales of investments based on the carrying value at the previous balance sheet date	(20,341)	(28,755)
Net movement in investment holding gains and losses	(23,222)	(62,759)
Capital charges[1]	(55)	(232)
Total losses on investments held at fair value through profit or loss	**(43,618)**	**(91,746)**

[1] See note 17 for further details.

3. Income

	2015 £'000	2014 £'000
Franked investment income	22	67
Overseas dividends	13,568	9,298
Income from liquidity fund	8	18
Total income	**13,598**	**9,383**

4. Management fee

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Management fee[1]	397	1,587	1,984	660	2,640	3,300

[1] Details of the management fee are given in the Directors' Report on page 23.

5. Other administrative expenses

	2015 £'000	2014 £'000
Dividend charges	277	225
Administration expenses	170	171
Safe custody fees	134	140
Directors' fees[1]	131	131
Savings scheme costs[2]	65	76
Auditors' remuneration for audit services[3,4]	29	29
Depositary fees	34	15
Total	**840**	**787**

[1] Full disclosure is given in the Directors' Remuneration Report on pages 30 to 32.
[2] These fees were payable to the Manager for the marketing and administration of savings scheme products.
[3] No fees were payable to the auditors for non-audit services (2014: nil).
[4] Includes irrecoverable VAT of £3,000 (2014: £3,000).

6. Taxation

(a) Analysis of tax charge in the year

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
UK corporation tax	1,640	–	1,640	1,293	–	1,293
Double taxation relief	(1,182)	–	(1,182)	(1,293)	–	(1,293)
Overseas withholding tax	1,311	–	1,311	907	–	907
Tax relief on expenses charged to capital	324	(324)	–	–	–	–
Current tax	**2,093**	**(324)**	**1,769**	**907**	**–**	**907**

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher (2014: higher) than the amount that would be incurred by directly applying the Company's applicable rate of corporation tax for the year of 20.41% (2014: 21.83%) to accounting profit. The factors affecting the current tax charge for the year are as follows:

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Net return/(loss) on ordinary activities before taxation	**12,361**	**(45,006)**	**(32,645)**	**7,936**	**(94,259)**	**(86,323)**
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 20.41% (2014: 21.83%)	2,523	(9,186)	(6,663)	1,732	(20,577)	(18,845)
Effects of:						
Non taxable capital losses	–	8,862	8,862	–	20,001	20,001
Non taxable UK dividends	(4)	–	(4)	(15)	–	(15)
Non taxable overseas dividends	(284)	–	(284)	(152)	–	(152)
Tax attributable to expenses and finance costs charged to capital	(324)	324	–	(576)	576	–
Tax relief on expenses charged to capital	324	(324)	–	–	–	–
Income taxed in different periods	(72)	–	(72)	411	–	411
Overseas withholding tax	1,311	–	1,311	907	–	907
Double taxation relief	(1,182)	–	(1,182)	(1,293)	–	(1,293)
Brought forward revenue losses utilised	(199)	–	(199)	(107)	–	(107)
Current tax charge for the year	**2,093**	**(324)**	**1,769**	**907**	**–**	**907**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £nil (2014: £265,000) based on a prospective corporation tax rate of 20% (2014: 21%). The deferred tax asset in the previous year arose due to the cumulative excess of deductible expenses over taxable income. The UK Government announced in July 2015 that the corporation tax rate is set to be cut to 19% in 2017 and 18% in 2020.

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

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

7. Dividend

(a) Dividends paid and proposed

	2015 £'000	2014 £'000
Dividend paid		
2014 final dividend of 13.00p (2013: 15.30p)	6,804	8,037
Dividend proposed		
2015 final ordinary dividend of 13.00p (2014: 13.00p)	6,804	6,829
2015 special dividend of 4.00p (2014: 0.00p)	2,093	–

For the year ended 31st October 2014, the Company declared a dividend of £6,829,000 but the final dividend paid amounted to £6,804,000 due to shares repurchased for cancellation after the balance sheet date but prior to the share register record date.

