JPMorgan Russian Securities plc

Annual Report & Financial Statements for the year ended 31st October 2019

J.P.Morgan
Asset Management

Your Company

Investment Objective

To maximise total return to shareholders from a diversified portfolio of investments primarily in quoted Russian securities.

Investment Policies

To maintain a diversified portfolio of investments primarily in quoted Russian securities 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.

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 companies that operate or are located in former Soviet Union Republics.
- The Company will not normally invest in unlisted securities.
- At the time of purchase, the maximum permitted exposure to each individual company is 15% of the Company's gross assets.
- 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).

Further details on investment policies and risk management are given on pages 18 to 19.

Benchmark

The RTS Index in sterling terms (RTS).

Capital Structure

UK domiciled. Full listing on the London Stock Exchange.

At 31st October 2019, the Company's share capital comprised 46,147,780 ordinary shares of 1p each.

Continuation Vote and Tender

A resolution that the Company continue as an investment trust will be put to Shareholders at the Annual General Meeting in 2022 and every five years thereafter.

If the next continuation vote in 2022 is approved, the Board has committed to making a tender offer to shareholders for up to 20% of the outstanding share capital at NAV less costs and less a discount of 2% if, over the five years from 1st November 2016, the Company's net asset value total return in sterling on a cum income basis is below the total return of the benchmark in sterling terms.

Discount Control

Subject to market conditions the Board will buy back at least 6% of its issued share capital per annum.

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').

Financial Conduct Authority ('FCA') regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares issued by JPMorgan Russian Securities plc can be recommended by independent financial advisers to ordinary retail investors in accordance with the 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. www.theaic.co.uk

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, current and historic half year and annual reports and how to buy shares in this Company.

"The Company remains the only investment trust providing pure exposure to the ongoing transformation of the Russian economy and we strive to uncover the value in Russian equities."

Oleg I. Biryulyov
Investment Manager

"Russian stock market valuations defied expectations, outperforming their emerging market peers by a considerable margin. Returns were amongst the biggest anywhere in the world, with high and increasing dividend yields a real attraction for investors seeking higher-paying assets."

Habib Saikaly
Investment Manager

"We believe that an active approach makes sense when investing in Russia, given the market concentration and corporate governance issues."

Why invest in the JPMorgan Russian Securities plc

Our heritage and our team

The predecessor of JPMorgan Russian Securities plc launched in 1994 as one of the first funds investing in the Russian market. The investment team, led by native Russian Oleg Biryulyov since launch, has first-hand knowledge of this complex and under-researched market. Oleg is joined by co-manager Habib Saikaly, and both benefit from J.P. Morgan Asset Management's extensive network of emerging market specialists.

Our Investment Approach

The Company is focused on maximising total return from a diversified portfolio of investments primarily in quoted Russian securities. The Company can also invest up to 10% of its assets in companies operating in former Soviet Union Republics.

The Managers invest in high quality businesses that compound earnings sustainably over the long term. This includes companies with the potential to grow due to their positions as national or global market leaders. Their in-depth fundamental analysis focuses on the economic, longevity and governance of a business.

25	£3.4bn	100+	148
Years' experience in Russia	Invested in Russian equities	Emerging markets specialists based globally	Meetings conducted per annum with Russian companies

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Strategic Report

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2019	2018	3 Years Cumulative	5 Years Cumulative
Return to shareholders[1,A]	+45.4%	+6.9%	+75.9%	+132.9%
Return on net assets[2,A]	+31.7%	+12.1%	+62.0%	+117.1%
Benchmark return[3]	+32.5%	+10.6%	+58.9%	+107.6%
Net asset return compared to benchmark return	-0.8%	+1.5%	+3.1%	+9.5%
Dividends	35.0p	26.0p	82.0p	113.0p

[1] Source: Morningstar.

[2] Source: Morningstar/J.P. Morgan, using net asset value per share.

[3] Source: RTS Index in sterling terms (RTS). Prior to 1st November 2016, the Company's benchmark was the MSCI Russian 10/40 Equity Indices Index in sterling terms.

[A] Alternative Performance Measure ('APM').

A glossary of terms and Alternative Performance Measures (APMs) is provided on page 73.

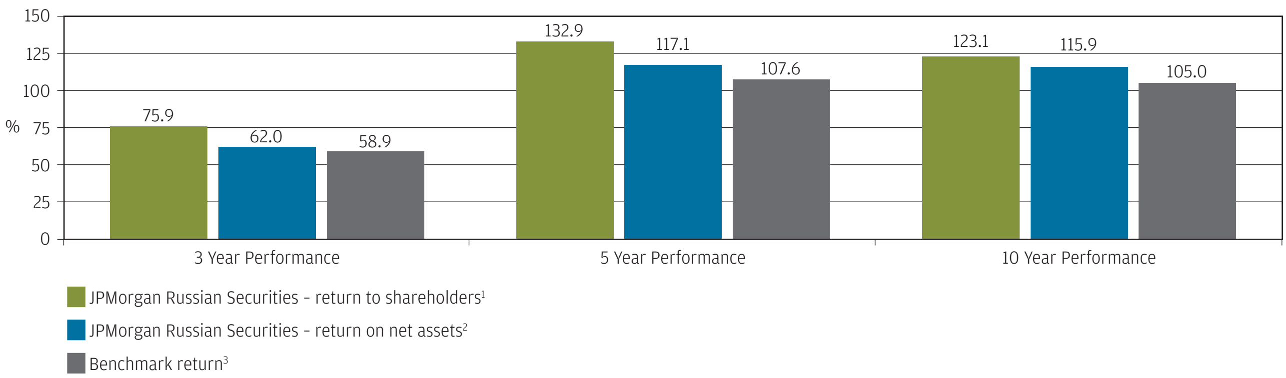
SUMMARY OF RESULTS

	2019	2018	% change
Net asset value, share price and discount at 31st October			
Shareholders' funds (£'000)	360,340	303,189	+18.8
Net asset value per share[A]	780.8p	617.6p	+26.4
Share price	694.0p	500.0p	+38.8
Exchange rate (US$: £1)	1.29	1.28	+0.8
Exchange rate (Rouble : £1)	82.91	84.00	-1.3
Share price discount to net asset value per share[A]	11.1%	19.0%	
Shares in issue	46,147,780	49,093,384	
Revenue for the year ended 31st October			
Gross revenue return (£'000)	25,025	19,207	+30.3
Net revenue return on ordinary activities after taxation (£'000)	19,139	15,077	+26.9
Revenue return per share	40.04p	29.58p	+35.4
Dividend per share[1]	35.0p	26.0p	+34.6
Net cash at 31st October[A]	0.8%	1.3%	
Ongoing charges[A]	1.28%	1.33%	

[1] 2019: 10p of the dividend per share is proposed and is subject to Shareholder approval of Resolution 3 at the 2020 Annual General Meeting. Dividends are paid on shares held on the record date as stated in the declaration of dividend.

[A] Alternative Performance Measure ('APM').

LONG TERM PERFORMANCE (TOTAL RETURNS) AT 31ST OCTOBER 2019



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Gill Nott
Chairman

Performance and Overview

I am pleased to report that in the year to 31st October 2019 the Company's total return to shareholders comfortably outperformed the benchmark, with a rise of 45.4%. The outperformance was attributable to the significant narrowing of the discount at which the Company's shares trade relative to its net asset value. As at 31st October 2019 the Company's discount was 11.1%. Over the reporting period, the discount averaged 14.9%, and ranged from 8.9% to 19.0%. The narrowing discount is welcome and has been assisted by the Board's share buy back programme. From the Company's financial year end to 15th January 2020, the benchmark index rose 12.9% and the Company's return to shareholders rose 14.1%, and the discount stood at 10.0%.

The Company's total return on a net assets basis was 31.7%, slightly underperforming its benchmark, the RTS Index in sterling terms, by 0.8%. To put into context the positive performance of the Company, it is worth noting that the Company's net asset value performance has ranked number one, ahead of all its peers not just in the year under review, but also in the three and five year periods. The Company's peer group includes eleven other funds, including ETFs and open ended funds.

The Russian economy grew although at a slower rate than the previous year and oil prices, which are a key factor in the performance of the Russian economy, were lower than the previous year. Consumer demand remained subdued and stocks reliant on the domestic market performed less well than exporters. The investment manager continued to focus on holding stocks that have strong balance sheets, good governance and are likely to maintain a high pay out ratio. Thus the focus in the portfolio on energy and materials.

The economic sanctions that the US and European Union applied to Russia in 2014 continue to weigh on the Russian market although there are signs that the Russian economy has adjusted to the situation. JPMorgan Asset Management's compliance & investment functions monitors all investments and the Company is assured by JPMorgan Asset Management that processes are in place to ensure that the Company remains compliant with the current sanctions regime. In addition, the political and economic developments and risks in the region are closely monitored. The Board carries out regular reviews of the Company's risk profile during the year and you will see details of what we judge to be the key risks set out on page 20. 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

Each year the Board reviews the strategy of the company in the context of the external environment in which it operates. There has been no change in the Strategy of the company which remains to deliver the maximum total return from a diversified portfolio of investments predominantly in Russia. This year we paid particular attention to how the Manager takes into account Environmental, Social and Governance issues (ESG) when making investments. More details of this are given below. Whilst the Manager is seeking to maximise total return and is not specifically seeking income producing stocks, in recent years the level of pay out from Russian stocks has risen considerable so materially contributing to the total return on the portfolio. This year the yield on the Company's shares, based on the closing share price for the year was 5.0% and the outlook for dividends remains positive as the Russian state, a major shareholder in many of the stocks we hold, looks for higher levels of dividend payments. More information is given on this in the Manager's Report.

The Board reviewed the work undertaken by JPMorgan on environmental, social and governance matters (ESG) in relation to the portfolio your Company is invested in. An increasingly broad spectrum of investors now rightly focus on ESG issues when considering their investments. The Company is aware of this trend. For many years the Company's Investment Managers have taken them into account in their investment process, particularly governance factors to ensure that shareholder and manager's interests are as closely aligned as possible. The Investment Managers regularly engage on ESG issues in meetings with company management. We believe that companies that address ESG issues and adopt sustainable business practices are better placed to generate sustainably strong performance and create enduring value for shareholders. Further details regarding the Company's approach to ESG can found on pages 10 and 22. The Manager also exercises the Company's proxy votes in a prudent and diligent manner in the interests of our shareholders. Further details of the Company's approach to Proxy Voting and Stewardship/Engagement can be found on page 30.

The Board has again reviewed the marketing strategy of the company as we have a long standing wish to increase the demand for the shares which should narrow the discount at which the company trades to NAV, and to diversify the shareholder base. Whilst investing in Russia is not for everyone we feel that the growth prospects that Russia offers, combined with the substantial level of dividends from leading companies should make it attractive to more potential shareholders. We continue to press JPMorgan to market the trust more vigorously.

Dividends

Revenue for the year, after taxation, was £19,139,000 (2018: £15,077,000) and the revenue return per share, calculated on the average number of shares in issue, was 40.04p (2018: 29.58p). Based upon the revenue generated by the portfolio, an interim dividend of 25.0p per share in respect of the year ended 31st October 2019 was paid on 25th October 2019. The Company receives the most of its dividend income well before the end of its financial year ending 31st October, and hence it considers it appropriate to distribute the large majority of its net income as an interim dividend. The Board now proposes a final dividend of 10.0p per share in respect of the year ended 31st October 2019, making a total of 35.0p per share for the year (2018: 26.0p per share). The final dividend is proposed to be paid on 13th March 2020 to ordinary shareholders on the register at the close of business on 7th February 2020. If approved by shareholders, the final dividend will amount to £4,615,000, 10.0p per share (2018: £2,905,000, 6.0p per share). The Board reviews income expectations throughout the year. Should income receipts permit, the Company will continue to make payment of an interim dividend, as well as a final dividend in 2020.

Discount Control

The Board continues 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. Following discussion with the Company's major shareholders in 2017 the Board agreed that, subject to market conditions, it would increase its buy back activity with a view to buying back at least 6.0% of its issued share capital per annum. During the course of the recent 12 month period 2,945,604 shares were bought back, approximately 6.3% of the Company's issued share capital at 31st October 2018. As identified in the Performance Attribution table on page 11, this added 1.0% to the Company's NAV return. The average discount at which these shares were bought back was 14.7% and these buybacks represented approximately 16.1% of traded market volume during the period in which they were undertaken. The policy was initiated in January 2018 and it is pleasing that this year the buy back policy has had its desired effect of narrowing the discount for much of the year. The Board will seek authority to renew the Company's share issuance and buyback powers at the forthcoming Annual General Meeting ('AGM').

