

JPMorgan Emerging Europe, Middle East & Africa Securities plc

Questions & Answers

Received from Shareholders Since the Issue of Circular Dated 27th October 2022

and During its General Meeting of 23rd November 2022

and Annual General Meeting of 7th March 2023

1. When did the Company change its name?

The Company changed its name from JPMorgan Russian Securities plc to JPMorgan Emerging Europe, Middle East & Africa Securities plc on 23rd November 2022 in order to reflect the Company's new investment objective

2. What is the Company's new ticker?

From 23rd November 2022, the Company's new ticker is JEMA (previously JRS). The ISIN remains the same.

3. What is the Company's benchmark?

The Company does not have a benchmark. It has a reference index – the S&P Emerging Europe, Middle East and Africa. This is because there is no suitable recognised index that matches the Company's portfolio, hence the Company's adoption of a reference index rather than a benchmark.

4. Why did the Board support the proposal to change the Company's Investment Objective?

As referred to in the RNS announcement of 23rd November 2022, the Board stated that the approval of the resolution to amend the Company's investment objective and policy was seen as a step towards the avoidance of the crystallisation of current shareholders' losses in the Company of circa 95%. The widening of the Company's investment objective was not a proposal that the Board would have made in normal trading conditions. However, with the situation for the Company since Russia's invasion of Ukraine on 24th February 2022 remaining unchanged and no one knowing where these tragic events will lead or what the future holds, the changes to the Company's investment objectives would at least provide an opportunity for the Company to resume investment and improve income generation.

The Board has stressed that it is very aware that shareholders invested in a company whose principle orbit of investment is Russia and that shareholders would expect the Company to maximise value from its investments in the event that markets reopen to overseas investors. Unlike an open-ended fund which would have to sell assets to meet redemption demands our Company being a closed ended fund would not be under the same pressure to sell assets, but your Board and the managers would take a view as to what is in the best interests of shareholders at that time. However, it should be noted that there are significant uncertainties

about whether Russian markets will reopen and the circumstances that would prevail if they did reopen.

5. Questions on dilution/fund raising

The Board is conscious of existing shareholders' pre-emption rights and concerns about possible dilution of their holdings following the widening of the Company's investment objective. The Board issued an RNS announcement on 7th November 2022, confirming that there were currently no plans to issue shares or raise capital, even in the event that the current prohibitions on the trading of and receipt of dividends from Russian securities are lifted. In addition, in the RNS announcement of 23rd November 2022, the Board summarised the concerns of the shareholders who had voted against the resolution and reiterated that it was mindful of shareholders' pre-emption rights and its duty to promote the success of the Company for the benefit of the members as a whole. To further demonstrate that shareholders concerns had been addressed, on 28th November 2022, the Board published a list of shareholders' questions and answers (Q&A) which included responses to the questions from shareholders at the General Meeting (AGM) on 23rd November 2022.

At the Company' AGM on 7th March 2023 all the resolutions were passed by shareholders. However, two of the resolutions giving the Board authority to allot new shares and disapply pre-emption rights on allotment, although passing, did receive over 20% of votes against. At the Company's AGM on 7th March 2023, during the question and answers session for shareholders attending both in person in the room and virtually by webcast, the same concerns as voiced at the General Meeting in November 2022 were again raised by some shareholders about the possibility that the Board would use these powers to effectively dilute the value of their holdings in the Company. The Board assured the shareholders that its intention remained unchanged and repeated their previous responses that it acknowledged and understood what the concerns were and that it was mindful of shareholders' pre-emption rights and its duty to promote the success of the Company for the benefit of the members as a whole.

To demonstrate that these shareholders concerns had been addressed, the RNS announcement of the AGM results released after the AGM on 7th March 2023 included reference to the resolutions that had received over 20% of votes against. In addition, the shareholders' concerns raised at the Company's AGM have been included in this updated version of the Q&A which was referred to in the RNS of 7th March 2023 and detailed that it would be made available on the Company's website.

6. Can the Board ring fence Russian stocks for shareholders?

The Board discussed strategic options in 2022 and concluded that the risks and costs linked to the creation of a new listed share class exceeded the benefits.

7. What happens to dividends received from Russian investee companies?

At present, the dividends received from the Russian companies in the Company's portfolio are held in a custody account ('S' Account, in Moscow) and the balance as at 12th October

2023 was equivalent to approximately £18.4 million at the exchange rate applicable on that date. As at 12th October 2023, an additional £0.7 million has been announced but is yet to be received.