The final ordinary and special dividends proposed in respect of the year ended 31st October 2015 are subject to approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, these dividends will be reflected in the accounts for the year ending 31st October 2016.

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

The proposed dividends of £8,897,000 (2014: £6,804,000 paid) are the amounts on which the requirements of Section 1158 are considered. The revenue available for distribution by way of dividend is £10,268,000 (2014: £7,029,000).

8. Return/(loss) per share

The revenue return per share is based on the revenue return attributable to the ordinary shares of £10,268,000 (2014: £7,029,000) and on the weighted average number of shares in issue during the year of 52,379,071 (2014: 52,549,571).

The capital loss per share is based on the capital loss attributable to the ordinary shares of £44,682,000 (2014: £94,259,000) and on the weighted average number of shares in issue during the year of 52,379,071 (2014: 52,549,571).

The total loss per share is based on the total loss attributable to the ordinary shares of £34,414,000 (2014: £87,230,000) and on the weighted average number of shares in issue during the year of 52,379,071 (2014: 52,549,571).

9. Investments

	2015 £'000	2014 £'000
Investments listed on a recognised stock exchange	191,910	235,986
Investment in liquidity fund	3,419	–
	195,329	**235,986**

	2015 £'000	2014 £'000
Opening book cost	274,066	320,785
Opening investment holding (losses)/gains	(38,080)	10,430
Opening valuation	235,986	331,215
Movements in the year:		
Purchases at cost	143,587	186,095
Sales - proceeds	(140,681)	(189,810)
Losses on sales of investments	(20,341)	(28,755)
Net movement in investment holding gains and losses	(23,222)	(62,759)
Closing valuation	**195,329**	**235,986**
Closing book cost	224,319	274,066
Closing investment holdings losses	(28,990)	(38,080)
Total investments held at fair value through profit or loss	**195,329**	**235,986**

Transaction costs on purchases during the year amounted to £189,000 (2014: £366,000) and on sales during the year amounted to £122,000 (2014: £138,000), totalling £311,000 transaction costs for the year (2014: £504,000). These costs comprise mainly brokerage commission.

During the year, prior year holding losses amounting to £32,312,000 (2014: £14,249,000) have been transferred to gains and losses on sales of investments as disclosed in note 13.

10. Current assets

	2015 £'000	2014 £'000
Debtors		
Securities sold awaiting settlement	–	40
Overseas tax recoverable	–	87
Dividends and interest receivable	510	129
VAT recoverable	15	2
Other debtors	27	32
Total	**552**	**290**

The Directors consider that the carrying amount of debtors approximates to their fair value. The Directors do not consider any of the amounts included in the note above to be past due or impaired as at 31st October 2015 (2014: £nil).

Cash and short term deposits

Cash and short term deposits comprises bank balances and short term deposits. The carrying amount of these represents their fair value.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

11. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Securities purchased awaiting settlement	1,599	1,915
Corporation tax	458	–
Other creditors and accruals	95	191
Total	**2,152**	**2,106**

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

12. Called up share capital

	2015 £'000	2014 £'000
Issued and fully paid		
Ordinary shares of 1p each		
Opening balance of 52,532,112 (2014: 52,667,112) shares	526	527
Repurchase and cancellation of 195,000 (2014: 135,000) shares	(2)	(1)
Closing balance of 52,337,112 (2014: 52,532,112) shares	**524**	**526**

During the year, the Company made market purchases of 195,000 of its own shares, nominal value £1,950, for cancellation, representing 0.37% of the shares outstanding at the beginning of the year. The consideration paid for these shares amounted to £560,000. The reason for the purchases was to seek to reduce the volatility and absolute level of the share price discount to net asset value per share.

The holders of ordinary shares carry the right to receive all the revenue profits of the Company available for distribution and from time to time determined by the Directors to be distributed by way of dividend. The holders of the ordinary shares hold all voting rights and are entitled to all the assets of the Company on a return of capital, return of assets or on a winding up.