Board of Directors

As mentioned in my Chairman's Statement for the Company's Half Year to 30th April 2019, in accordance with the Company's Succession Plan we engaged an independent search consultancy to recommence the search for a non-executive director to replace George Nianias. On the 1st November 2019 the Company announced that both George Nianias and Alexander Easton were retiring as non-executive directors on 31st October 2019. George had joined the Company as a director in 2008 and Alex in 2010. The Board would like to thank then both for their very considerable contributions to the Company over the years, and in particular for providing invaluable insight into the Russian business environment and markets. After consideration of a strong selection of candidates, the Board was very pleased to announce on 1st November 2019, that Nick Pink and Ashley Dunster were appointed as a non-executive directors on the same day.

Nick Pink has extensive senior management experience in financial services with previous roles at UBS Investment Bank including Global Head of Research, Head of European Research, Head of Asia Research and Head of European Equities. Ashley Dunster has extensive investment management experience of funds investing in Russian companies and was Chief Investment Officer of Capital Group's Private Equity business until the end of 2018 when he retired after 21 years service. In compliance with corporate governance best practice, all Directors will be standing for re-appointment at the forthcoming AGM. Following the Company's annual evaluation of the existing Directors, the Chairman, the Board and its Committees, the Board recommends to shareholders that all directors standing, including the two recently appointed, be reappointed.

The Company's Directors fees were last increased with effect from 1st November 2018. The Board has agreed that the current fees should remain unchanged.

Investment Manager

Oleg Biryulyov and Habib Saikaly continue to be the Company's Investment Managers. They are supported by JPMorgan Asset Management's Emerging Markets and Asia Pacific equities team (EMAP), which consists of approximately 100 investment professionals. Oleg and Habib attend each Board meeting and the Strategy day to enable an appropriate level of challenge and debate to occur. In addition, the Board reviews the performance of all the other services provided by the Investment Manager each year and I am pleased to say that the service the Trust receives from JPMorgan is generally excellent.

Annual General Meeting

The Company's AGM will be held on Monday, 2nd March 2020 at 2.30 p.m., 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

This year the Russian equity market performed well ahead of expectations with its return of 49% beating global markets including its emerging market competitors. Whilst companies have been performing well, and the level of dividends paid out has risen substantially, this is still a striking performance which we would not expect to see repeated at this elevated level. Nevertheless, the fundamentals of the market remain strong as even after this price rise, the market trades on a PE much lower than developed markets. Given the continuing low level of interest rates in most major economies, the level of dividend payouts by Russian companies should continue to attract investors. We are optimistic that the market, and our portfolio in particular, should be resilient. That said, there are still many uncertainties in the global economic and political environment that could cause upsets, not least the trend to protectionism that will not be good for international trade and hence economic development. All markets are to a degree unpredictable and the Russian one is more so than most given the political positioning of Russia in the world and its domestic politics, as illustrated by the recent resignation of the Russian Government following the President's proposed constitutional reforms. At the time of writing this change is not expected to have any significant impact on the Russian market. However the country has high quality companies and if sentiment towards the country improves this should be reflected in the long term performance of the market.

Gill Nott
Chairman
20th January 2020

Oleg I. Biryulyov
Investment Manager

Habib Saikaly
Investment Manager

Economic backdrop: uncertainty prevails but sanctions fears recede

The health of the broader global economy dominated minds over the year to 31st October 2019, with a marked economic slowdown and ongoing political and geopolitical upheaval creating an uncertain environment for investors. The year was characterised by a cavalcade of global issues rather than local ones. In Russia, the economy still grew but at a slower pace. The ongoing trade wrangles between China and the United States dominated news flow, although the shift in US monetary policy, the strength of the US dollar and the trajectory of oil price movements were also significant influencers. Although the thorny topic of Russian sanctions did not disappear and remains fluid, optimism increased that the worst of this particular storm may have been weathered: there were no fresh sanctions from the United States this year so the spotlight of attention shifted to the Chinese-US wrangles, allowing Russian investment markets to progress relatively unhindered.

Economic growth was fragile across most of the world. The Russian economy still grew – albeit at a more moderate rate than last year, with negative sanctions noise and concerns over corporate governance both still casting a shadow. However, there are tentative signs of recovery, with more recent stability in oil and currency prices positive indicators. Rising dividend payments from several of Russia's largest companies, as part of a broader transformation of distribution policy, have been significant drivers and dividend yields in aggregate are significantly higher than for other emerging markets. Energy giant Gazprom soared this year, as we will discuss later, and its enhanced dividend policy announcement was the key.

Oil prices, so pivotal to the fortunes of the Russian economy, trended lower: the average price of Brent crude oil over the review period was US$56 compared with US$65 for the Company's previous financial year.

Whilst it is true that domestic consumption is likely to be constrained by relatively low incomes in the short-term and that the rouble could remain weaker than it should be (in the aftermath of sanctions) these factors do not deter stock pickers like ourselves. We can counter any negative and uncertain conditions by sticking to quality and income-generating businesses and by prioritising exporters that can source growth opportunities from elsewhere in the world over domestic names where we are underweight.

Although global trade fears cast their shadow over the whole of the Company's review period, sentiment did improve somewhat after the US Federal Reserve led other central bank policy makers in changing direction and cutting interest rates. Russia's central bank followed suit, cutting rates four times so far in 2019, in an attempt to offset other risks, kick-start the economy and reduce household bills. Despite this, consumers and businesses remained risk-averse and wary on the uncertain economic outlook.

Market review: Russian markets make considerable progress

Against this uncertain macro backdrop, and a deteriorating global economic outlook, Russian stock market valuations defied expectations, outperforming their emerging market peers by a considerable margin. Returns were amongst the biggest anywhere in the world, with high and increasing dividend yields a real attraction for investors seeking higher-paying assets.

For the year to 31st October 2019, the Company's net asset value rose by 31.7% on a total return basis, marginally behind the benchmark, the RTS Index, which rose by an equivalent 32.5%. The total return to shareholders was an emphatic 45.4% in sterling terms, partly reflecting a narrowing of the discount over the year to 11.1% (31st October 2018: 19.0%).

Our approach to uncovering value

The Company remains the only investment trust providing pure exposure to the ongoing transformation of the Russian economy and we strive to uncover the value in Russian equities. We aim to build a balanced portfolio of stocks from across the Russian market, with a focus on companies that demonstrate the best long-term growth opportunities. To do this, we actively manage the portfolio and continue to build up our internal research capabilities and a growing team of analysts with deep expertise in this complex and under-researched market. We base our decisions on a proven investment process that analyses the specific characteristics of stocks. We believe that an active approach makes sense when investing in Russia, given the market concentration and corporate governance issues.

Integrating ESG into the investment process

Investors want to know that their managers are aware of ESG issues, that they take them into account in building their portfolios and that they raise issues directly with investee companies. Simplistic negative or positive screening has dwindled in popularity. Investors expect to see an integrated approach to ESG and that this approach is clearly linked to driving financial returns, both through portfolio construction and stewardship. JPMorgan Asset Management has long been a leader in using such an integrated approach, seeking companies that run their businesses in a sustainable way, treating minority shareholders fairly and engaging in practices likely to enhance the company's reputation, not compromise it.

We believe that ESG factors, particularly those related to governance, will play a critical role in a long-term investment strategy. Companies that address ESG issues and adopt sustainable business practices are better placed to maximise their performance and create enduring value for shareholders.

In our view, corporate governance issues have the most direct bearing on the risk/reward profile of the Company's portfolio; as such it is the area most integrated into our investment process. However, environmental concerns are an ever-increasing part of the investment landscape in part due to the impact they can have on investment returns and cash flows; where relevant we make an assessment of environmental issues and include them in our decision-making process. Where social issues are relevant, again the focus is on the economic impact of the involvement.

We use an active bottom-up process, with emphasis placed on direct contact with companies. ESG is fully integrated into the investment process, with ESG factors systematically and explicitly considered through a Risk Profile analysis on the economics, duration (which includes sustainability) and governance of a company; this is to ensure there is due focus on potential risks. Three quarters of the issues addressed focus on governance and specific ESG questions, including shareholder returns, management strength and the track record on environmental and social issues. Through this process, we seek to understand the company specific or external factors which could negatively impact the company and identify issues to be addressed in future engagements.

We have recently enhanced our Risk Profile process, and a Strategic Classification of Premium, Quality or Trading is assigned to portfolio companies. This is an assessment of a company's potential for long term value creation, referencing the number of issues or 'red flags' identified through the Risk Profile analysis.

Whilst acknowledging that the majority of the Company's portfolio is held in energy companies, we seek to identify investee companies that run their businesses in a sustainable and efficient way, with high quality board decision-making, and aim to influence their behaviour and encourage best practice through dialogue. While we are always focussed on efficient use of capital and efficient capital structures we have engaged broadly on multiple topics that affect valuation and propriety.

How have specific stocks and sectors fared over the year?

In this section, we consider how specific stock decisions over the year under review impacted portfolio performance.

Stock rotations were made over the period to adjust the overall risk level of the portfolio. Given the ongoing volatility of the global geopolitical and economic backdrop we have been reducing our exposure to smaller, less liquid stocks in favour of larger, better-placed alternatives – high quality companies that can generate earnings sustainably over the long-term. As always, the characteristics of individual stocks are more significant to us than sectoral decisions. Looking ahead, there are various destabilising concerns that could continue to unsettle markets so our focus will remain on proven 'best of breed' stocks.

Our holdings in the **Energy** sector dominate the Company's portfolio; more than half of the portfolio's value is invested here, including five of our Top Ten holdings. We ended the year marginally overweight to the sector relative to the benchmark index and our Energy stocks in aggregate delivered robust performance, although there were individual stock success stories and disappointments across the portfolio.

PERFORMANCE ATTRIBUTION

YEAR ENDED 31ST OCTOBER 2019

	%	%
Contributions to total returns		
Benchmark return		32.5
Asset allocation	1.5	
Stock selection	-1.0	
Gearing/(net cash)	–0.4	
Investment Manager contribution		–0.5
Portfolio return		32.0
Management fee/other expenses	-1.3	
Share buyback	1.0	
Return on net assets[A]		31.7
Effect of movement in discount over the year		13.7
Return to shareholders[A]		45.4

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] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on page 73.

Leading state gas producer – and lynchpin of Russia's energy-reliant economy – **Gazprom** ended the period as the Company's largest holding. Its July announcement of record dividends for its shareholders (equivalent to 27% of net profits for 2018) delivered a huge surprise and a share price surge that lifted the entire market. Gazprom's shares make up more than 10% of the index and the company's move followed pressure from Russia's finance ministry that state companies should pay out at least 50% of net profits in dividends. We already held an active position in the stock before the rally commenced so we were fully able to participate in the market's powerful reaction. Significantly, with markets remaining hesitant, we think Gazprom shares still offer very good value, on both a price-to-earnings ratio and dividend yield basis.

Elsewhere in the Energy sector, we exited oil and gas company **Surgutneftegas** completely after receiving dividend payments from the stock. The company's subsequent share price spike (driven by speculation on how it may invest the huge cash pile on its books rather than any concrete evidence on its future strategic plan) was a very negative, short-term hit for us and a notable detractor from overall performance. Surgutneftegas may be one of Russia's largest companies but it is also one of the country's most secretive entities, with limited disclosure of its ownership structure, broader governance and strategic plans – specifically how it plans to invest the circa $47 billion in currency deposits it has been accumulating over many years. Following our earlier optimism over the company's potential we now prefer to remain on the sidelines until it presents a clear investment case. We are not alone in this stance, which, in our case, was also influenced by currency movements that caused foreign exchange losses of $2.5 billion in the first half of 2019 and is bound to be detrimental to future dividend prospects. In 2018, dividends were equivalent to a 22% yield whereas for 2019 they could plummet as low as 1.5-2%, well below the 7% from **Gazprom** and a potential 8-10% from **Rosneft** or **Tatneft**.

We are overweight to the **Materials** sector, thanks to our investments in **Polyus**, **Norilsk Nickel** and **Polymetal**, which are all Top Ten holdings. We still see good value in these names based on the outlook for Gold, Nickel and Silver as well as these companies' high dividend yields. We sold out of diamond mining group **Alrosa** on the back of a disappointing pricing cycle and the potential for the company's dividends to be downgraded. We sold steel producer **MMK** for similar reasons, as we see future pressure on earnings coming from stronger raw material prices and a potential squeeze on margins. We continue to avoid aluminium group **RUSAL** for corporate governance reasons and **Ferrexpo** and **Kaz Minerals** because we are more cautious on both stocks' prospects than the market consensus.