Any proceeds received from the participation in the Detsky tender offer will also be received into the 'S' Account.

Under current regulations, the balance held in the 'S' Account cannot be remitted to the Company and may never be received. They are not recognised in the Company's net asset value or in its income statement. No interest is receivable on the 'S' Account. The Company is prohibited by UK legislation from investing this cash.

8. **When will dividend payments from new investments under the new mandate re-commence?**

As an investment trust, the Company is required to distribute 85% of its income for an accounting period. Therefore, if the Company generates sufficient income in the year it will pay a dividend.

9. **Were there any costs involved in realigning the portfolio?**

The Company used its cash to invest (i.e. no sale of securities was required to fund the proposed acquisitions) so there were no realignment costs in that sense. The cash from the Company's liquidity funds was deployed to acquire securities at de minimis cost.

10. **What is the management fee under the new mandate?**

The Management fee of 0.9 per cent. has been waived by the Company's Investment Manager since 1st March 2022. Under the new mandate the management fee will recommence on 1st March 2023, however, until further notice, the Company's investments in Russian securities (including Russian related GDRs and ADRs) will continue to be excluded from the Company's net assets for the purposes of this calculation.

11. **Does the new mandate include investment limits on holdings in Russia?**

The proposed new investment objective does not set any maximum or minimum exposures for any geographical regions or sectors.

12. **Would the Company consider listing in a 'friendly jurisdiction' to allow access to sanctioned funds?**

The Board believes that it would not be appropriate for the Company or any of its service providers to actively take steps to circumvent the UK and international sanctions regimes. Moving the listing of the Company's shares away from the LSE would not change the Company's place of incorporation (i.e. England), and therefore the Company would remain subject to the UK financial sanctions regime as well as any relevant sanctions imposed by Russia on UK legal entities. It would also not alleviate certain restrictions or other difficulties which arise by virtue of the nature of the Company's relevant assets (rather than its place of listing or incorporation), for example UK and international sanctions attaching to specific

securities owned by the Company, the suspension of or other limitations on the trading in those securities by the stock markets on which those securities are usually traded, limitations imposed by custodians as a result of international sanctions regimes, and a lack of market counterparties.

13. **Are the Russian securities still included in the Company's portfolio and will the Company consider changing the NAV valuation methodology for its Russian stocks?**

The Company's holdings in its Russian securities continue to be held in its portfolio. The value of the Company's Russian securities is currently determined by the application of an alternative fair valuation, which is expected to apply during the closure of the Russian market to the Company.

As per the Company's daily NAV announcements, the Directors consider that in the absence of observable market data on its Russian investments resulting from the closure of the Moscow Exchange (MOEX) to overseas investors, there has been a material change to the market value of its Russian investments and therefore a fair value valuation methodology has been applied to those investments held in accordance with the established fair valuation policies and procedures of the Manager, JPMorgan Funds Limited. For its MOEX local stock, an alternative fair value adjustment has been applied to the last trade price on 25th February 2022. The price of these stocks has been determined by taking the live market price as at 25th February 2022 and applying a 99% provision for valuation. Similarly, for the American Depositary Receipts and Global Depositary Receipts an alternative fair value adjustment has been applied to the last trade price on 2nd March 2022 and a 99% provision for valuation applied.

14. **Why was the change of investment objective and policy tabled as an ordinary resolution?**

Listing Rule 15.4.8 requires shareholder approval for such a change of investment objective and policy by way of ordinary resolution.

The Company's Articles specifically allows the Directors to change the name of the Company by resolution of the Directors alone.

15. **What are your views on Russia's invasion of Ukraine?**

As a Board we condemn the actions of the Russian State in Ukraine and our thoughts are with the Ukrainian people.

16. **Did JPMorgan Asset Management vote its holding of circa 1.5% in the Company at the General Meeting on 23rd November 2022**

No.

17. **Why invest in EM equities which are "risky" rather than cash?**

The Company's purpose is to seek increase in capital via investments in particular assets. We believe that shareholders would like to have ownership of attractive public corporates from the region rather than allocate capital to cash. Risky assets may have higher volatility, but at

the same time they tend to generate higher income via dividends or buy backs or capital gains via share price appreciation. With 80% of the global population and 50+% of the global economy represented by emerging markets today, we together with the Investment Manager, believe that they should be an intrinsic part of any balanced investment portfolio.