13. Reserves

			Capital reserves		
	Capital redemption reserve £'000	Other reserve[1] £'000	Gains and losses on sales of investments £'000	Holding gains and losses on investments £'000	Revenue reserve £'000
Opening balance	75	47,764	219,104	(38,080)	7,029
Foreign exchange gains on cash and short term deposits	–	–	199	–	–
Losses on sales of investments	–	–	(20,341)	–	–
Net movement in investment holding gains and losses	–	–	–	(23,222)	–
Transfer on disposal of investments	–	–	(32,312)	32,312	–
Repurchase of the Company's own shares for cancellation	2	(560)	–	–	–
Other capital charges	–	–	(55)	–	–
Management fee charged to capital	–	–	(1,587)	–	–
Tax relief on expenses charged to capital	–	–	324	–	–
Dividends appropriated in the year	–	–	–	–	(6,804)
Revenue return for the year	–	–	–	–	10,268
Closing balance	**77**	**47,204**	**165,332**	**(28,990)**	**10,493**

[1] The 'Other reserve' was formerly share premium which was cancelled for the purpose of financing share buy-backs.

14. Net asset value per share

The net asset value per share is based on the net assets attributable to the ordinary shareholders of £194,640,000 (2014: £236,418,000) and on the 52,337,112 (2014: 52,532,112) shares in issue at the year end.

15. Reconciliation of net losses on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	2015 £'000	2014 £'000
Total losses on ordinary activities before finance costs and taxation	(32,645)	(86,323)
Less capital losses before finance costs and taxation	45,006	94,259
(Increase)/decrease in accrued income	(381)	1,573
(Increase)/decrease in other debtors	(8)	9
(Decrease)/increase in accrued expenses	(40)	3
Management fee charged to capital	(1,587)	(2,640)
Overseas withholding tax	(1,290)	(1,275)
Net cash inflow from operating activities	**9,055**	**5,606**

16. Analysis of changes in net funds

	At 31st October 2014 £'000	Cash flow £'000	Exchange movement £'000	At 31st October 2015 £'000
Cash and short term deposits	2,248	(1,536)	199	911
Net funds	**2,248**	**(1,536)**	**199**	**911**

17. Related party transactions

Details of the management contract are set out in the Directors' Report on page 23. The management fee payable to Manager for the year was £1,984,000 (2014: £3,300,000) of which £nil (2014: £nil) was outstanding at the year end. In addition £65,000 (2014: £76,000) was payable to the Manager for marketing and administration of the Company's savings scheme products, of which £nil (2014: £nil) was outstanding at the year end.

Included in note 5 on page 44 are safe custody fees amounting to £134,000 (2014: £140,000) payable to JPMorgan Chase of which £21,000 (2014: £31,000) was outstanding at the year end.

Included in note 2 on page 44 are handling charges on dealing transactions during the year amounting to £55,000 (2014: £232,000) payable to JPMorgan Chase of which £1,000 (2014: £57,000) was outstanding at the year end.

The Company holds an investment in JPMorgan US Dollar Liquidity Fund which is managed by the Manager. At 31st October 2015, this investment was valued at £3,419,000 (2014: £nil) representing 1.7% (2014: nil) of the Company's investment portfolio. During the year, the Company made purchases of this investment with a total value of £36,746,000 (2014: £77,685,000) and sales with a total value of £33,382,000 (2014: £82,217,000). Income receivable from this investment in the year amounted to £3,000 (2014: £18,000) of which £nil (2014: £nil) was outstanding at the year end.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

17. Related party transactions *continued*

The Company held an investment in the JPM Sterling Liquidity Fund which is managed by the Manager. At 31st October 2015, the Company no longer held this investment (2014: £nil) representing nil% (2014: nil%) of the Company's investment portfolio. During the year, the Company made purchases of this fund with a total value of £6,829,000 (2014: £nil) and sales with a total value of £6,829,000 (2014: £nil). Income receivable from this fund in the year amounted to £5,000 (2014: £nil) of which £nil (2014: £nil) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arms' length. The commission payable to JPMorgan Securities for the year was £13,000 (2014: £8,000) of which £nil (2014: £nil) was outstanding at the year end.