Our underweight positions in the **Utilities**, **Telecoms** and **Consumer** sectors are based on their negative earnings outlooks and a lack of attractive corporate stories. We undertake regular 'on the ground' research trips so our positioning is kept under constant review and will change if we feel that our sectoral positioning risks us missing out on potentially compelling opportunities.

Notable stock-level detractors included energy name **Novatek**. We increased our position in this stock as it was rebalanced in the benchmark index. Unfortunately, however, our timing meant that we did not manage to benefit fully from the stock's price swing upwards, so we lost some relative performance to the index.

Earlier, we commented that we were intent on reducing our exposure to smaller, less liquid stocks. This is very much a work in progress, and we continue to see some of our existing holdings across a range of sectors underperforming the market and dragging down returns. Examples include several stocks that are not in the Company's benchmark index, such as automobile company **Sollers**, road freight transport business **Globaltruck Management**, health care provider **MDMG**, footwear manufacturer **Obuv Rossii** and real estate developer **Etalon Group**. Although these holdings do not present us with operational risks, we have been endeavouring to reduce our positions whenever there has been sufficient liquidity in the market for us to do so.

Amongst the more notable stock level contributors was our decision to reduce our exposure to local oil player **Tatneft**. In last year's annual report, we reported that we had taken advantage of the stock's share price strength to take some profits from our holding. This year we continued to reduce our exposure further and our timing was beneficial, prior to the index rebalancing, after which the stock's share price came under pressure.

Once Russia's largest food retailer and one of the market's most favoured stocks, **Magnit** is an out-of-favour business that we don't hold, a decision vindicated by its poor market performance this year. The company endured a difficult time following a change of ownership, management and strategy. Its turnaround plan to regain market dominance failed to impress investors and we expect its recovery to be difficult and prolonged.

Longstanding shareholders will know that **Sberbank** has long been one of our favoured investments – it was our very largest holding just two years ago – but it underperformed the market this year. We continue to be impressed by the bank's dynamism and innovation, but it is an example of a domestically-focused stock that we do not favour at present. We had already begun trimming our holding during an earlier period of share price strength, a decision that benefitted relative performance.

Investments in former Soviet Union Republics: up to 10% of the Company's gross assets can be invested in companies operating out of former Soviet Union Republics although our only holding that falls into this category currently is Belarus-based, global software engineering and IT consulting player **EPAM** (approximately 1.2% of portfolio assets); this follows our exit from Georgia's **TBC Bank** and Kazakhstan's **Nostrum** over the course of the year.

Prior to our exit, Georgian lender **TBC Bank** had detracted from performance. The company had been under considerable regulatory pressure relating to investigations into an historical business case as well as governance concerns over its board composition. Investigations by the National Bank of Georgia and the Office of the Public Prosecutor resulted in a board reshuffle, aiming to deliver an enhanced governance structure and ensure future stability. However, the removal of senior board members altered the bank's entrepreneurial style which, when combined with the economic slowdown (and slowing loan growth) in Georgia, increased the stock's risk profile and made it less appealing for the portfolio.

Our decision to sell out of Kazakhstan's **Nostrum Oil & Gas** towards the end of 2018 was prompted by both operational and governance factors. Whilst several of the company's wells were presenting geological challenges it was high profile legal issues relating to Nostrum's largest investor that materially changed our investment outlook.

Outlook

Our investment approach, with its focus on identifying long-term growth opportunities from individual stocks, has delivered robust returns to shareholders over recent reporting periods, even though the underlying economic and geographic fundamentals have been challenging. The risks of slowing global growth, trade tensions and a stubbornly strong US dollar are lingering concerns, but central banks may be able to offset these risks with further interest rate cuts, which have gathered pace in Russia and around the world in 2019.

Looking ahead, our views have not changed materially since we wrote to shareholders in June. We continue to believe that the market in Russia provides a good long-term investment opportunity, particularly if sentiment towards Russia becomes more positive. We expect to see:

- Firmer oil prices in 2020, driven by production cuts and politics, which will be positive for the earnings of Russian companies.
- The Central Bank of Russia reducing its key interest rate (currently 6.5%) by a further 1 to 1.5% over the next 18 months in order to stimulate spending and investment. This would buoy the market and, notwithstanding unforeseen political/economic concerns, the Central Bank is targeting a 2.5-3% gap with the US Fed's key interest rate. The rouble is likely to appreciate moderately in such an environment but not to the extent that it would impact exporters.
- Deflationary pressures remaining in 2020, following the fall in Russian inflation in 2019. However, we also expect to see some green shoots of economic growth appear on the back of the Central Banks's monetary policy.
- After an overall positive 2019, starting from a higher base in 2020 will make earnings growth more challenging. It is feasible that the majority of returns will be driven by dividends which provides valuation support and, in this world of low interest rates, this is something we expect markets will appreciate over the coming year.
- The environment around sanctions remaining fluid, and we will continue to monitor the situation. Economic links with the European Union will be pivotal to resolving the Russia-Ukraine stalemate and a 'Minsk treaty' now looks a realistic prospect, as Ukraine's recently elected president has started to support the idea. Alongside this, EU links with Russia are improving: France is pushing fellow EU members to rebuild economic relationships with Russia while German companies have started to attend economic forums in Russia, after a five-year absence.

We believe the fundamentals for investing in Russia remain attractive for those investors prepared to take the risk. Our portfolio is underpinned by several 'dividend hero' stocks whose dividend track records are expected to remain strong. With local Russian investors becoming bigger participants in the equity market, we expect the hunt for income sourced from dividends to become more prevalent. As part of our selection criteria, we will continue endeavouring to add value for shareholders by basing investment decisions on relatively strong and improving fundamentals, which we believe will reassert themselves as the primary drivers of returns over time.

Oleg I. Biryulyov
Habib Saikaly
Investment Managers

20th January 2020

TEN LARGEST INVESTMENTS

AT 31ST OCTOBER

Company	Sector	2019 Valuation £'000	2019 %[1]	2018 Valuation £'000	2018 %[1]
Gazprom, ADR	Energy	58,648	16.4	37,836	12.6
Lukoil, ADR	Energy	55,702	15.6	46,831	15.7
Sberbank of Russia Preference	Financials	48,857	13.7	33,560	11.2
MMC Norilsk Nickel, ADR	Materials	31,708	8.9	18,462	6.2
Tatneft Preference	Energy	24,516	6.9	14,430	4.8
Rosneft Oil, GDR	Energy	24,501	6.9	19,128	6.4
Novatek, GDR	Energy	17,212	4.8	25,927	8.7
Yandex	Communication Services	13,400	3.7	10,394	3.5
Polymetal International[2]	Materials	11,456	3.2	1,597	0.5
Polyus, GDR[2]	Materials	10,164	2.8	5,542	1.9
Total[3]		**296,164**	**82.9**		

[1] Based on total investments of £357.5m (2018: £299.1m).

[2] Not included in the ten largest investments at 31st October 2018.

[3] At 31st October 2018, the value of ten largest investments amounted to £222.4m representing 74.4% of total investments.

See glossary of terms and APMs on page 73 for definition of ADR and GDR.

SECTOR ANALYSIS

	31st October 2019		31st October 2018	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Energy	52.5	50.8	50.8	52.1
Materials	17.8	15.8	17.6	15.4
Financials	17.2	17.8	15.8	18.4
Communication Services	3.7	7.6	3.5	6.0
Information Technology	2.8	–	1.0	–
Consumer Discretionary	1.8	0.7	2.6	0.9
Real Estate	1.7	0.3	2.5	–
Health Care	1.0	–	1.4	–
Consumer Staples	0.9	4.3	1.9	4.2
Industrials	0.6	0.4	0.7	0.6
Utilities	–	2.3	2.2	2.4
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £357.5m (2018: £299.1m).

LIST OF INVESTMENTS AT 31ST OCTOBER 2019

Company	Valuation £'000
ENERGY	
Gazprom, ADR	58,648
Lukoil, ADR	55,702
Tatneft Preference	24,516
Rosneft Oil, GDR	24,501
Novatek, GDR	17,212
Gazprom Neft	7,236
	187,815
MATERIALS	
MMC Norilsk Nickel, ADR	31,708
Polymetal International	11,456
Polyus, GDR	10,164
Novolipetsk Steel, GDR	3,064
Highland Gold Mining	2,979
Severstal, GDR	2,605
PhosAgro, GDR	1,718
	63,694
FINANCIALS	
Sberbank of Russia Preference	48,857
TCS, GDR	6,321
Moscow Exchange MICEX-RTS	6,211
	61,389

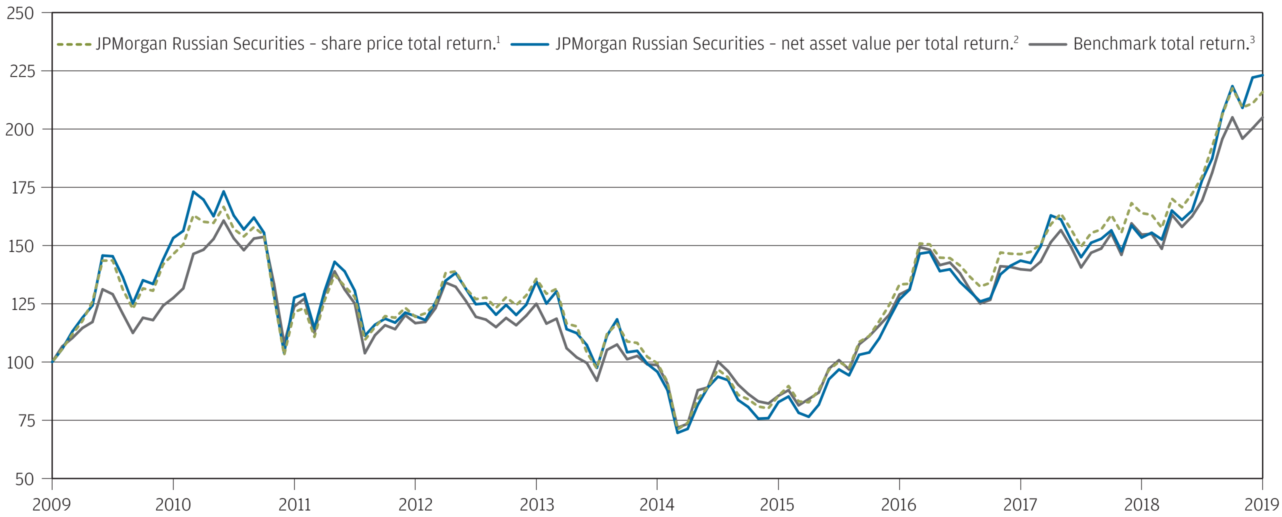
Company	Valuation £'000
COMMUNICATION SERVICES	
Yandex	13,400
	13,400
INFORMATION TECHNOLOGY	
QIWI, ADR	5,682
EPAM Systems	4,349
	10,031
CONSUMER DISCRETIONARY	
Detsky Mir	4,379
Sollers	1,246
OR	902
	6,527
REAL ESTATE	
LSR, GDR	3,260
Etalon, GDR	2,702
	5,962
HEALTH CARE	
MD Medical Group Investments, GDR	3,396
	3,396

Company	Valuation £'000
CONSUMER STAPLES	
Ros Agro, GDR	3,147
	3,147
INDUSTRIALS	
Globaltrans Investment, GDR	1,285
Globaltruck Management	809
	2,094
TOTAL INVESTMENTS	**357,455**

See glossary of terms and APMs on page 73 for definition of ADR and GDR.

