
JPMorgan Russian Securities plc Annual General Meeting

March 2018

Oleg Biryulyov and **Habib Saikaly**
Portfolio Managers

JPMorgan Russian Securities plc

Summary of results

	2017	2016	
Total returns for the year ended 31st October 2017			
Benchmark ¹	+8.4	+50.8%	
Return on net assets ²	+9.8	+56.2%	
Return to shareholders ³	+13.1	+53.1%	
Net asset value, share price and discount at 31st October 2017			% change
Net asset value per share	574.7p	544.3p	+5.6%
Share price	491.5p	455.0p	+8.0%
Share price discount to net asset value per share	14.5%	16.4%	

1 Source: MSCI. The benchmark is the MSCI Russian 10/40 Equity Indices Index in sterling terms. Effective from 1st November 2016, the Company's benchmark is the RTS Index in sterling terms (RTS)

2 Source: J.P. Morgan Asset Management

3 Source: Morningstar

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Past performance is not necessarily a reliable indicator for current and future performance.

Financial year performance

JPMorgan Russian Securities plc

Data as of 31st October 2017 – 12 month rolling returns

(%)	31/10/16 – 31/10/17	31/10/15 – 31/10/16	31/10/14 – 31/10/15	31/10/13 – 31/10/14	31/10/12 – 31/10/13	31/10/11 – 31/10/12
Portfolio return (Net Asset Value)*	9.8	56.2	-14.2	-26.7	13.7	-1.6
Index (MSCI Russia 10/40)	8.4	50.8	-13.4	-21.0	7.1	-5.8
Ordinary share price return**	13.1	53.1	-13.5	-28.8	12.5	-6.2

Source: J.P. Morgan Asset Management, Morningstar.

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Inception Date: 15 September 1994

Benchmark History – 15 Sept 1994 to 31 Oct 2006 = CSFB ROS Index (CAP). 01 Nov 2006 to Current = MSCI Russia 10/40

* NAV – Net of Fees GBP

** Mid – Share Price (Ord) GBP

Please note Benchmark Indices do not include fees or operating expenses and are not available for actual investment. Performance data has been calculated on NAV to NAV basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP.

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Calendar year performance

JPMorgan Russian Securities plc - Data as of 31st December 2017 – 12 month rolling returns

(%)	31/12/16 – 31/12/17	31/12/15 – 31/12/16	31/12/14 – 31/12/15	31/12/13 – 31/12/14	31/12/12 – 31/12/13
Portfolio return (Net Asset Value)*	-0.21	81.49	16.89	-45.87	5.14
Index (MSCI Russia 10/40)**	-4.15	83.51	13.36	-39.45	-3.66
Ordinary share price return***	2.21	87.39	12.37	-46.60	3.73

Source: J.P. Morgan Asset Management. Morningstar.

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Inception Date: 15 September 1994

Benchmark History – 15 Sept 1994 to 31 Oct 2006 = CSFB ROS Index (CAP). 01 Nov 2006 to Current = MSCI Russia 10/40

* NAV – Net of Fees GBP

** On 1 November 2016 benchmark changed to RTS Index.

*** Mid – Share Price (Ord) GBP

Performance data has been calculated on NAV to NAV basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP.

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Performance summary

JPMorgan Russian Securities plc

12 Months to 31st October 2017

Portfolio return (Net Asset Value)	9.8%
Index (MSCI Russia 10/40)	8.4%
Ordinary share price return	13.1%

Cumulative performance to 31st October 2017

	3 year performance	5 year performance	10 year performance
Return to shareholders (Ordinary share price return)	+49.8%	+19.9%	-10.3%
Portfolio Return (Net Asset Value)	+47.1%	+22.5%	-7.0%
Index (MSCI Russia 10/40)	-41.6%	+19.8%	+14.2%

Source: J.P. Morgan Asset Management, Morningstar.

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Inception Date: 15 September 1994

Benchmark History – 15 Sept 1994 to 31 Oct 2006 = CSFB ROS Index (CAP). 01 Nov 2006 to Current = MSCI Russia 10/40 . Past performance is not a guide to the future. Please note Benchmark Indices do not include fees or operating expenses and are not available for actual investment. Performance data has been calculated on NAV to NAV basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP.

