JPMorgan Russian Securities plc

Annual Report & Financial Statements for the year ended 31st October 2020

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 21 to 22.

Benchmark

The RTS Index in sterling terms (RTS).

Capital Structure

UK domiciled. Full listing on the London Stock Exchange.

At 31st October 2020, the Company's share capital comprised 43,378,912 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

"Our investment approach continues to focus on identifying long-term growth opportunities from individual stocks, as we believe this offers us the best likelihood of delivering positive absolute and relative returns to shareholders, whatever the prevailing economic, geopolitical and investment challenges."

Habib Saikaly
Investment Manager

"Towards the end of the reporting period markets and the rouble were both in recovery mode and sentiment boosted by positive vaccine developments, both in Russia and around the world."

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.

26	£3.5bn	100+
Years' experience in Russia	Invested in Russian equities	Emerging markets specialists based globally

CONTENTS

Strategic Report

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2020	2019	3 Years Cumulative	5 Years Cumulative
Return to shareholders[1,A]	-17.0%	+45.4%	+29.0%	+123.5%
Return on net assets[2,A]	-17.5%	+31.7%	+21.8%	+108.3%
Benchmark return[3]	-20.7%	+32.5%	+16.2%	+90.1%
Net asset return compared to benchmark return	+3.2%	-0.8%	+5.6%	+18.2%
Dividends	35.0p	35.0p	96.0p	131.0p

[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').

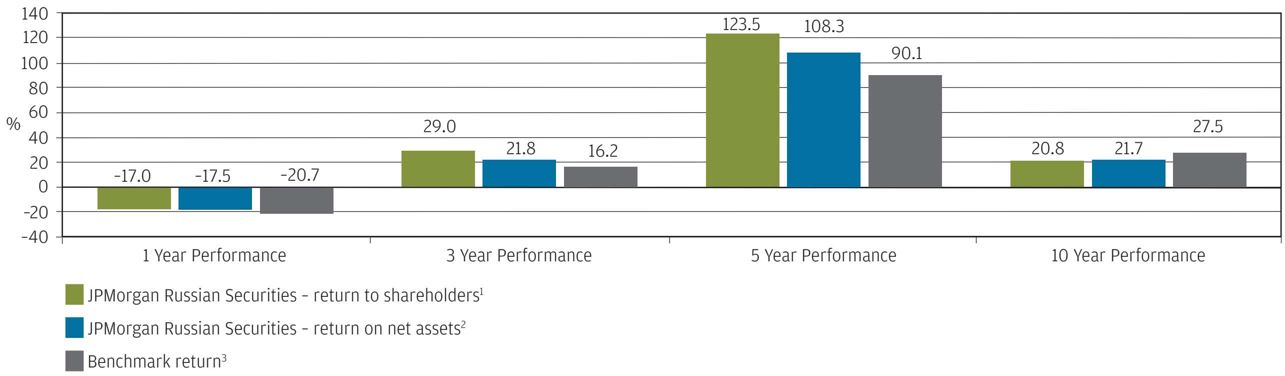
A glossary of terms and Alternative Performance Measures (APMs) is provided on page 80.

SUMMARY OF RESULTS

	2020	2019	% change
Net asset value, share price and discount at 31st October			
Shareholders' funds (£'000)	266,099	360,340	-26.2
Net asset value per share[A]	613.4p	780.8p	-21.4
Share price	545.0p	694.0p	-21.5
Exchange rate (US$: £1)	1.29	1.29	0.0
Exchange rate (Rouble : £1)	102.78	82.91	24.0
Share price discount to net asset value per share[A]	11.2%	11.1%	
Shares in issue	43,378,912	46,147,780	
Revenue for the year ended 31st October			
Gross revenue return (£'000)	20,207	25,025	-19.3
Net revenue return on ordinary activities after taxation (£'000)	15,375	19,139	-19.7
Revenue return per share	34.01p	40.04p	-15.1
Dividend per share	35.0p	35.0p	0.0
Net cash at 31st October[A]	1.6%	0.8%	
Ongoing charges[A]	1.29%	1.28%	

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

LONG TERM PERFORMANCE (TOTAL RETURNS) AT 31ST OCTOBER 2020



[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.

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Gill Nott
Chairman

Performance and Overview

The turmoil in global financial markets caused by the Coronavirus (Covid-19) pandemic has also had a negative impact on the market in Russia and on the Company's results for this year. In advance of the first UK lockdown, JPMorgan introduced special work practices with the majority of employees working from home. The Board has met the Managers on line and has conducted all its affairs remotely. This shift has been a remarkably smooth operation, in response to a situation none of us could have anticipated at the start of the year. It is pleasing to report that the Company's business has been able to continue as normal, although of course we would all like to see a return to personal contact, including the holding of a physical Annual General Meeting.