TEN YEAR PERFORMANCE

FIGURES HAVE BEEN REBASED TO 100 AT 31ST OCTOBER 2009



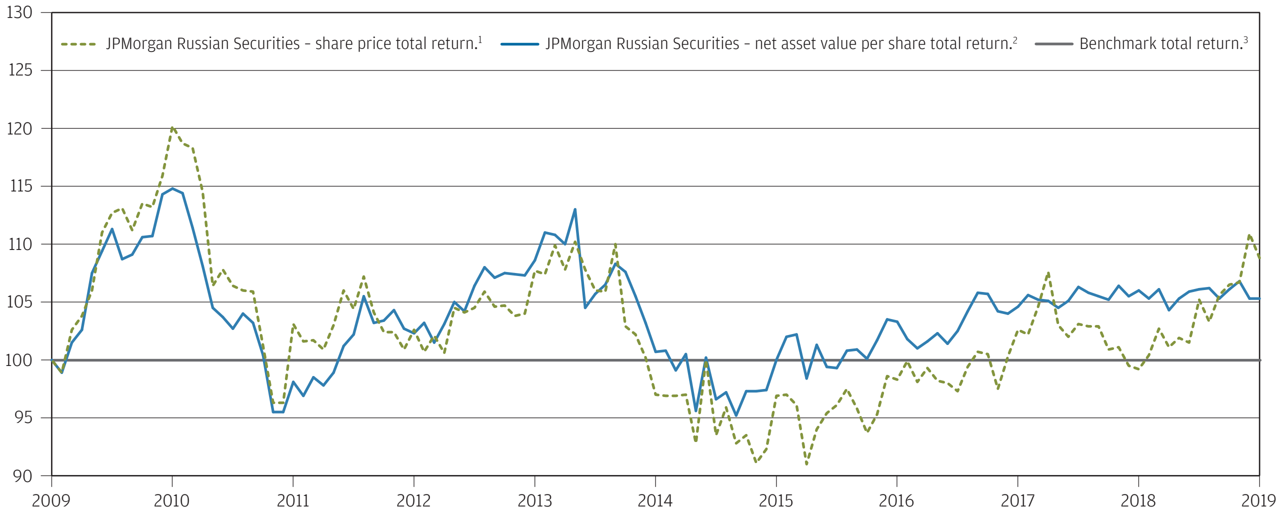
[1] Source: Morningstar.

[2] Source: Morningstar/J.P. Morgan, using net asset value per share.

[3] Source: RTS Index in sterling terms (RTS). Prior to 1st November 2016, MSCI Russian 10/40 Equity Indices Index in sterling terms.

PERFORMANCE RELATIVE TO BENCHMARK

FIGURES HAVE BEEN REBASED TO 100 AT 31ST OCTOBER 2009



[1] Source: Morningstar.

[2] Source: Morningstar/J.P. Morgan, using net asset value per share.

[3] Source: RTS Index in sterling terms (RTS). Prior to 1st November 2016, MSCI Russian 10/40 Equity Indices Index in sterling terms.

TEN YEAR FINANCIAL RECORD

At 31st October	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net assets (£'m)	260.0	376.1	311.1	298.8	332.4	236.4	194.6	284.9	300.4	303.2	360.3
Net asset value per share (p)[A]	464.9	680.3	564.4	555.2	631.1	450.0	371.9	544.3	574.7	617.6	780.8
Share price (p)	416.0	637.5	531.0	498.0	560.0	386.8	320.5	455.0	491.5	500.0	694.0
Share price discount (%)[A]	10.5	6.3	5.9	10.3	11.3	14.0	13.8	16.4	14.5	19.0	11.1
Gearing/(net cash) (%)[A]	0.5	(3.0)	(2.1)	(2.1)	(2.3)	(1.0)	(1.4)	(1.8)	(2.1)	(1.3)	(0.8)
Ongoing charges (%)[A]	1.85	1.71	1.82	1.51	1.44	1.50	1.43	1.40	1.33	1.33	1.28

Year ended 31st October											
Gross revenue (£'000)	950	6,034	7,550	8,589	12,902	9,383	13,598	11,109	15,980	19,207	25,025
Revenue (loss)/return per share (p)	(4.11)	(0.69)	(0.63)	5.03	18.14	13.38	19.60	15.47	23.97	29.58	40.04
Dividends per share (p)[1]	–	–	–	–	15.3	13.0	17.0	14.0	21.0	26.0	35.0

Returns rebased to 100 at 31st October 2009											
Total return to shareholders[2,A]	100.0	153.2	127.6	119.7	134.6	95.8	82.8	126.9	143.5	153.4	223.1
Total return on net assets[3,A]	100.0	146.3	121.4	119.4	135.7	99.5	85.5	133.3	146.3	163.9	215.9
Benchmark total return[4]	100.0	127.5	123.8	116.7	125.0	98.7	85.5	129.0	139.8	154.7	205.0

1 10.0p of the 35.0p 2019 dividend is payable subject to Shareholder approval of Resolution 3 at the 2020 Annual General Meeting. 2015 includes a special dividend of 4.0p.

2 Source: Morningstar.

3 Source: Morningstar/J.P. Morgan, using net asset value per share.

4 Source: RTS Index in sterling terms (RTS). Prior to 1st November 2016, the Company's benchmark was the MSCI Russian 10/40 Equity Indices Index in sterling terms.

A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on page 73.

The aim of the Strategic Report in pages 4 to 21 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, including the Company's environmental, social and ethical policy, future developments and long term viability.

Structure and Objective of the Company

JPMorgan Russian Securities plc is an investment trust and has a premium listing on the London Stock Exchange. Its objective is to maximise total returns to shareholders, primarily from investing in quoted Russian securities. In seeking to achieve this objective the Company employs JPMorgan 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 RTS Index in sterling terms, in the long term with net dividends reinvested, expressed in sterling terms.

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 6 to 8, and in the Investment Manager's Report on pages 9 to 13.

Investment Policies and Risk Management

In order to achieve its objective and manage risk, the Company invests in a diversified portfolio of investments primarily in quoted Russian securities 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 number of investments in the portfolio will normally range between 20 and 50. The investment portfolio is managed by Oleg Biryulyov, a Russian fund manager, currently based in London, and assisted by Habib Saikaly as a named investment manager together with full support from JPM Emerging Markets and Asia Pacific team (EMAP), 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 companies that operate or are located in former Soviet Union Republics.
- The Company will not normally invest in unlisted securities.
- At the time of purchase, the maximum permitted exposure to each individual company is 15% of the Company's gross assets.
- 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 and Crimea in 2014 continue. 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.

JPMAM has managed Russian equity mandates since 1994. JPMAM's EMAP team is responsible for managing all global, regional and single country Emerging Markets and Asia Pacific equity portfolios, with investment professionals located in eight locations across the globe. The EMAP Equities team managed USD 111 billion in assets globally (as of 30th September 2019).

Performance

In the year ended 31st October 2019, the Company produced a total return to shareholders of +45.4% and a total return on net assets of +31.7%. This compares with the total return on the Company's benchmark of +32.5%. As at 31st October 2019, the value of the Company's investment portfolio was £357,455,000. The Investment Manager's Report on pages 9 to 13 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 4 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 return for the year totalled £96,835,000 (2018: £38,823,000) and net return after deducting management fee, administrative expenses, and taxation, amounted to £89,654,000 (2018: £32,211,000). Net revenue return after taxation for the year amounted to £19,139,000 (2018: £15,077,000).

The Directors recommend a final dividend of 10.0 pence per share as detailed in the Chairman's Statement on page 7, giving a total dividend for the year of 35.0 pence per share.

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:

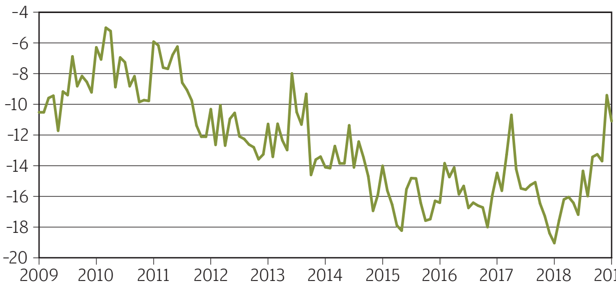
- **Performance against the benchmark**
  The principal objective is to maximise total return. However, the Board also monitors performance against a benchmark index. Please refer to page 16 for details of the Company's performance against the RTS Index Indices in sterling terms.

- **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 has compared well 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 11 for the Company's performance attribution for the year ended 31st October 2019.

- **Share price discount to net asset value ('NAV') per share**
  For details of the Company's Discount Control see the Chairman's statement on page 7. The Board's implementation of the policy is subject to market conditions. In the year ended 31st October 2019, the shares traded at a discount between 8.9% and 19.0%. See also the Share Capital section below for further details.

Discount Performance



Source: Datastream.

JPMorgan Russian Securities – share price discount 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 daily net assets during the year. The Ongoing charges for the year ended 31st October 2019 were 1.28% (2018: 1.33%). 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 bought back 2,945,604 of its own shares. Since the year end to 16th January 2020, the Company has repurchased 140,463 shares. Further details regarding the Company's purchase of its own shares can be seen in the Chairman's report on page 7.

For details of the Company's Continuation Vote and Tender and Discount Control arrangements, see Key Features at the front of this document.

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 a robust 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 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 and other jurisdictions that it operates in. 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, particular events can negatively impact 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.

  For details of the Company's Continuation Vote and Tender and Discount Control arrangements, see Key Features at the front of this document.

- **Investment Underperformance 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 that the Board may consider to address underperformance 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 20(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 page 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 independent auditors PricewaterhouseCoopers 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 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 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 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 20 on pages 60 to 64. 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 19 on page 59, all the Company's assets are categorised as Level 1 as they have quoted prices in an active market.

Future Developments

The future development of the Company is dependent upon the success of the Company's investment strategy in the light of economic and equity market developments. The Chairman and Investment Managers discuss the outlook in their respective reports on pages 6 and 9.

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 2022 Annual General Meeting and, with input from the Company's major shareholders and its brokers, and the performance of the Company so far exceeding the performance requirement of the tender offer the likelihood is that the shareholders will vote 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 maximising total returns, 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.

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 2019, there were three male Directors and two female Directors on the Board. The Company has no employees and therefore there is nothing further to report in respect of diversity within the Company.

Since 12th March 2018, the Company has agreed to permit an observer to attend all of its meetings over a period of one year under a scheme designed to increase the talent pool of prospective non-executive directors. The Association of Investment Companies ('AIC') has encouraged investment trust companies to participate in such schemes. (See www.boardapprentice.com for further details of a similar scheme). The role of Board Observer is educational and unpaid.

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. See the Chairman's Statement and Investment Managers' Report on pages 6 to 13 for further details of the Company's approach to ESG. The Board notes the JPMAM policy statements in respect of Social, Community, Environmental and Human Rights issues, as outlined below.

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.

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 Criminal Offence

The Company maintains zero tolerance towards tax evasion. Shares in the Company are purchased through intermediaries or brokers, therefore no funds flow directly into the Company.

The Modern Slavery Act 2015 (the 'MSA')

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation. As the Company has no employees and does not supply goods and services, the MSA does not apply directly to it. The MSA requirements more appropriately relate to JPMF and JPMAM. JPMorgan's statement on the MSA can be found on the following website: https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/modern-slavery-act.pdf

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

20th January 2020

Directors’ Report

Gill Nott (Chairman of the Board and Nomination Committee)†

A Director since 2011.

Last reappointed to the Board: March 2019.

Appointed as Chairman of the Board 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 Chair of Gresham House Renewable Energy VCT 1 Plc, Premier Global Infrastructure Trust plc, PGIT Securities 2020 plc and US Solar Fund plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 3,000.

Ashley Dunster*†

A Director since 1st November 2019

Last reappointed to the Board: N/A

Mr Dunster has extensive investment management experience of funds investing in Russian companies and was Chief Investment Officer of Capital Group's Private equity business until the end of 2018 when he retired after 21 years service.

Connections with Manager: None

Shared directorships with other Directors: None

Shareholding in the Company: Nil

Robert Jeens (Audit Committee Chairman)*†

A Director since 2011.

Last reappointed to the Board: March 2019.

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 Chrysalis VCT plc. and Henderson European Focus Trust plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 15,000.

Nicholas Pink*†

A Director since 1st November 2019

Last reappointed to the Board: N/A

Mr Pink has extensive senior management experience in financial services with previous roles at UBS Investment Bank including Global Head of Research, Head of European Research, Head of Asia Research and Head of European Equities.

Connections with Manager: None

Shared directorships with other Directors: None

Shareholding in the Company: Nil.

Tamara Sakovska*†

A Director since 2016.

Last reappointed to the Board: March 2019.

Ms Sakovska is an investment professional with 19 years of finance experience gained at Goldman Sachs, Permira, Eton Park, GFP and Lavra Capital. She has a special interest in corporate governance and is a Chartered Director and a Fellow of the Institute of Directors.

Ms Sakovska is a native Russian speaker.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 1,305

*** Member of the Audit Committee**
† Member of the Nomination Committee

The Directors present their report and the audited financial statements for the year ended 31st October 2019.

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 subsidiaries 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.

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')

JPMorgan Funds Limited ('JPMF'), an affiliate of JPMorgan Asset Management UK Limited ('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 Bank of New York Mellon (International) 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. An internal restructuring at BNY led to the depositary changing from BNY Mellon Trust & Depositary (UK) Ltd to the current incumbent.