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Performance summary

JPMorgan Russian Securities plc

- The market demonstrated its usual pattern of **seasonal volatility** and was heavily influenced by **external factors**
- The **oil price** – a major indicator of the direction of the Russian market – went through an **encouraging period** of normalisation during the year. OPEC played a key role in managing the balance between supply and demand.
- There was **short-lived euphoria** at the start of the period related to Donald Trump’s unexpected victory in the US presidential elections and expectations of an improvement in Russian – US relations. These hopes proved **groundless**, leading to a market correction in the second part of 2017.
- **Dividend payouts increased**, and the Trust had a higher dividend yield relative to the 2016 reporting period. The Russian market has the **highest dividend yield** among global equity markets.

Source: J.P. Morgan Asset Management.

Opinions, estimates, forecasts, projections and statements of financial market trends are based on market conditions at the date of the publication, constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.

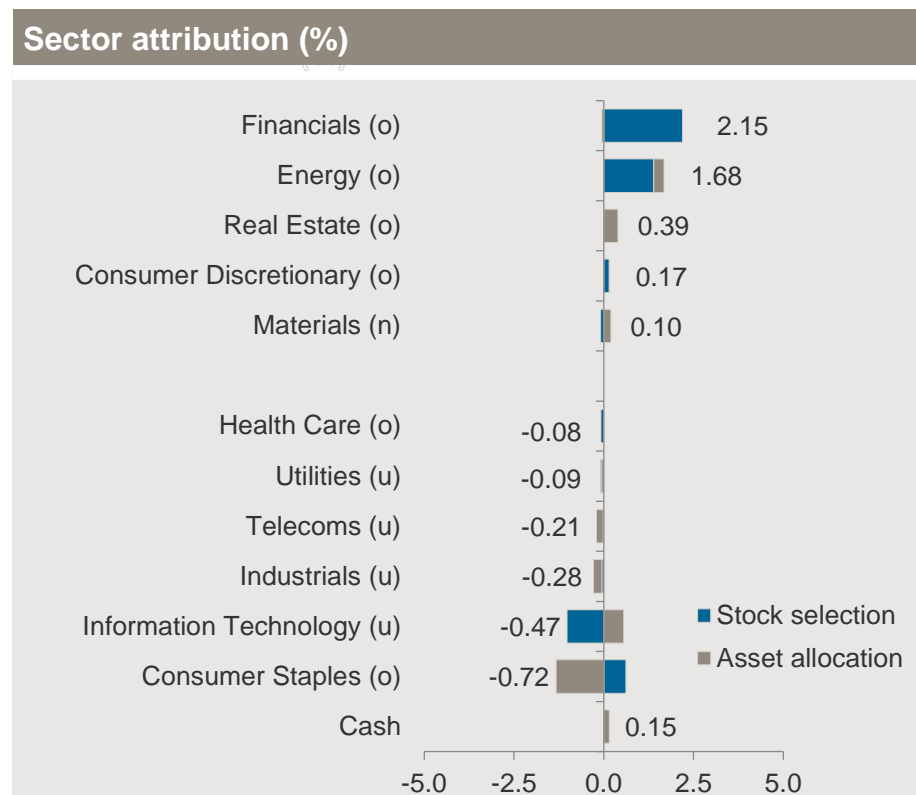
OPEC = Organisation of petroleum exporting countries

Past performance is not necessarily a reliable indicator for current and future performance.

Performance attribution

JPMorgan Russian Securities plc – 12 months to 31st October 2017

Attribution summary	Stock: 2.07
	Sector: -1.80
Benchmark	RTS Index



Top Contributors	Stock return (%)	Impact (%)
Tatneft (o)	64.78	1.26
Sberbank (o)	43.50	1.04
VTB Bank (u)	-10.32	0.66
Polymetal International (u)	14.92	0.46
TBC Bank* (o)	37.23	0.43

Top Detractors	Stock return (%)	Impact (%)
Mobile Telesystems (u)	37.25	-0.60
Magnit (o)	-29.46	-0.50
Ros Agro (o)	-9.70	-0.46
Yandex (u)	54.88	-0.38
Transneft (u)	26.21	-0.36

Source: J.P. Morgan Asset Management. Factset, MSCI. Gross of fees in GBP. Data for Total Attribution shown (stock selection plus country allocation). Attribution may not match the official returns due to differences in systems rounding. The Trust is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice. O = overweight, N = neutral, U – underweight * Not in Benchmark

Past performance is not a reliable indicator of current and future results



What does Russia look like today?