At the year end, a bank balance of £911,000 (2014: £2,248,000) was held with JPMorgan Chase and placed on deposit with an approved list of banks. A net amount of interest of £nil (2014: £nil) was receivable by the Company during the year from JPMorgan Chase.

Details of Directors' transactions in the Company's shares and Directors' fees are included in the Directors' Remuneration Report on page 31.

18. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments that are held at fair value comprise its investment portfolio. The Company currently holds no derivative financial instruments and its liabilities are not held at fair value.

The investments are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1. Quoted investments which are deemed to be less liquid due to a lower level of trading volume in the period prior to the year end, are also included in Level 2.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

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

Details of the valuation techniques used by the Company are given in note 1 on page 42.

The following table sets out the fair value measurements using the FRS 29 hierarchy at 31st October:

	2015			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments	191,910	–	–	191,910
Investment in liquidity fund	3,419	–	–	3,419
Total	**195,329**	**–**	**–**	**195,329**

	2014			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments	235,986	–	–	235,986
Total	**235,986**	**–**	**–**	**235,986**

There have been no transfers between Levels 1, 2 and 3 during the current or comparative year.

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

As an investment trust, the Company invests in equities and other securities for the long term so as to secure its investment objective stated on the 'Features' page inside the front cover. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends. These risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company Secretary, in close cooperation with the Board and the Manager, coordinates the Company's risk management strategy.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's financial instruments comprise the following:

- investments in Russian equity shares, preference shares, ADRs, GDRs, and liquidity funds which are held in accordance with the Company's investment objective; and
- debtors, creditors and cash arising directly from its operations.

(a) Market risk

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

(i) Currency risk

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

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Foreign currency borrowing may be used to limit the Company's exposure to anticipated changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. This borrowing would be limited to currencies and amounts commensurate with the asset exposure to those currencies. Income denominated in foreign currencies is converted to sterling on receipt.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(a) Market risk *continued*

(i) Currency risk *continued*

Foreign currency exposure

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

	2015 US$ £'000	Ruble £'000	HK$ £'000	EUR £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	3,419	–	–	–	3,419
Net current assets	(297)	69	–	1	(227)
Foreign currency exposure on net monetary items	3,122	69	–	1	3,192
Equity investments held at fair value through profit or loss	186,891	–	2,470	–	189,361
Total net foreign currency exposure	**190,013**	**69**	**2,470**	**1**	**192,553**

	2014 US$ £'000	Ruble £'000	HK$ £'000	EUR £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	–	–	–	–	–
Net current assets	484	54	–	–	538
Foreign currency exposure on net monetary items	484	54	–	–	538
Equity investments held at fair value through profit or loss	226,770	–	–	4,592	231,362
Total net foreign currency exposure	**227,254**	**54**	**–**	**4,592**	**231,900**

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

Equity investments held at fair value through profit or loss have all been included under their respective currency exposure in the tables above, because they are priced in that currency. However it should be noted that the operating activities of these companies are primarily exposed to the Ruble.

Foreign currency sensitivity

The following tables illustrate the sensitivity of the return after taxation for the year and net assets with regard to the Company's overseas income and monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and assumes a 10% (2014: 10%) appreciation or depreciation in sterling against the US$, the Ruble and the euro. The Company's monetary foreign currency financial instruments are predominantly exposed to the US$ and this is deemed a reasonable illustration based on the volatility of the sterling/US$ exchange rate during the year.

If sterling had weakened by 10% this would have had the following effect:

	2015 £'000	2014 £'000
Income statement return after taxation		
Revenue return	1,357	932
Capital return	319	54
Total return after taxation for the year	**1,676**	**986**
Net assets	**1,676**	**986**

Conversely if sterling had strengthened by 10% this would have had the following effect:

	2015 £'000	2014 £'000
Income statement return after taxation		
Revenue return	(1,357)	(932)
Capital return	(319)	(54)
Total return after taxation for the year	**(1,676)**	**(986)**
Net assets	**(1,676)**	**(986)**

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

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable from cash deposits and the liquidity fund.