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 18), risk management policies (see pages 60 to 64), capital management (see note 21), 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. See also Long Term Viability Statement on page 21.

A resolution that the Company continue as an investment trust will be put to shareholders at the Annual General Meeting in 2022 and every five years thereafter.

Directors

The Directors of the Company who held office at the end of the year are detailed on page 24.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 34. 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 appointed/reappointed.

Ashley Dunster and Nicholas Pink were appointed as directors of the Company on 1st November 2019.

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 11 & 12)

The Directors will seek renewal of the authority to issue up to 2,307,389 new shares or shares held in Treasury other than by a pro rata issue to existing shareholders up to an aggregate nominal amount of £23,074, 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 70 to 72.

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 13)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2019 Annual General Meeting, will expire on 2nd March 2020 unless renewed at the 2020 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 70 to 72. 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.

Recommendation

The Board considers that resolutions 11 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 31,218 shares representing approximately 0.07% of the voting rights in the Company.

Corporate Governance

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 37 indicates how the Company has applied the principles of good governance of the Financial Reporting Council's UK Corporate Governance Code 2016 (the 'UK Corporate Governance Code') and the AIC's Code of Corporate Governance, (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, this is unnecessary at present.

The Board have made arrangements to ensure compliance with the revised FRC 2018 UK Corporate Governance Code and 2019 AIC Code of Corporate Governance (which has been endorsed by the FRC). The new requirements are effective for periods of account commencing on or after 1st January 2019, and will be reported in the Company's Annual Report and Financial Statements for the year ended 31st October 2020. The changes include revisions to the Terms of References of the Audit Committee, Nomination Committee and the establishment of a Management Engagement Committee.

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

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 page 24. Changes to the Chairman's other significant commitments during the year under review included appointment as chair of US Solar Fund Plc.

Corporate Governance Statement continued

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 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, Ms Sakovska and Mr Jeens continue to be effective and demonstrate commitment to the role. In addition to the above existing directors. The Board also recommends to shareholders that Messrs Ashley Dunster and Nicholas Pink who were appointed as directors of the Company on 1st November 2019, also be re-appointed.

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 page 24.

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
Tamara Sakovska	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 recruitment of Ashley Dunster and Nicholas Pink to replace George Nianias and Alexander Easton was undertaken by Nurole, an independent third party external recruitment agent that has no other relationship with the Company.

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 questionnaires were completed by the Directors and the Chairman. The evaluation of the Directors was led by the Chairman of the Nomination Committee who also met individually with each of the Directors. As the Chairman is also the Chairman of the Nomination Committee, the Evaluation and Performance of the Chairman is reviewed separately by the other non-executive directors. The Committee also reviewed Directors' fees and made recommendations to the Board as required. The composition of the Committees has been changed following the AIC 2019 Corporate Governance Code and will be detailed in the Company's 2020 Annual Report.

In the period the Nomination Committee developed a detailed succession plan which will be implemented over the forthcoming years.

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 report of the Audit Committee is set out on page 31.

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.

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 financial statements, 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 77. 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 Financial Statements 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 77.

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 72.

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	15,168,413	28.98
Lazard Asset Management LLC	8,482,339	18.04
Legal and General Investment Management	1,621,914	3.01

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 20 Principal 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 Financial Statements. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Manager's internal audit department conducts regular and rigorous reviews of the various functions within its asset management business. Any significant findings that are relevant to the Company and/or

Corporate Governance Statement continued

the Manager's investment trust business are reported to the Board. 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 Bank of New York Mellon (International) Limited and its custodian JPMorgan Chase Bank, which are themselves independently reviewed; and
  - Reviews every six months the independent reports 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 2019, and to the date of approval of this Annual Report and Financial Statements. Moreover, the controls accord with the Financial Reporting Council, Guidance on Risk Management, internal control and related Financial and Business Reporting.

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.

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.

Audit Committee Report

Role and Composition

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 the Audit Committee comprises of directors who as a whole are competent in the Company's sector and has at least one member who is competent in auditing and accounting. 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 report and financial statements and the Company's compliance with the UK Corporate Governance Code. The Audit Committee reviews the scope and results of the external audit, the quality of work, timing of communications, and work with JPMF, its cost effectiveness and the independence and objectivity of the external auditors. There are no non-audit services provided by the auditor or non-audit fees paid to the auditors. In the Directors' opinion the Auditors are independent.

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.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 31st October 2019, 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(b) to the Financial Statements on page 50. 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 the Depositary Report and 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 large variations in the price of oil and value of the rouble is limited. The Board considers asset allocation, stock selection and liquidity of the portfolio on a regular basis and has set investment restrictions and guidelines, which are managed in light of the current market.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting note 1(d) to the accounts on page 50. The Board regularly reviews details of dividend income recognised.
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.

Allocation of Expenses between Income and Capital

In the previous year, the Audit Committee recommended that the allocation of expenses between income and capital should be amended from 80% capital to 60% capital with effect from 1st November 2018. The committee considers that this allocation remains appropriate.

Auditor Appointment and Tenure

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 & Financial Statements were considered and also engage with Directors as and when required. The current audit firm has audited the Company's financial statements since the formation of the Company and were retained following a tender for audit services in September 2015. The Company's year ended 31st October 2019 was the first of a five year maximum term for audit partner Caroline Mercer. See note 6 on page 53 for details of the auditor's fees.

Fair Balanced and Understandable

Having taken all available information into consideration and having discussed the content of the annual report and financial statements 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 2019, 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 37.

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

20th January 2020

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 2018 Annual General Meeting. Therefore, an ordinary resolution to approve this report will be put to shareholders at the 2021 Annual General Meeting. The policy subject to the vote, is set out in full below and is currently in force.

At the Annual General Meeting held on 6th March 2018, of votes cast, 99.95% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration policy and 0.05% 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 £200,000 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 27.

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 2018 and no changes are proposed for the year ending 31st October 2020.

At the Annual General Meeting held on 12th March 2019, of votes cast, 99.90% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.10% voted against.

Details of voting on the Remuneration Policy Implementation Report from the 2020 Annual General Meeting will be given in the annual report for the year ending 31st October 2020, 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 39 to 45.

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 2019 was £148,000. 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]

	Total fees	
Directors' Name	**2019**	**2018**
Gill Nott	£39,000	£37,500
Robert Jeens	£31,000	£30,000
Alexander Easton	£26,000	£25,000
George Nianias	£26,000	£25,000
Tamara Sakovska	£26,000	£25,000
Total	£148,000	£142,500

[1] Audited information. Other subject headings for the single figure table as prescribed by regulations are not included because there is nothing to disclose in relation thereto.

During the year under review, Directors' fees were paid at a fixed rate of £39,000 per annum for the Chairman, £31,000 per annum for the Chairman of the Audit Committee and £26,000 per annum for each other Director. Directors fees from 1st November 2019 will be:

	2020
Gill Nott	£39,000
Robert Jeens	£31,000
Ashley Dunster[1]	£26,000
Nicholas Pink[1]	£26,000
Tamara Sakovska	£26,000

[1] Ashley Dunster and Nicholas Pink were appointed as directors of the Company on 1st November 2019. They hold no shares in the company.

No amounts (2018: nil) were paid to third parties for making available the services of Directors.

The Company's Directors Fees were last increased on 1st November 2018.

Directors' Shareholdings

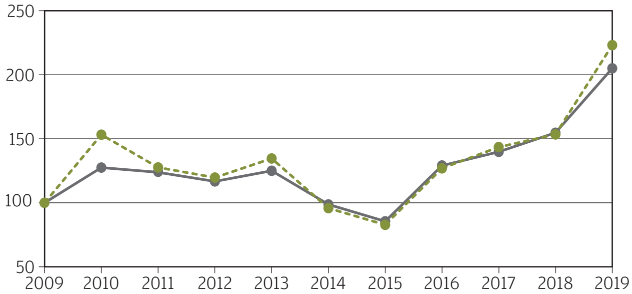
There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The Directors' beneficial shareholdings are detailed below. The Directors have no other share interests or share options in the Company and no share schemes are available.

Directors' Name	2019[1] Number of shares held	2018 Number of shares held
Gill Nott	3,000	3,000
Robert Jeens	15,000	15,000
Alexander Easton[2]	12,018	12,018
George Nianias[2]	nil	nil
Tamara Sakovska	1,305	1,200
Total	31,323	31,218

[1] Audited information.
[2] Retired 31st October 2019.

Ashley Dunster and Nicholas Pink were appointed as directors of the Company on 1st November 2019. They hold no shares in the company. 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 16.

Ten Year Share Price and Benchmark Total Return Performance to 31st October 2019



Source: Morningstar/RTS.

---- Share price total return.

—— Benchmark total return. The benchmark is the RTS Index in sterling terms. Prior to 1st November 2016, the benchmark was 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 2019 is below:

Remuneration for the role of Chairman over the five years ended 31st October 2019

Year ended 31st October	Fees	Performance related benefits received as a percentage of maximum payable
2019	£39,000	n/a
2018	£37,500	n/a
2017	£37,500	n/a
2016	£35,000	n/a
2015	£35,000	n/a

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	
	2019	**2018**
Remuneration paid to all Directors	£148,000	£142,500
Distribution to shareholders		
– by way of share repurchases	£17,910,000	£16,400,000
– by way of dividend[1]	£14,593,000	£12,983,000
Total distribution to shareholders	£32,503,000	£29,383,000

[1] See note 9(a) on page 55 for further details.

For and on behalf of the Board
Gill Nott
Chairman

20th January 2020

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) and Financial Reporting Standard (FRS) 102. Under company law the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, the annual report and financial statements 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 financial statements 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:

- select suitable accounting policies and then apply them consistently;
- 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 financial statements 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 financial statements 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 report and financial statements 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

20th January 2020

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JPMORGAN RUSSIAN SECURITIES PLC

Opinion

We have audited the financial statements of JPMorgan Russian Securities plc (the 'Company') for the year ended 31st October 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31st October 2019 and of its income 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 20 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 20 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;
- the Directors' statement set out on page 50 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
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 21 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.

Overview of our audit approach

Key audit matters	• Incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income. • Incorrect valuation and/or defective title of the investment portfolio. • Failure to adequately assess the potential impact on the Company of the continued Russian economic sanctions.
Materiality	• Overall materiality of £3.60 million which represents 1% of shareholders' funds (2018: £3.03 million)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income (as described on page 31 in the Report of the Audit Committee and as per accounting policy set out on page 50). The total revenue received for the year to 31st October 2019 was £25.03 million (2018: £19.21 million), consisting primarily of dividend income from investments. The income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete and/or inaccurate recognition of revenue through the failure to recognise proper income entitlements or applying appropriate accounting treatment. In addition to the above, the directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. We have identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends.	**We have performed the following procedures:** We obtained an understanding of the Manager's and Administrator's processes and controls around revenue recognition and classification of special dividends by reviewing their internal controls reports and performing our walkthrough procedures. For the classification of special dividends, we also evaluated the design and implementation of controls. We agreed all dividends received as noted in the income report to the corresponding announcement made by the investee company. We recalculated the dividend income by multiplying the investment holdings at the XD date, traced from the accounting records, by the dividend per share as agreed to an external source. Where applicable, we also agreed the exchange rates to an external source. We traced a sample of dividends received to the bank statements. To test completeness of the income recorded by the Company from its investments throughout the year, we agreed all investee company dividend announcements from an independent data vendor to the Company's income report. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 31st October 2019. We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements, where possible, if paid post year end.	**The results of our procedures are:** We have no issues to report to the Audit Committee with respect to our procedures performed over the risk of incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	We performed a review of the income and capital reports to identify special dividends received and accrued during the period that are above our testing threshold. The Company received only one special dividend during the year amounting to £0.09 million. Although the special dividend was below our testing threshold, we reviewed the underlying circumstances and motives for the payments to verify the classification as revenue.	
Risk of incorrect valuation and/or defective title of the investment portfolio (as described on page 31 in the Report of the Audit Committee and as per the accounting policy set out on page 49). The valuation of the portfolio at 31st October 2019 was £357.45 million (2018: £299.10 million) consisting of quoted investments. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined by reference to stock exchange quoted market bid prices at the reporting date.	**We performed the following procedures:** Obtained an understanding of the Administrator's processes and controls surrounding investment pricing by reviewing the internal controls reports and by performing walkthrough procedures. For all investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year-end. We reviewed the stale pricing report produced by the Administrator to investigate any stale priced investments held as at the year end and did not identify any stale priced investments. We also assessed the liquidity of the investment portfolio through analysing the monthly average trading volume and bid-ask spread of the investments. We agreed the Company's investments to the independent confirmation received from the Company's Custodian and Depositary at 31st October 2019.	**The results of our procedures are:** We have no issues to report to the Audit Committee with respect to our procedures performed over the risk of incorrect valuation and/or defective title to the investment portfolio.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Failure to adequately assess the potential impact on the Company of the continued Russian economic sanctions (as described on page 31 in the Report of the Audit Committee). The economic sanctions issued against Russia by the United Kingdom and the United States, focus on a specific list of individuals and legal entities that are deemed to have close links to the Russian political administration. The sanctions limit investment in the specific companies against which sanctions have been imposed. In addition, the sanctions also impose a freeze on assets controlled by specified individuals. This includes any direct ownership of listed companies that may be controlled by these individuals. The impact of the political sanctions on the valuation of the investment portfolio was considered. In particular, we have considered the extent to which the Company's portfolio is directly exposed to any of the companies or individuals on the sanctions lists.	**We performed the following procedures:** We obtained an understanding of the Manager's processes and controls surrounding compliance with the sanctions regime. We reviewed all the investment transactions during the year and compared them to UK Government and US Treasury's Sanction lists, to confirm that none of the transactions were with an investment company or individual subject to sanctions.	**The results of our procedures are:** We have no issues to report to the Audit Committee with respect to our procedures performed over the risk of failure to adequately assess the potential impact on the Company of the continued Russian economic sanctions.