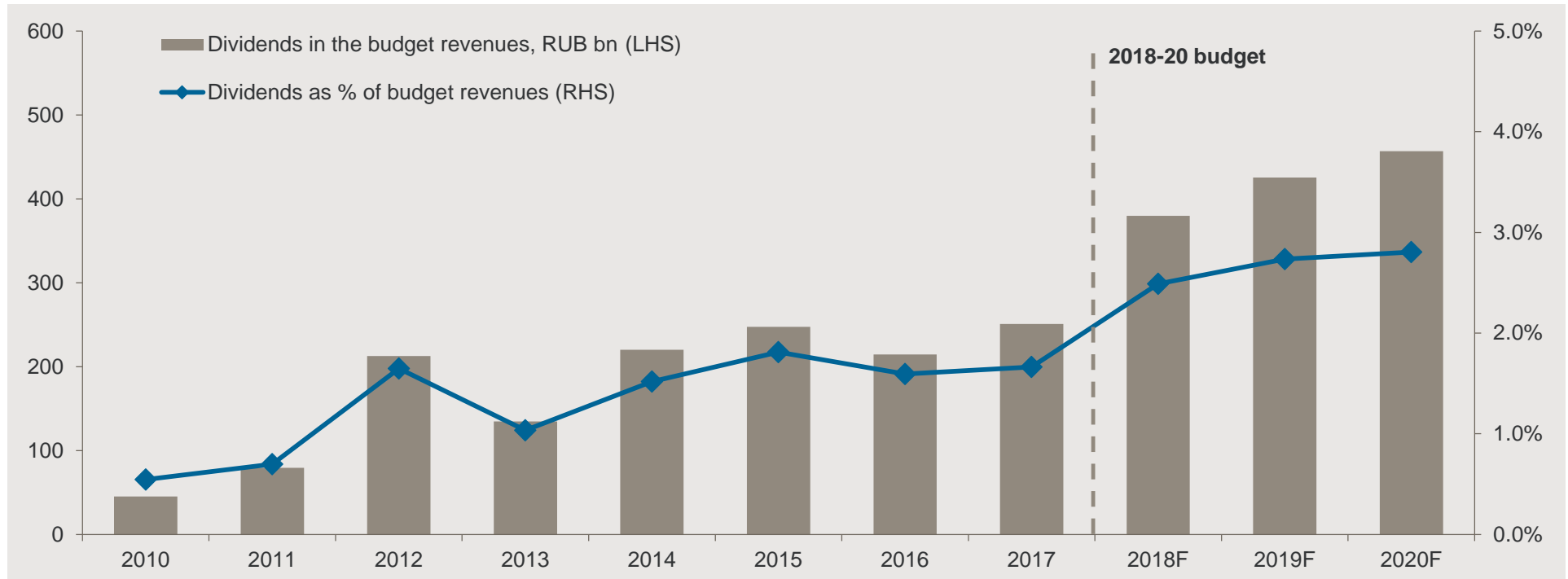
- Economy
- Interest rates
- Inflation
- Politics and sanctions
- Corporate culture – earnings and dividends



An improving backdrop

Dividends - When it rains, it pours!

Importance of dividends increased for Federal budget through time



The Russian market is yielding over 5%

Source: VTB Capital. Data as of January 2018. Opinions, estimates, forecasts, projections and statements of financial market trends are based on market conditions at the date of the publication, constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.

Executive summary

JPMorgan Russian Securities plc as of 31st January 2018

Expertise

Comprehensive research and local knowledge

- Early investor in Emerging Europe and Middle East – with a major commitment to the region
- An investment team combining local knowledge and global perspective
- Managed by Oleg Biryulyov, with over 20 years industry experience and Habib Saikaly

Portfolio

Invest in high quality businesses that compound earnings sustainably over the long term

- In-depth fundamental analysis focuses on the economics, duration and governance of a business
- Long-standing thematic preference for private sector, non-cyclical stocks

Results

Strong performance history across a variety of products

- The Trust has outperformed its benchmark since inception

Past performance is not necessarily a reliable indicator for current and future results.

Please refer to slides 1 – 4 for further details.

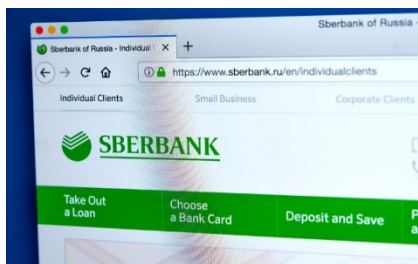
Inception date: September 1994.