Management of interest rate risk

The Company does not normally hold significant cash balances. Short term borrowings may be used when required, however the Company currently has no loan facility in place.

Interest rate exposure

The exposure of the year end financial assets and liabilities to floating interest rates, giving cash flow interest rate risk when rates are reset, is shown below.

	2015 £'000	2014 £'000
Exposure to floating interest rates		
JPM US Dollar Liquidity Fund	3,419	–
Cash and short term deposits	911	2,248
Total exposure	**4,330**	**2,248**

The target interest earned on the JPM US Dollar Liquidity Fund is the 7 day US Dollar London Interbank Bid Rate.

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

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(a) Market risk *continued*

(ii) Interest rate risk *continued*

Management of interest rate risk *continued*

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

	2015 £'000	2014 £'000
Maximum net credit and Liquidity Fund balances	8,409	21,770
Minimum net credit and Liquidity Fund balances	497	484

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2014: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date, with all other variables held constant.

	2015		2014	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Income statement – return after taxation				
Revenue return	22	(22)	11	(11)
Capital return	–	–	–	–
Total return after taxation for the year	22	(22)	11	(11)
Net assets	**22**	**(22)**	**11**	**(11)**

In the opinion of the Directors, the above sensitivity analysis may not be representative of future years.

(iii) Other price risk

Other price risk includes changes in market prices, other than those arising from interest rate risk or currency risk, which may affect the value of investments.

Management of other price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Other price risk exposure

The Company's exposure to changes in market prices at 31st October comprises its holdings in equity investments as follows:

	2015 £'000	2014 £'000
Equity investments held at fair value through profit or loss	191,910	235,986

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

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 14 to 16. The equity portfolio entirely comprises Russian companies. Accordingly there is a concentration of exposure to that country. However, it should be noted that an investment may not be wholly exposed to the economic conditions in its country of domicile.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2014: 10%) in the fair value of the Company's equity investments. This level of change does not reflect the unusual market volatility over the past five years and is presented purely as an illustration. The sensitivity analysis is based on the Company's equity investments and adjusting for change in the management fee, but with all other variables held constant.

	2015		2014	
	10% increase in rate £'000	10% decrease in rate £'000	10% increase in rate £'000	10% decrease in rate £'000
Income statement – return after taxation				
Revenue return	(46)	46	(57)	57
Capital return	19,007	(19,007)	23,372	(23,372)
Total return after taxation for the year and net assets	**18,961**	**(18,961)**	**23,315**	**(23,315)**

(b) Liquidity risk

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

Management of the risk

Liquidity risk is not significant as the Company's assets comprise readily realisable securities, which can be sold to meet funding requirements if necessary. There is currently no loan facility in place. The net current liabilities in the current year result from excess cash being invested in a liquidity fund which is classified as a fixed asset.

Liquidity risk exposure

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

	2015 Three months or less £'000	2014 Three months or less £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	1,599	1,915
Other creditors and accruals	95	191
Corporation tax	458	–
Total financial liabilities	**2,152**	**2,106**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(c) Credit risk

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

Management of credit risk

Portfolio dealing

The Manager's process for the exchange of securities and cash is designed to minimise the risk of losing the principal of a trade during the settlement process. The Manager continuously monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparty lists are maintained and adjusted accordingly.

Cash

Counterparties are subject to regular credit analysis by the Manager and trades can only be placed with counterparties that have been approved by both the JPMorgan Counterparty Risk Group and the Board.

Custody

BNY Mellon Trust & Depositary (UK) Limited ('BNY'), as the trust's appointed depositary, is responsible for the appointment of the custodian and its network of subcustodians. Under the terms of the depositary agreement BNY has strict liability for the loss or misappropriation of assets held at custody.