There have been no changes to the areas of key focus raised in the above risk table from the prior year.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £3.60 million (2018: £3.03 million) which is 1% of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £2.70 million (2018: £2.27 million).

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £1.14 million (2018: £0.88 million) being 5% of profit before tax.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.18 million (2018: £0.15 million), which is set at 5% of planning materiality, as well as 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 light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 32** – the statement given by the Directors that they consider the annual report and financial statements 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, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on page 31** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 27** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions 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.

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 37, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete and/or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital in the Statement of Comprehensive Income. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

Other matters we are required to address

- We were appointed as auditors by the Company as part of the initial listing process and signed an engagement letter in December 2002 to audit the financial statements for the period ending 31st October 2003 and subsequent financial periods. Our appointment was subsequently ratified at the first annual general meeting of the Company held in March 2004. The period of total uninterrupted engagement including previous renewals and reappointments is 17 years, covering the years ending 31st October 2003 to 31st October 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

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.

Caroline Mercer (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
Edinburgh
20th January 2020

Notes:

1. The maintenance and integrity of the JPMorgan Russian Securities plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

FOR THE YEAR ENDED 31ST OCTOBER 2019

		2019			2018		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	3	–	72,431	72,431	–	19,505	19,505
Net foreign currency (losses)/gains		–	(621)	(621)	–	111	111
Income from investments	4	24,931	–	24,931	19,170	–	19,170
Interest receivable	4	94	–	94	37	–	37
Gross return		**25,025**	**71,810**	**96,835**	**19,207**	**19,616**	**38,823**
Management fee	5	(1,315)	(1,973)	(3,288)	(620)	(2,482)	(3,102)
Other administrative expenses	6	(978)	–	(978)	(1,012)	–	(1,012)
Net return before taxation		**22,732**	**69,837**	**92,569**	**17,575**	**17,134**	**34,709**
Taxation	7	(3,593)	678	(2,915)	(2,498)	–	(2,498)
Net return after taxation		**19,139**	**70,515**	**89,654**	**15,077**	**17,134**	**32,211**
Return per share	8	**40.04p**	**147.53p**	**187.57p**	**29.58p**	**33.62p**	**63.20p**

All revenue and capital items in the above statement derive from continuing operations.

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 net return after taxation represents the profit for the year and also total comprehensive income.

The notes on page 50 to 65 form part of these financial statements.

FOR THE YEAR ENDED 31ST OCTOBER 2019

	Called up share capital £'000	Capital redemption reserve £'000	Other reserve[1] £'000	Capital reserves[1] £'000	Revenue reserve[1] £'000	Total £'000
At 31st October 2017	**523**	**78**	**46,838**	**245,854**	**7,068**	**300,361**
Repurchase and cancellation of the Company's own shares	(32)	32	(16,400)	–	–	(16,400)
Net return	–	–	–	17,134	15,077	32,211
Dividends paid in the year (note 9)	–	–	–	–	(12,983)	(12,983)
At 31st October 2018	**491**	**110**	**30,438**	**262,988**	**9,162**	**303,189**
Repurchase and cancellation of the Company's own shares	(29)	29	(17,910)	–	–	(17,910)
Net return	–	–	–	70,515	19,139	89,654
Dividends paid in the year (note 9)	–	–	–	–	(14,593)	(14,593)
At 31st October 2019	**462**	**139**	**12,528**	**333,503**	**13,708**	**360,340**

[1] Other reserve, revenue reserve and the capital reserves form the distributable reserves of the Company and may be used to fund distributions to investors. See note 14 on page 58 for details.

The notes on page 50 to 65 form part of these financial statements.

AT 31ST OCTOBER 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	**357,455**	**299,101**
Current assets	11		
Debtors		1,500	1,221
Cash and cash equivalents		2,060	2,997
		3,560	4,218
Current liabilities			
Creditors: amounts falling due within one year	12	(674)	(130)
Derivative financial liabilities		(1)	–
Net current assets		**2,885**	**4,088**
Total assets less current liabilities		**360,340**	**303,189**
Net assets		**360,340**	**303,189**
Capital and reserves			
Called up share capital	13	462	491
Capital redemption reserve	14	139	110
Other reserve	14	12,528	30,438
Capital reserves	14	333,503	262,988
Revenue reserve	14	13,708	9,162
Total shareholders' funds		**360,340**	**303,189**
Net asset value per share	15	**780.8p**	**617.6p**

The financial statements on pages 47 to 49 were approved and authorised for issue by the Directors on 20th January 2020 and signed on their behalf by:

Gill Nott
Chairman

The notes on pages 50 to 65 form an integral part of these financial statements.

Company registration number: 4567378.

FOR THE YEAR ENDED 31ST OCTOBER 2019

	Notes	2019 £'000	2018 £'000
Net cash outflow from operations before dividends and interest	16	(4,886)	(3,937)
Dividends received		21,693	16,228
Interest received		94	37
Overseas tax paid		–	(6)
Net cash inflow from operating activities		**16,901**	**12,322**
Purchases of investments		(71,421)	(86,415)
Sales of investments		85,541	105,236
Settlement of forward currency contracts		(10)	(60)
Net cash inflow from investing activities		**14,110**	**18,761**
Repurchase and cancellation of the Company's own shares		(17,354)	(16,402)
Dividends paid		(14,593)	(12,972)
Net cash outflow from financing activities		**(31,947)**	**(29,374)**
(Decrease)/increase in cash and cash equivalents		**(936)**	**1,709**
Cash and cash equivalents at start of year		2,997	1,281
Exchange movements		(1)	7
Cash and cash equivalents at end of year		2,060	2,997
(Decrease)/increase in cash and cash equivalents		**(936)**	**1,709**
Cash and cash equivalents consist of:			
Cash and short term deposits		2,060	2,665
Cash held in JPMorgan US Dollar Liquidity Fund		–	332
Total		**2,060**	**2,997**

The notes on pages 50 to 65 form an integral part of these financial statements.

FOR THE YEAR ENDED 31ST OCTOBER 2019

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') 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.

The revised SORP issued in October 2019 is applicable for accounting periods beginning on or after 1st January 2019. The Company has chosen not to early adopt the revised SORP.

All of the Company's operations are of a continuing nature.

The financial statements have been prepared on a going concern basis. The disclosures on going concern on page 25 of the Directors' Report form part of these financial statements.

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

(b) Valuation of investments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as held at fair value through profit or loss. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves

Gains and losses on sales of investments including the related foreign exchange gains and losses, realised gains and losses on foreign currency, management fees allocated to capital and any other capital charges, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Gains and losses on sales of investments'.

Increases and decreases in the valuation of investments held at the year end including the related foreign exchange gains and losses, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Investment holding gains and losses'.

(d) Income

Dividends receivable from equity shares 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 included in capital.

Overseas dividends are included gross of any withholding tax.

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.

Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

Deposit interest and interest from the liquidity fund receivable are taken to revenue on an accruals basis.

(e) Expenses

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

- with effect from 1st November 2018, the management fee is allocated 40% to revenue and 60% to capital in line with the Board's expected long term split of revenue and capital return from the Company investment portfolio. In the previous year these charges were allocated 20% to revenue and 80% to capital.
- expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 10 on page 56.

(f) Financial instruments

Cash and cash equivalents may comprise cash including demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Liquidity funds are considered cash equivalents as they are held for cash management purposes as an alternative to cash, are short term, and readily convertible to a known amount of cash.

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Derivative financial instruments, including short term forward currency contracts are valued at fair value, which is the net unrealised gain or loss, and are included in current assets or current liabilities in the Statement of Financial Position. Changes in the fair value of derivative financial statements are recognised in the Statement of Comprehensive Income as capital.

(g) Taxation

Current tax is provided at the amounts expected to be paid or recovered.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax 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 at the balance sheet date and is measured on an undiscounted basis.

(h) Value Added Tax ('VAT')

Expenses are disclosed inclusive of the related irrecoverable VAT. Recoverable VAT is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

(i) Foreign currency

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates.

The Board, having regard to the currency of the Company's share capital and the predominant currency in which it pays distributions expenses and its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the financial statements are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Monetary assets, 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 in the Statement of Comprehensive Income as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature.

(j) Dividends

Dividends are included in the financial statements in the year in which they are paid/approved by shareholders.

1. Accounting policies *continued*

(k) Repurchase of ordinary shares for cancellation

The cost of repurchasing ordinary shares including the related stamp duty and transactions costs is charged to the 'Other reserve' and dealt with in the Statement of Changes in Equity. 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 'Capital redemption reserve'.

2. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements on occasion requires the Directors to make judgments, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

The Directors do not believe that any significant accounting judgments or estimates have been applied to this set of financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Gains on investments held at fair value through profit or loss

	2019 £'000	2018 £'000
Gains on investments held at fair value through profit or loss based on historic cost	22,755	15,553
Amounts recognised in investment holding gains and losses in respect of investments sold during the year	(16,177)	(15,048)
Gains on sales of investments based on the carrying value at the previous balance sheet date	6,578	505
Net movement in investment holding gains	66,042	19,199
Other capital charges	(189)	(199)
Total gains on investments held at fair value through profit or loss	**72,431**	**19,505**

4. Income

	2019 £'000	2018 £'000
Income from investments		
UK dividends	116	489
Overseas dividends	24,815	18,681
	24,931	**19,170**
Interest receivable		
Interest from liquidity fund	88	33
Deposit interest	6	4
	94	**37**
Total income	**25,025**	**19,207**

5. Management fee

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Management fee	1,315	1,973	3,288	620	2,482	3,102

Details of the management fee are given in the Directors' Report on page 25.

With effect from 1st November 2018, management fees incurred by the Company have been allocated 40% to revenue and 60% to capital. In the previous year, these charges were allocated 20% to revenue and 80% to capital. In line with the guidance provided in the SORP, this change is not considered to be a change of accounting policy and consequently no prior period restatements have been made.

6. Other administrative expenses

	2019 £'000	2018 £'000
ADR and GDR charges[1]	368	410
Administration expenses	229	214
Directors' fees[2]	148	143
Safe custody fees	134	150
Depositary fees[3]	43	40
Auditors' remuneration for audit services[4]	31	30
Savings scheme costs[5]	25	25
Total	**978**	**1,012**

[1] Consists of the costs to the Company of holding American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs). See Note 18. Transactions with the Manager and related parties, ADR/GDR Costs for the portion of these costs that were charged by JPMorgan Chase Bank N.A. on page 59, and Glossary of Terms and Alternative Performance Measures (APMs) on page 73 for further details.

[2] Full disclosure is given in the Directors' Remuneration Report on pages 34 to 35.

[3] Includes £4,000 (2018: £3,000) irrecoverable VAT.

[4] No fees were payable to the auditors for non-audit services (2018: nil). Includes £3,000 (2018: £2,000) irrecoverable VAT.

[5] Paid to the Manager for the administration of saving scheme products. Includes £3,200 (2018: £2,000) irrecoverable VAT.