Key portfolio positions

JPMorgan Russian Securities plc as of 31st January 2018

Benchmark

RTS Index



Sberbank
2.0% overweight
USD 105 bn

MD Medical Group
1.9% overweight
USD 756m



Sollers
1.3% overweight
USD 382m



VTB
-2.5% underweight
USD 32.9 bn

Surgutneftegas
-4.2% underweight
USD 22.2bn



Yandex
-1.5% underweight
USD 12.6 bn

Source: J.P. Morgan Asset Management

Benchmark: RTS Index. Market Cap as of the end of January 2018 in USD millions.

The inclusion of the securities mentioned above is not to be interpreted as recommendations to buy or sell.

MD Medical Group (Russia, healthcare)

Economics

- Very profitable business with high margins and good cash generation
- Strong balance sheet

Duration

- A leading player in an underpenetrated market
- Significant growth opportunity with the opening of new hospitals and clinics

Governance

- Founded by a famous obstetrician and gynecologist
- Main shareholder has strong preference for dividend distribution as the main source of personal income



Russia's leading private healthcare provider, focused on women's health and paediatrics

Source: MD Medical Group Investor Presentation, as of 8-9th June 2015.

The companies above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell.

Ros Agro highlights small cap potential in Russia

- Ros Agro is a vertically integrated Russian food producer and the **second largest player in the domestic pork and sugar market**
- With key product prices linked to international USD-base, Ros Agro is a **major beneficiary of RUB devaluation**
- Import substitution combined with a RUB cost base allows Ros Agro to enjoy **high profitability** without sacrificing sales volumes
- Ros Agro has an **ambitious long term growth strategy**
 - ✓ Volume growth
 - ✓ A shift towards more processed, higher margin products
- The **strongest balance sheet** in the sector allows for sustainable dividend distribution and acquisitions



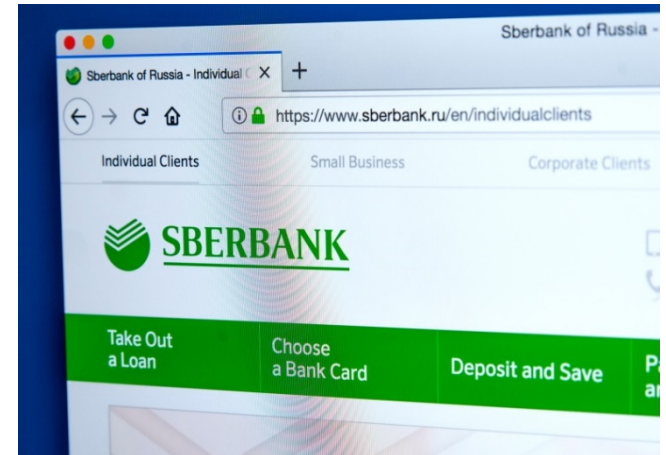
Source: Ros Agro Website. As of February 2017.

The securities above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell.

Sberbank: No longer just a bank...

Serving clients across the whole country:

- > 110m retail clients
- ~ 2m corporate clients
- ~ 60m monthly branch visitors
- ~ 13m daily active users of digital channels