18. **What is the position with the Russia ADRs / GDRs – are you converting these into local shares?**

The Company's Manager together with other managers of ADR/GDRs in Russian stock, are working with authorities/parties to process the transfers as far as possible. A list of the Company's full portfolio of investments, including ADR and GDR holdings can be located from the Company's website. At 30th April 2023, the Company's portfolio consisted of 27 Russian securities, five of which are ADR/GDRs.

19. **When did investment commence under the new investment objective and when was the Company fully invested in line with the new investment policies?**

The Manager commenced investment under the new investment objective on 21st February 2023. The completion of opening new accounts and establishing control and operation systems across the numerous jurisdictions in Emerging Europe, Middle East and Africa that the Company's new investment objective permit the Company to invest took longer than anticipated.

20. **Has the Company retained a minimum cash balance going forward?**

The Manager has managed the Company's cash balance as would typically be expected following the launch of a new investment objective and according to the market conditions.

21. **Will the Company sell its Russian holdings if the market reopens?**

The Board has set no limit on the size of Russia investment and would depend on JPM to manage positions in the shareholders' interests, whilst complying with all relevant regulations, sanctions and laws. We believe that the mandate change provides the Company with the longest period available for that process to occur.

It should also be noted that the Company benefits from being a closed-ended vehicle in the context of this question. Unlike certain other fund structures (that can be required to sell investments to meet investor redemptions), the structure of the Company does not require it to sell any holdings in the event that the market reopens and shareholders simultaneously wish to exit their investment in the Company.

22. **What is the geographical spread of the Company's new investments?**

The geographical spread of the portfolio is broadly in line with the reference index, the S&P Emerging Europe, Middle East and Africa, in addition to the existing holdings in Russia. See the Company's website and most recent report and financial statements for the latest available position.

23. **What is the sector spread of the Company's new investments?**

See the Company's website for the latest position (including the Investment Managers' AGM Presentation) for the latest available position.

24. Are you expecting the performance reporting of the new mandate to merge into the historic JRS performance or do you expect a new start?

The Company has a new reference index, and it is expected that the new start date for the measurement of performance for this mandate will be from 1st March 2023. The Russian securities will be included in the performance reporting of the Company.

25. How much of the portfolio do you intend to invest under the new mandate?

The standard 90-110% limits apply, there is no leverage in place and investments will be expected to amount to around 97-99% in normal conditions. However, in the initial year or two from the commencement of the acquisition of securities under the new investment policy, the Company is expected to temporarily hold higher levels of cash than normal. This is in order to ensure that the Company has sufficient cash to cover its annual on-going expenses until the income flow from the new securities is established and sufficient to meet the Company's on-going costs.

26. What is ESG policy for new mandate?

The Manager continues to adopt an integrated approach to ESG issues, ensuring they are taken into account when building their portfolios and actively engaging with investee companies on these issues throughout the holding period. JPMAM seeks companies that run their businesses in a sustainable way, treat minority shareholders and other stakeholders fairly and engage in practices likely to enhance the company's reputation, not compromise it.

27. Why has the Board decided to remove the performance related tender offer to 31st October 2026?

The events following Russia's invasion of Ukraine in February 2022 have required the Board to revisit its tender offer commitment. This is because during this reporting period measurement of the Company's performance against the RTS index was and continues to be no longer possible due to western news services no longer distributing data on Russian indices, including the RTS index. And, in addition, the Company is prohibited from trading its Russian securities, which prevents any measurable performance activity.

As detailed in the Chairman's Statement of the Company's annual report to 31st October 2022 released on 25th January 2023, the Board agreed that the tender offer no longer applies. Looking ahead, the Board also agree that no further tender offer will be made. This is because there is no suitable recognised index that matches the Company's portfolio, hence the Company's adoption of a reference index rather than a benchmark

28. Is the Company participating in the tender offers made by Russian companies in its portfolio?

As detailed in the RNS announcement released on 17th August 2023, during 2022/23 two of the Russian companies in the Company's portfolio have made tender offers of their shares (Detsky Mir and Magnit). Where permissible and beneficial for shareholders under the current sanctions regime the Company's Investment Manager will seek to participate in such corporate actions. On 11th October 2023 the Board announced that the Investment Manager had recently participated in the tender offered by Detsky Mir in respect of all its shares held. Following the completion of the tender, the Company will no longer have any holdings in Detsky Mir. The proceeds (RUB 286.2m, approx. GBP2.35m) received from this tender will be held in a custody 'S' account in Moscow and will not be recognised in the Company's net asset value.

Note

Above information available as at 12th October 2023