7. Taxation

(a) Analysis of tax charge in the year

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Overseas withholding tax	2,915	–	2,915	2,498	–	2,498
Tax relief on expenses charged to capital	678	(678)	–	–	–	–
Total tax charge for the year	**3,593**	**(678)**	**2,915**	**2,498**	**–**	**2,498**

7. Taxation *continued*

(b) Factors affecting the total tax charge for the year

The tax assessed for the year is lower (2018: lower) than the Company's applicable rate of corporation tax of 19.0% (2018: 19.0%).

The factors affecting the total tax charge for the year are as follows:

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Net return before taxation	22,732	69,837	92,569	17,575	17,134	34,709
Net return before taxation multiplied by the Company's applicable rate of corporation tax of 19.0% (2018: 19.0%)	4,319	13,269	17,588	3,339	3,256	6,595
Effects of:						
Non taxable capital gains	–	(13,644)	(13,644)	–	(3,727)	(3,727)
Non taxable UK dividends	(22)	–	(22)	(93)	–	(93)
Non taxable overseas dividends	(2,400)	–	(2,400)	(3,549)	–	(3,549)
Tax attributable to expenses and finance costs charged to capital	(375)	375	–	(471)	471	–
Tax relief on expenses charged to capital	678	(678)	–	–	–	–
Overseas withholding tax	2,915	–	2,915	2,498	–	2,498
Unutilised expenses carried forward to future periods	–	–	–	774	–	774
Brought forward excess expenses utilised	(304)	–	(304)	–	–	–
Double taxation relief	(1,218)	–	(1,218)	–	–	–
Total tax charge for the year	**3,593**	**(678)**	**2,915**	**2,498**	**–**	**2,498**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £151,000 (2018: £693,000) based on a prospective corporation tax rate of 17% (2018: 17%). The UK corporation tax rate is enacted to fall to 17% effective on 1st April 2020. The deferred tax asset has reduced due to the cumulative excess of taxable income over deductible expenses. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

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.

8. Return per share

	2019 £'000	2018 £'000
Revenue return	19,139	15,077
Capital return	70,515	17,134
Total return	**89,654**	**32,211**
Weighted average number of shares in issue during the year	47,795,970	50,961,280
Revenue return per share	40.04p	29.58p
Capital return per share	147.53p	33.62p
Total return per share	**187.57p**	**63.20p**

9. Dividends

(a) Dividends paid and proposed

	2019 £'000	2018 £'000
Dividends paid		
2018 final dividend of 6.0p (2017: 6.0p)	2,905	3,119
2019 interim dividend of 25.0p (2018: 20.0p)	11,688	9,864
	14,593	**12,983**
Dividend proposed		
2019 final dividend of 10.0p (2018: 6.0p)	4,615	2,946

The dividend proposed in respect of the year ended 31st October 2018 amounted to £2,946,000. However the amount paid amounted to £2,905,000 due to shares repurchased after the balance sheet date but prior to the share register record date.

The dividend proposed in respect of the year ended 31st October 2019 is subject to shareholder approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 31st October 2020.

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

The requirements of Section 1158 are considered on the basis of the dividend proposed in respect of the financial year, shown below. The revenue available for distribution by way of dividend is £19,139,000 (2018: £15,077,000).

	2019 £'000	2018 £'000
2019 interim dividend of 25.0p (2018: 20.0p)	11,688	9,864
2019 final dividend of 10.0p (2018: 6.0p)	4,615	2,946
Total dividends for Section 1158 purposes	**16,303**	**12,810**

All dividends paid and proposed in the period are funded from the revenue reserve.

The revenue reserve after payment of the final dividend will amount to £9,093,000 (2018: £6,216,000).

10. Investments held at fair value through profit or loss

	2019 £'000	2018 £'000
Investments listed on a recognised stock exchange	357,455	299,101
Opening book cost	234,971	234,087
Opening investment holding gains	64,130	59,979
Opening valuation	299,101	294,066
Movements in the year:		
Purchases at cost	71,421	86,415
Sales proceeds	(85,687)	(101,084)
Gains on sales of investments based on the carrying value at the previous balance sheet date	6,578	505
Net movement in investment holding gains	66,042	19,199
	357,455	**299,101**
Closing book cost	243,460	234,971
Closing investment holdings gains	113,995	64,130
Total investments held at fair value through profit or loss	**357,455**	**299,101**

Transaction costs on purchases during the year amounted to £243,000 (2018: £276,000) and on sales during the year amounted to £69,000 (2018: £94,000). These costs comprise mainly brokerage commission.

During the year, prior year investment holding gains amounting to £16,177,000 have been transferred to gains and losses on sales of investments as disclosed in note 14.

11. Current assets

	2019 £'000	2018 £'000
Debtors		
Dividends and interest receivable	1,472	1,149
Other debtors	14	20
Overseas tax recoverable	6	6
VAT recoverable	5	11
Securities sold awaiting settlement	3	35
Total	**1,500**	**1,221**

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 2019 (2018: £nil).

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, short term deposits and liquidity funds. The carrying amount of these represents their fair value. See note 18 for details.

12. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Repurchase of the Company's own shares awaiting settlement	556	–
Other creditors and accruals	118	130
Total	**674**	**130**

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

	2019 £'000	2018 £'000
Derivative financial liabilities		
Currency contracts	1	–

13. Called up share capital

	2019 £'000	2018 £'000
Issued and fully paid share capital:		
Ordinary shares of 1p each		
Opening balance of 49,093,384 (2018: 52,262,112) shares	491	523
Repurchase and cancellation of 2,945,604 (2018: 3,168,728) shares	(29)	(32)
Closing balance of 46,147,780 (2018:49,093,384) shares	**462**	**491**

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.

Further details of transactions in the Company's shares are given in Share Capital on page 19.

14. Capital and reserves

	Called up share capital £'000	Capital redemption reserve £'000	Other reserve[1,2] £'000	Capital reserves[2] Gains and losses on sales of investments £'000	Capital reserves[2] Investment holding gains and losses £'000	Revenue reserve[2] £'000	Total £'000
Opening balance	491	110	30,438	198,858	64,130	9,162	303,189
Realised foreign currency losses on cash and cash equivalents	–	–	–	(620)	–	–	(620)
Unrealised losses on foreign currency contracts	–	–	–	–	(1)	–	(1)
Realised gains on investments	–	–	–	6,578	–	–	6,578
Unrealised gains on investments	–	–	–	–	66,042	–	66,042
Transfer on disposal of investments	–	–	–	16,177	(16,177)	–	–
Repurchase and cancellation of the Company's own shares	(29)	29	(17,910)	–	–	–	(17,910)
Expenses charged to capital	–	–	–	(1,973)	–	–	(1,973)
Other capital charges	–	–	–	(189)	–	–	(189)
Tax relief on expenses paid by capital	–	–	–	678	–	–	678
Dividends paid in the year	–	–	–	–	–	(14,593)	(14,593)
Net revenue return for the year	–	–	–	–	–	19,139	19,139
Closing balance	**462**	**139**	**12,528**	**219,509**	**113,994**	**13,708**	**360,340**

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

[2] These reserves form the distributable reserves of the Company and may be used to fund distributions to investors via dividend payments.

15. Net asset value per share

	2019	2018
Net assets (£'000)	360,340	303,189
Number of shares in issue	46,147,780	49,093,384
Net asset value per share	**780.8p**	**617.6p**

16. Reconciliation of net return before taxation to net cash outflow from operations before dividends and interest

	2019 £'000	2018 £'000
Net return before taxation	92,569	34,709
Less capital return before taxation	(69,837)	(17,134)
Increase in accrued income and other debtors	(311)	(432)
(Decrease)/increase in accrued expenses	(23)	1
Management fee charged to capital	(1,973)	(2,482)
Overseas withholding tax	(2,915)	(2,498)
Dividends received	(21,693)	(16,228)
Interest received	(94)	(37)
Realised loss on foreign exchange transactions	(81)	(11)
Realised (loss)/gain on liquidity fund	(528)	175
Net cash outflow from operations before dividends and interest	**(4,886)**	**(3,937)**

17. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2018: none).

18. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 25. The management fee payable to the Manager for the year was £3,288,000 (2018: £3,102,000) of which £nil (2018: £nil) was outstanding at the year end.

During the year £25,000 (2018: £25,000), including VAT, was payable to the Manager for the administration of savings scheme products, of which £nil (2018: £8,000) was outstanding at the year end.

Included in note 6 on page 53 are safe custody fees amounting to £134,000 (2018: £150,000) payable to JPMorgan Chase Bank N.A. during the year of which £23,000 (2018: £24,000) 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 arm's length. The commission payable to JPMorgan Securities Limited for the year was £18,000 (2018: £32,000) of which £nil (2018: £nil) was outstanding at the year end.

The Company was also holding cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMF. At the year end this was valued at £nil (2018: £332,000). Interest amounting to £88,000 (2018: £33,000) was receivable during the year of which £nil (2018: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £189,000 (2018: £199,000) see note 3 on page 52 were payable to JPMorgan Chase Bank N.A. during the year of which £12,000 (2018: £1,000) was outstanding at the year end.

Dividend Charges of £368,000 (2018: £410,000) identified in Note 6. Other administrative expenses include £10,000 (2018: £4,000) of costs charged by the JPMorgan Chase Bank N.A. for American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs). JPMorgan Chase Bank N.A. cost is 'passed through' with no additional margin added.

At the year end, total cash of £2,060,000 (2018: £2,665,000) was held with JPMorgan Chase Bank, N.A.. A net amount of interest of £6,000 (2018: £4,000) was receivable by the Company during the year from JPMorgan Chase.

Full details of Directors' remuneration and shareholdings can be found on page 35 and in note 6 on page 53.

19. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio.

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

(1) The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

(2) Inputs other than quoted prices included within Level 1 that are observable (i.e.: developed using market data) for the asset or liability, either directly or indirectly

(3) Inputs are unobservable (i.e.: for which market data is unavailable) for the asset or liability

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(b) on page 50.

The following table sets out the fair value measurements using the FRS 102 hierarchy at 31st October.

	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	357,455	–	299,101	–
Level 2[1]	–	(1)	–	–
Total	**357,455**	**(1)**	**299,101**	**–**

[1] Currency contracts.

There were no transfers between Level 1, 2 or 3 during the year (2018: same).

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

As an investment trust, the Company invests in equities for the long term so as to secure its investment objective stated on the 'Features' page. 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 financial 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 policy.

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 classes of financial instruments are as follows:

– investments in Russian equity shares, preference shares, ADRs and GDRs, which are held in accordance with the Company's investment objective;

– cash held within a liquidity fund; and

– short term 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. 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 presentation currency. 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 this exposure by considering the effect on the Company's net asset value and income of a movement in 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 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.

Foreign currency exposure

The fair value 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.

	2019			
	US Dollar £'000	Rouble £'000	Euro £'000	Total £'000
Net current assets	2,665	270	–	2,935
Foreign currency exposure on net monetary items	2,665	270	–	2,935
Investments held at fair value through profit or loss	342,211	809	–	343,020
Total net foreign currency exposure	**344,876**	**1,079**	**–**	**345,955**

	2018			
	US Dollar £'000	Rouble £'000	Euro £'000	Total £'000
Net current assets	4,014	–	1	4,015
Foreign currency exposure on net monetary items	4,014	–	1	4,015
Investments held at fair value through profit or loss	284,036	1,990	–	286,026
Total net foreign currency exposure	**288,050**	**1,990**	**1**	**290,041**

In the opinion of the Directors, 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 rouble.

Foreign currency sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets with regard to the Company's 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 the income receivable in foreign currency and assumes a 10% (2018: 10%) appreciation or depreciation in sterling against the currencies to which the Company is exposed to, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2019		2018	
	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(2,490)	2,490	(1,871)	1,871
Capital return	(294)	294	(402)	402
Total return after taxation	(2,784)	2,784	(2,273)	2,273
Net assets	**(2,784)**	**2,784**	**(2,273)**	**2,273**

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

The foreign currency sensitivity of the equity investments is included within the Other Price Risk sensitivity disclosed in note 20(a) (iii).

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

(a) Market risk *continued*

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on 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 financial assets and liabilities to floating interest rates using the year end figures, giving cash flow interest rate risk when rates are reset, is shown below.

	2019 £'000	2018 £'000
Exposure to floating interest rates		
JPMorgan US Dollar Liquidity Fund	–	332
Cash and short term deposits	2,060	2,665
Total exposure	**2,060**	**2,997**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2018: same). The target interest earned on the JPMorgan US Dollar Liquidity Fund is the 7 day US Dollar London Interbank Bid Rate.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2018: 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.