JPMorgan Chase is the custodian of the Company's assets. The custody agreement grants a general lien over the securities credited to the securities account. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading. However, no absolute guarantee can be given to investors on the protection of all the assets of the Company.

Credit risk exposure

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

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either included in the balance sheet at fair value or the carrying amount in the balance sheet is a reasonable approximation of fair value.

20. Capital management

The Company's capital comprises the following:

	2015 £'000	2014 £'000
Equity		
Share capital	524	526
Reserves	194,116	235,892
Total capital	**194,640**	**236,418**

The investment objective of the Company is to provide capital growth from investment in Russian securities.

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

	2015 £'000	2014 £'000
Investments held at fair value excluding holdings in Liquidity Funds	191,910	235,986
Current assets excluding cash and short term deposits	552	290
Current liabilities excluding any bank loans	(2,152)	(2,106)
Total assets	190,310	234,170
Net assets	**194,640**	**236,418**
Gearing/(net cash)	**(2.2)%**	**(1.0)%**

There is currently no loan facility in place (2014: none).

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

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

21. Alternative Investment Fund Managers Directive ('AIMFD')

The AIFM of the Company is JPMorgan Funds Limited.

The Company's maximum and actual leverage (see Glossary of Terms and Definitions on page 62) levels at 31st October 2015 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	200.00%	200.00%
Actual	99.97%	100.00%

All authorised Alternative Investment Fund Managers are required to comply with the AIFMD remuneration code. In accordance with the remuneration code, the annual report of the Company's AIFM, which includes numerical disclosure of the remuneration of the AIFM, is available from the Company Secretary on request.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirteenth Annual General Meeting of JPMorgan Russian Securities plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 3rd March 2016 at 12.00 noon for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st October 2015.
2. To approve the Directors' Remuneration Report for the year ended 31st October 2015.
3. To approve a final ordinary dividend of 13.00p per share.
4. To approve a special dividend of 4.00p per share.
5. To reappoint Gillian Nott a Director of the Company.
6. To reappoint Alexander Easton a Director of the Company.
7. To reappoint Robert Jeens a Director of the Company.
8. To reappoint George Nianias a Director of the Company.
9. To reappoint Ernst & Young LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

10. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £26,169, representing approximately 5% of the Company's issued ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2017 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

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

11. THAT subject to the passing of Resolution 10 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 10 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £26,169, representing approximately 5% of the issued ordinary share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 10 above, save that the Company may before such expiry make offers, or agreements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuant of such offers, or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

12. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693 of the Act) of its issued ordinary shares of 1 pence each in the capital of the Company.

    PROVIDED ALWAYS THAT

    (i) the maximum number of ordinary shares hereby authorised to be purchased shall be 7,845,333 or if less, that number of ordinary shares which is equal to 14.99% of the Company's issued share capital as at the date of the passing of this Resolution;

    (ii) the minimum price which may be paid for an ordinary share will be 1 pence;

    (iii) the maximum price which may be paid for an ordinary share shall be an amount equal to the highest of:
    (a) 105% of the average of the middle market quotations for an ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately

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

(iv) any purchase of ordinary shares will be made in the market for cash at prices below the prevailing net asset value per ordinary share (as determined by the Directors) at the date following not more than seven days before the date of purchase;

(v) the authority hereby conferred shall expire at the Company's Annual General Meeting to be held in 2017 unless the authority is renewed at a general meeting prior to such time; and

(vi) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

Investment Objective and Policies – Ordinary Resolution

13. THAT the new investment objective and policies as set out in the Appendix to the Company's annual report and accounts for the year ended 31st October 2015 and produced to the meeting, be and is hereby approved in substitution for the Company's existing investment objective and policies.

By order of the Board
Paul Winship ACIS, for and on behalf of
JPMorgan Funds Limited,
Secretary

1st February 2016

Notes

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

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.

2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.

3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.

4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the meeting or adjourned meeting.

6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.