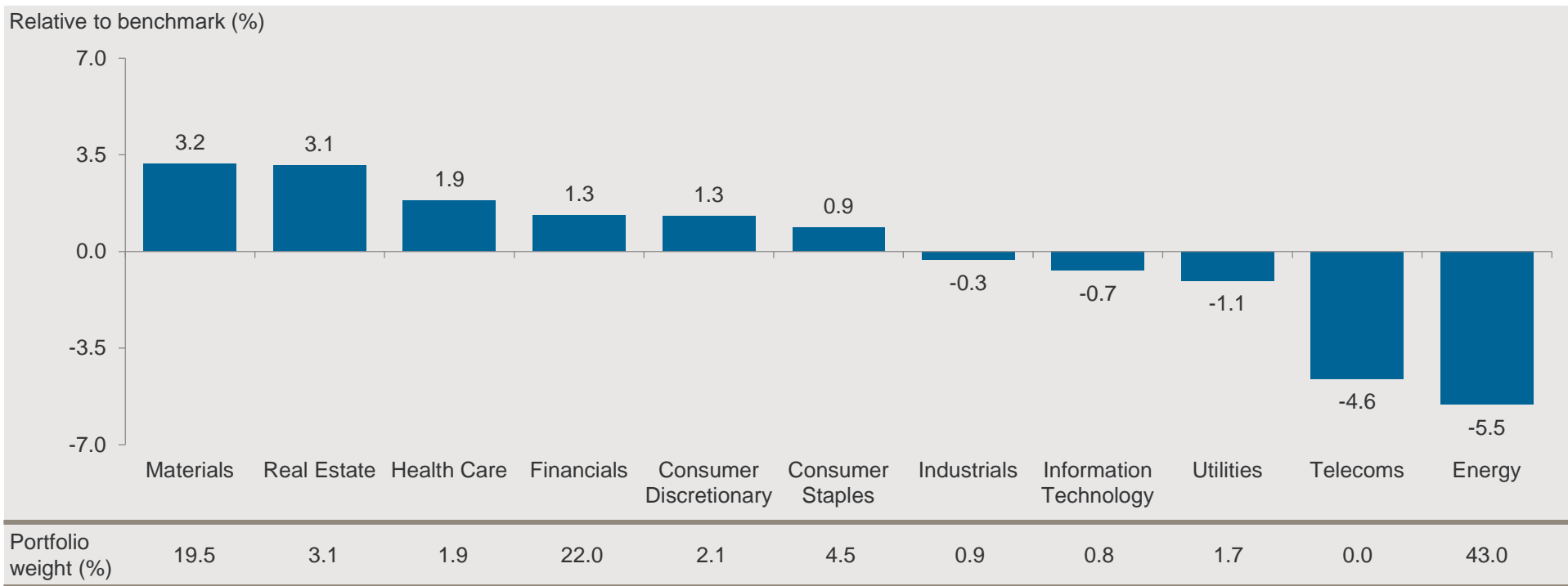
Source: J.P. Morgan Asset Management, company reports. Data as of October 2017. The companies above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell.

Sector positioning

JPMorgan Russian Securities plc as of 31st January 2018

Benchmark RTS Index

Active and absolute sector positions



Source: J.P. Morgan Asset Management. The Fund is an actively managed portfolio; holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

In summary

- We believe that **economic stabilisation** is underway in Russia, and two years on from the introduction of the sanctions, we have started to see early signs of a recovery in domestic demand
- **Privatization** can be useful tool for Government to address budget constraints and we would anticipate a number of such transactions in the coming year
- We maintain the long held preference for **national champions** with regional and global potential
- We intend to maintain the portfolio's existing exposure to **smaller companies** in the belief that it will generate the best returns for shareholders over the longer term
- We believe that current equity **valuations are attractive** for long-term investors

Source: J.P.Morgan Asset Management. Data as of February 2018. Opinions, estimates, forecasts, projections and statements of financial market trends are based on market conditions at the date of the publication, constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.

Investment objective and risk profile

JPMorgan Russian Securities plc (the Company)

Investment objective

The Company aims to provide shareholders with capital growth from investment in a diversified portfolio of investments primarily in quoted Russian companies or other companies which operate principally in Russia. The company may also invest up to 10% of its gross assets in companies that operate or are located in former Soviet Union Republics. The Company has the ability to use borrowing to gear the portfolio within the range of 10% net cash to 15% geared in normal market conditions.

Risk profile

- Exchange rate changes may cause the value of underlying overseas investments to go down as well as up.
- Investments in emerging markets may involve a higher element of risk due to political and economic instability and underdeveloped markets and systems. Shares may also be traded less frequently than those on established markets. This means that there may be difficulty in both buying and selling shares and individual share prices may be subject to short-term price fluctuations.
- The fund typically invests in a concentrated portfolio of investments and should a particular investment decline in value, this will have a pronounced effect on the overall value of the fund.
- External factors may cause an entire asset class to decline in value. Prices and values of all shares or all bonds could decline at the same time, or fluctuate in response to the performance of individual companies and general market conditions.
- This trust may utilise gearing (borrowing) which will exaggerate market movements both up and down.
- This trust may also invest in smaller companies which may increase its risk profile.
- The share price may trade at a discount to the Net Asset Value of the company.
- The single market in which the Trust primarily invests, in this case Russia, may be subject to particular political and economic risks and, as a result, the trust may be more volatile than more broadly diversified trusts.
- The key risks facing the Company and the mechanisms in place to monitor and measure these risks are set out in the Company's annual report, a copy of which is available from its website.

Important information

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