	2019		2018	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	10	(10)	15	(15)
Capital return	–	–	–	–
Total return after taxation	10	(10)	15	(15)
Net assets	**10**	**(10)**	**15**	**(15)**

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and cash held in the liquidity fund.

(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 equity 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 objectives and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Other price risk exposure

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

	2019 £'000	2018 £'000
Investments held at fair value through profit or loss	357,455	299,101

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 and 15. This shows that the portfolio comprises predominantly of Russian companies. Accordingly, there is a concentration of exposure to that country. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

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% (2018: 10%) in the market value of equity investments. 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 equities, adjusting for changes in the management fee but with all other variables held constant.

	2019		2018	
	10% increase in rate £'000	10% decrease in rate £'000	10% increase in rate £'000	10% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(143)	143	(60)	60
Capital return	35,531	(35,531)	29,671	(29,671)
Total return after taxation	35,388	(35,388)	29,611	(29,611)
Net assets	**35,388**	**(35,388)**	**29,611**	**(29,611)**

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting its 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 mainly readily realisable securities, which can be sold to meet funding requirements if necessary. There is currently no loan facility in place.

Liquidity risk exposure

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

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

(b) Liquidity risk *continued*

	2019 £'000	2018 £'000
Creditors:		
Repurchase of the Company's own shares awaiting settlement	556	–
Other creditors and accruals	118	130
Derivative financial liabilities	1	–
Total financial liabilities	**675**	**130**

The liabilities shown above represent future contractual payments and therefore may differ from the amounts shown in the Statement of Financial Position.

(c) Credit risk

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

Management of credit risk

Portfolio dealing

The Company invests in markets that operate Delivery Versus Payment ('DVP') settlement. The process of DVP mitigates 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 and cash equivalents

Counterparties are subject to regular credit analysis by the Manager and deposits can only be placed with counterparties that have been approved by JPMAM's Counterparty Risk Group and the Board.

Exposure to JPMorgan Chase

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. 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.

The Depositary, Bank of New York Mellon (International) Limited, is responsible for the safekeeping of all custodial assets of the Company and for verifying and maintaining a record of all other assets of the Company. However, no absolute guarantee can be given on the protection of all the assets of the Company.

Credit risk exposure

The amounts shown in the Statement of Financial Position under debtors and cash and cash equivalents represent the maximum exposure to credit risk at the current and comparative year ends.

(d) Fair values of financial assets and financial liabilities

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

21. Capital management policies and procedures

The Company's capital structure comprises the following:

	2019 £'000	2018 £'000
Equity		
Called up share capital	462	491
Reserves	359,878	302,698
Total capital	**360,340**	**303,189**

The investment objective of the Company is to maximise total returns, primarily from investment in quoted 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.

	2019 £'000	2018 £'000
Investments held at fair value through profit or loss	357,455	299,101
Net assets	360,340	303,189
Net cash	**0.8%**	**1.3%**

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.

22. Subsequent events

The Directors have evaluated the period since the year end and have not noted any subsequent events.

Regulatory Disclosures

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ('AIFMD') DISCLOSURES (UNAUDITED)

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.

The Company's maximum and actual leverage levels at 31st October 2019 are shown below:

	Gross Method	Commitment Method
Maximum limit	200%	200%
Actual	100%	100%

JPMorgan Funds Limited (the '**Management Company**') is the authorised manager of JPMorgan Russian Securities plc (the '**Company**') and is part of the J.P. Morgan Chase & Co. group of companies. In this section, the terms 'J.P. Morgan' or 'Firm' refer to that group, and each of the entities in that group globally, unless otherwise specified.

This section of the annual report has been prepared in accordance with the Alternative Investment Fund Managers Directive (the 'AIFMD'), the European Commission Delegated Regulation supplementing the AIFMD, and the 'Guidelines on sound remuneration policies' issued by the European Securities and Markets Authority under the AIFMD. The information in this section is in respect of the most recent complete remuneration period (the **'Performance Year'**) as at the reporting date.

This section has also been prepared in accordance with the relevant provisions of the Financial Conduct Authority Handbook (FUND 3.3.5).

Remuneration Policy

A summary of the Remuneration Policy currently applying to the Management Company (the '**Remuneration Policy Statement**') can be found at https://am.jpmorgan.com/gb/en/asset-management/gim/per/legal/emea-remuneration-policy. This Remuneration Policy Statement includes details of how remuneration and benefits are calculated, including the financial and non-financial criteria used to evaluate performance, the responsibilities and composition of the Firm's Compensation and Management Development Committee, and the measures adopted to avoid or manage conflicts of interest. A copy of this policy can be requested free of charge from the Management Company.

The Remuneration Policy applies to all employees of the Management Company, including individuals whose professional activities may have a material impact on the risk profile of the Management Company or the Alternative Investment Funds it manages ('**AIFMD Identified Staff**'). The AIFMD Identified Staff include members of the Board of the Management Company (the '**Board**'), senior management, the heads of relevant Control Functions, and holders of other key functions. Individuals are notified of their identification and the implications of this status on at least an annual basis.

The Board reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. The Board last reviewed and adopted the Remuneration Policy that applied for the 2018 Performance Year in June 2018 with no material changes and was satisfied with its implementation.

Quantitative Disclosures

The table below provides an overview of the aggregate total remuneration paid to staff of the Management Company in respect of the 2018 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JP Morgan Asset Management (UK) Ltd (the relevant employing entity) and the number of beneficiaries, both apportioned to the Management Company on an Assets Under Management ('AUM') weighted basis.

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 32 Alternative Investment Funds and two UCITS (with 32 sub-funds) as at 31st December 2018, with a combined AUM as at that date of £12,595 million and £13,316 million respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company ($'000s)	14,408	8,631	23,039	107

The aggregate 2018 total remuneration paid to AIFMD Identified Staff was USD $68,884,000, of which USD $12,470,000 relates to Senior Management and USD $56,414,000 relates to other Identified Staff[1].

[1] Since 2017, the AIFMD identified staff disclosures includes employees of the companies to which portfolio management has been formally delegated in line with the latest ESMA guidance.

SECURITIES FINANCING TRANSACTIONS REGULATION ('SFTR') DISCLOSURES (UNAUDITED)

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) or total return swaps. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 31st October 2019.

Shareholder Information

Notice is hereby given that the seventeenth Annual General Meeting of JPMorgan Russian Securities plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Monday, 2nd March 2020 at 2.30 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st October 2019.
2. To approve the Directors' Remuneration Report for the year ended 31st October 2019.
3. To approve a final ordinary dividend of 10.0p per share.
4. To reappoint Gillian Nott a Director of the Company.
5. To reappoint Ashley Dunster a Director of the Company.
6. To reappoint Robert Jeens a Director of the Company.
7. To reappoint Nicholas Pink a Director of the Company.
8. To reappoint Tamara Sakovska a Director of the Company.
9. To reappoint Ernst & Young LLP as Auditors to the Company.
10. To authorise the Directors to determine the auditors remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

11. 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 £23,074, 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 2021 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

12. THAT subject to the passing of Resolution 11 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 £23,074, 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 11 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

13. 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 6,917,552 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 2020 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.

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

20th January 2020

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 6.30 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 6.30 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.

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 16th January 2020 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 46,007,317 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 46,007,317.

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.

Return to Shareholders (APM)

Total return to shareholders, on a last traded price to last traded 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 calculation	Page	Year ended 31st October 2019	Year ended 31st October 2018	
Opening share price (p)	5	500.0	491.5	(a)
Closing share price (p)	5	694.0	500.0	(b)
Total dividend adjustment factor[1]		1.047906	1.050875	(c)
Adjusted closing share price (d = b x c)		727.2	525.4	(d)
Total return to shareholders (e = d / a – 1)		**45.4%**	**6.9%**	**(e)**

[1] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

Net asset value per share (APM)

The value of Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please see note 15 on page 58 for detailed calculations.

Return on Net Assets (APM)

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Total return calculation	Page	Year ended 31st October 2019	Year ended 31st October 2018	
Opening NAV per share (p)	5	617.6	574.7	(a)
Closing NAV per share (p)	5	780.8	617.6	(b)
Total dividend adjustment factor[2]		1.041914	1.042688	(c)
Adjusted closing NAV per share (d = b x c)		813.5	644.0	(d)
Total return on net assets (e = d / a – 1)		**31.7%**	**12.1%**	**(e)**

[2] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the NAV at the ex-dividend date.

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV per share when calculating the total return on net assets.

Benchmark total return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested, without transaction costs, in 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 follow or 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Gearing/(net cash) (APM)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position.

Gearing calculation	Page	31st October 2019 £'000	31st October 2018 £'000	
Investments held at fair value through profit or loss	48	357,455	299,101	(a)
Net assets	48	360,340	303,189	(b)
Gearing/(net cash) (c = a / b – 1)		**(0.8)%**	**(1.3)%**	**(c)**

Ongoing charges (APM)

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.

Ongoing charges calculation	Page	31st October 2019 £'000	31st October 2018 £'000	
Management Fee	53	3,288	3,102	
Other administrative expenses	53	978	1,012	
Total management fee and other administrative expenses		4,266	4,114	(a)
Average daily net assets		332,489	308,626	(b)
Ongoing charges (c = a / b)		**1.28%**	**1.33%**	**(c)**

Share Price Discount/Premium to Net Asset Value ('NAV') per Share (APM)

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 (page 7).

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.

Currency effect

Measures the impact of currency exposure differences between the Company's portfolio and its 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.

Share Buyback

Measures the enhancement to net asset value per share of buying back the Company's shares for cancellation at a price which is less than the Company's net asset value per share.

ADR/GDR

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

The costs to the Company of holding American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs) are included in Dividend charges £368,000 (2018: £410,000) – see note 6 on page 53. The element of these costs charged by JPMorgan Chase Bank N.A. £10,000 (2018: £4,000), is referred to in note 18 on page 59. The advantages of the Company using ADR and GDRs include the greater ability they provide for the Company to trade blocks of shares in a more fluid market, commission on the trades is lower and they resulted in reduced foreign exchange risks and costs when transacting.

You can invest in a J.P. Morgan investment trust through the following:

1. Via a third party provider

Third party providers include:

AJ Bell	Hargreaves Lansdown
Barclays Smart Investor	Interactive Investor
Charles Stanley Direct	Selftrade
FundsNetwork	The Share Centre

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These websites are third party sites and J.P. Morgan Asset Management does not endorse or recommend any. Please observe each site's privacy and cookie policies as well as their platform charges structure.

2. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead. You can find an adviser at unbiased.co.uk

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

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

Information for J.P. Morgan investment account and stocks & shares ISA account holders

From 28th September 2019 J.P. Morgan Asset Management ceased offering investment accounts and stocks & shares ISA savings products. Investors are able to remain invested in J.P. Morgan managed investment trusts by transferring to another service provider. For full details of all the options available to investors, please refer to correspondence sent by J.P. Morgan on 8th April 2019 or contact your financial adviser.

The Board continues to encourage all of its shareholders to exercise their rights and notes that many specialist platforms, to include the default options offered by JPMorgan, provide shareholders with the ability to continue to receive Company documentation, to vote their shares and to attend general meetings, at no cost. Please refer to your investment platform for more details, or visit the AIC's website at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms for information on which platforms support these services and how to utilise them.

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls
If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List
The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice
Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at **www.fca.org.uk/consumers/report-scam-unauthorised-firm.** You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at www.fca.org.uk/scamsmart

FCA FINANCIAL CONDUCT AUTHORITY

FINANCIAL CALENDAR

Final results announced	January
Annual General Meeting	March
Final dividend paid	March
Half year end	30th April
Half year results announced	June
Interim dividend paid	October
Financial year end	31st October

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 2022 and every five years thereafter. If the next continuation vote in 2022 is approved, the Board has committed to making a tender offer to shareholders for up to 20% of the outstanding share capital at NAV less costs and less a discount of 2% if, over the five years from 1st November 2016, the Company's net asset value total return in sterling on a cum income basis is below the total return of the benchmark in sterling terms.

Company Numbers

Company registration number: 4567378
London Stock Exchange Sedol number: 0032164732
ISIN: GB0032164732
Bloomberg ticker: JRS LN
LEI: 549300II3MHI98ZLVH37

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 15 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.

Manager and Company Secretary

JPMorgan Funds Limited

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

The Bank of New York Mellon (International) Limited
1 Canada Square
London E14 5AL

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
25 Churchill Place
Canary Wharf
London E14 5EY

Brokers

Numis Securities Ltd,
The London Stock Exchange Building
10 Paternoster Square,
London EC4M 7LT

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