NOTICE OF ANNUAL GENERAL MEETING *CONTINUED*

7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative(s) may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous AGM; which the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting or if it would involve the disclosure of confidential information.
10. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmrussian.co.uk.
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of meeting to communicate with the Company for any purposes other than those expressly stated.
15. As an alternative to completing a hardcopy Form of Proxy/Voting Direction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
16. As at 26th January 2016 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 52,337,112 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 52,337,112.

Electronic appointment – CREST members

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

APPENDIX

Note to the Appendix – Proposed Changes to the Company's Investment Objective and Policies

The proposed amendments to the Company's investment objective and policies as proposed in resolution 13 on page 59 of this report, are set out below. Changes to the existing investment objective and policies at the time of publication of this document are marked in black-line with additions underlined and deletions struck through.

Investment Objective

To provide <u>shareholders with</u> capital growth ~~from investing in quoted Russian securities~~.

Investment Policies

To maintain a diversified portfolio of investments <u>primarily</u> in quoted Russian securities ~~and Russian pre-IPO stocks~~ or other companies which operate principally in Russia. <u>The Company may also invest up to 10% of its gross assets in companies that operate or are located in former Soviet Union Republics.</u>

Investment Limits and Restrictions

The Board seeks to manage some of the Company's risks by imposing various investment limits and restrictions.

- No more than 10% of the Company's gross assets are to be invested in ~~pre-IPO stocks~~ <u>companies that operate or are located in former Soviet Union Republics.</u>
- The Company will not normally invest in unlisted securities~~, apart from pre-IPO stocks~~.
- <u>At the time of purchase, the maximum permitted exposure to each individual company is 15% of the Company's gross assets.</u>
- The Company will not normally invest in derivatives.
- The Company will utilise liquidity and borrowings in a range of 10% net cash to 15% geared in typical market conditions.
- No more than 15% of gross assets are to be invested in other UK listed investment companies (including investment trusts).

GLOSSARY OF TERMS AND DEFINITIONS

Return to Shareholders
Total return to the shareholder per share, on a mid-market share price to mid-market share price basis assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

Total return on Net Assets
Total return on the net asset value (NAV) per share. The NAV calculation includes the underlying stocks held in the Company's portfolio priced on a bid value to bid value basis. The total return basis assumes that all dividends paid out by the Company were reinvested into shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Benchmark Return
Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested into the shares of the underlying companies at the time the shares were quoted ex-dividend. The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not 'track' this index and consequently, there is likely to be divergence between the Company's performance and that of the benchmark.

Share Price Discount/Premium to Net Asset Value ('NAV') per Share
If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

Gearing/(Net Cash)
Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding liquidity funds and bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

Leverage
For the purposes of the Alternative Investment Fund Managers Directive ('AIFMD'), leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated on a gross and a commitment method, in accordance with AIFMD. Under the gross method, exposure represents the sum of the Company's positions without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated after certain hedging and netting positions are offset against each other.

Ongoing Charges
The Ongoing Charges represent the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of the daily net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

Active Position
The active position shows the difference between the Company's holding of an individual stock or sector compared with that stock or sector's weighting in the Company's benchmark index. A positive number indicates an active decision by the Manager to own more of (i.e. be overweight) a particular stock or sector versus the benchmark and a negative number indicates a decision to hold less of (i.e. be underweight) a particular stock or sector versus the benchmark.

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

Performance Attribution Definitions:

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

Stock Selection
Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark, or of investing in securities which are not included in the benchmark.

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

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

ADR/GDR
American Depositary Receipts and Global Depositary Receipts. ADR and GDRs' are certificates that represent shares of a foreign stock.

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

Savings Plan

The Company participates in the J.P. Morgan Investment Trusts Savings Plan, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Savings Plan should call J.P. Morgan Asset Management free on 0800 20 40 20 or visit its website at am.jpmorgan.co.uk

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within J.P. Morgan's Stocks & Shares ISA. For the 2015/16 tax year, from 6th April 2015 and ending 5th April 2016, the total ISA allowance is £15,240. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk

There are a number of ways that you can buy shares in investment trust companies; you can invest through J.P. Morgan Online or on the following fund supermarkets:

AJ Bell	James Brearley
Alliance Trust	James Hay
Barclays Stockbrokers	Stocktrade
Charles Stanley Direct	TD Direct
Halifax Share Dealing Service	The Share Centre
Hargreaves Lansdown	Tilney Bestinvest
Interactive Investor	Transact

Alternatively you can invest through an Investment Professional (e.g. a Financial Adviser) on the following 3rd party platforms:

Ascentric	Nucleus
Avalon	Praemium
Axa Elevate	Transact
Novia	

Please note that these websites are third party websites and J.P. Morgan Asset Management does not endorse or recommend any of them. This list is not exhaustive and is subject to change. Please observe each site's privacy and cookie policies as well as their platform charges structure.

You can also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority adviser charging and commission rules, visit www.fca.org.uk.

Financial Conduct Authority

Beware of share fraud

In association with: icsa Registrars Group

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

1. Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
2. Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
3. Check the Financial Services Register from **www.fca.org.uk** to see if the person and firm contacting you is authorised by the FCA.
4. Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
5. Use the firm's contact details listed on the Register if you want to call it back.
6. Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date.
7. Search the list of unauthorised firms to avoid at **www.fca.org.uk/scams**.
8. Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
9. Think about getting independent financial and professional advice before you hand over any money.
10. **Remember:** if it sounds too good to be true, it probably is!

Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at **www.fca.org.uk/scams**, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000

Information about the Company

FINANCIAL CALENDAR

Financial year end	31st October
Final results announced	January
Half year end	30th April
Half year results announced	June
Dividends payable	March/August
Annual General Meeting	March

History

The Company was launched in December 2002 by a placing and offer for subscription. It is the successor Company to The Fleming Russia Securities Fund Limited, a closed-ended investment company incorporated in Jersey and listed on the Irish Stock Exchange. The Company adopted its present name on 1st March 2006.

Life of the Company

Directors will propose a resolution that the Company continue as an investment trust at the Annual General Meeting in 2017 and every five years thereafter.

Company Numbers

Company registration number: 4567378

London Stock Exchange Sedol number: 0032164732
ISIN: GB0032164732
Bloomberg ticker: JRS LN

Market Information

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

Website

www.jpmrussian.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account and J.P. Morgan ISA. These products are all available on the online service at www.jpmorgan.co.uk/online

Manager and Company Secretary

JPMorgan Funds Limited

The Association of Investment Companies   A member of the AIC

Company's Registered Office

60 Victoria Embankment
London EC4Y 0JP
Telephone number: 020 7742 4000

For company secretarial and administrative matters, please contact Paul Winship at the Company's registered office.

Depositary

BNY Mellon Trust & Depositary (UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

The Depositary has appointed JPMorgan Chase Bank, N.A. as the Company's custodian.

Registrars

Equiniti Limited
Reference 2610
The Causeway
Worthing,
West Sussex BN99 6DA
Telephone number: 0371 384 2945

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more than a national rate call to a 01 or 02 number. Callers from overseas should dial +44 121 415 0225.

Notifications of changes of address and all enquiries regarding certificates should be sent to the Registrar quoting reference 2610.

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

Independent Auditor

Ernst & Young LLP
Statutory Auditor
1 More London Place
London SE1 2AF

Brokers

Cenkos Securities plc
6,7,8 Tokenhouse Yard
London EC2R 7AS

Savings Product Administrators

For queries on the J.P. Morgan Investment Account and J.P. Morgan ISA, see contact details on the back cover of this report.

www.jpmrussian.co.uk

J.P. Morgan Helpline

Freephone 0800 20 40 20 or +44 (0) 1268 444470.
Telephone lines are open Monday to Friday, 9am to 5.30pm.

Telephone calls may be recorded and monitored for security and training purposes.

J.P.Morgan
Asset Management