Although the Company's performance has been negative over the financial year, it did outperform its benchmark; the RTS Index in sterling terms. The Company's total return to shareholders was –17.0%, against the benchmark decline of –20.7%. The level of the Company's discount was another relatively positive result, given turbulent markets. As at 31st October 2020, the discount was 11.2%, unchanged from the previous year end date. Over the reporting period, the discount averaged 12.0%, and ranged from 22.3% to 7.0%, however these more extreme levels outside the average only briefly existed at the start of the pandemic between mid March and late April. The reduction of the overall volatility of the discount level, despite the turbulent market conditions has been assisted by the Board's active share buy back programme. From the Company's financial year end to 22nd January 2021, the benchmark index rose by 26.6%, the Company's return to shareholders rose by 21.3%, and the discount stood at 10.3%.

The Company's total return on a net assets basis was –17.5%, outperforming its benchmark by 3.2%. The Company's longer term performance over three and five years is showing strong positive performance both in absolute terms and compared to its peers. The Company's peer group includes eleven other funds, including exchange traded funds (ETFs) and open ended funds.

At the beginning of the period under review there was a relatively positive outlook for the Russian market but this ended abruptly in February. First, there was a disagreement between Russia and other OPEC countries that initiated a steep decline in oil prices. Then, in late February the rapid spread of the Covid-19 pandemic led to a crash in global equity markets. The influence of the pandemic on the economy of Russia has been significant with the unprecedented fall in oil prices and all that implies for an economy which is highly dependent on energy exports. Fortunately the investment manager had already reduced the exposure of the Company to energy stocks at the end of 2019 and this proved beneficial. Whilst energy companies remain a significant proportion of the portfolio of the Company it is considerably underweight when compared to the benchmark index. The investment manager has also reduced exposure to smaller stocks preferring to invest in predominantly large, well-capitalised companies that can better withstand the prevailing difficult market conditions. Such companies have strong cash flow and a greater ability to continue to pay dividends which are an important contribution to the total return of the Company. In addition, the Company now has a greater exposure than it had in the past to companies that are technology based, or use technology to enhance their business. More details on these significant movements in the portfolio, and specific investee companies are given in the Investment Manager's report on page 14.

The Russian government has introduced a number of support mechanisms and the Russian Central Bank reduced interest rates, with further reductions expected. The strength of the Russian health care system and government initiatives to reduce the spread of Covid-19 were relatively effective in avoiding the worst effects of the pandemic suffered by some other countries. The Russian made vaccine, Sputnik V, was one of the first to become available and in due course should have a positive impact on the situation in Russia although the extent and timing of the hoped-for economic recovery is still being gauged. The Russian economy has largely adjusted to the sanctions applied by the US and European Union in 2014. See page 21 for reference to the continuation of the sanctions rules under UK law following Brexit on 31st December 2020. 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 23, which now includes the risk of global pandemics. Compliance with the sanctions remains a key risk for the Company and JPMorgan Asset Management's compliance and investment functions monitors all investments and regularly assures the Board that processes are in place to ensure that the Company remains compliant with the current sanctions regime.

Objective and Strategy of the Company

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. The Board continue to pay close attention to how the Manager takes into account Environmental, Social and Governance issues (ESG) when making investments. Whilst the Manager is seeking to maximise total return and is not specifically seeking income producing stocks, in recent years the level of payout from Russian stocks has risen considerably so materially contributing to the total return of the portfolio. The Board has reviewed the policies and processes undertaken by JPMorgan on ESG matters in relation to the portfolio your Company invests in. JPMorgan has an integrated ESG bottom-up evaluation process which it uses when assessing all investments. Investing in Russia inevitably means that the Company will be invested in energy stocks as these dominate the Russian market. In addition, it holds a significant proportion of materials stocks. The Manager pays great attention to all aspects of ESG and whilst there is understandable focus by investors on environmental matters, we should not forget that Governance is equally relevant in Russia. There have been a number of occasions where the lack of suitable governance has influenced investment decisions being taken by the Manager. Therefore, the Investment Managers regularly engage on ESG issues when they meet with management of existing and prospective investee companies. The Board believes that companies that address ESG issues and adopt sustainable business practices are better placed to generate sustainable strong performance and create enduring value for shareholders. Further details regarding the Company's approach to ESG can found on pages 12 to 13. 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 35.

The Board is keen to see the shareholder base of the Company widened and it closely monitors the marketing activities undertaken by JPMorgan on its behalf. This has been challenging this year as it has obviously not been possible for the sales team to pursue their normal visits to existing or potential shareholders. However, we have been pleased with the continued efforts of the public relations team to raise the profile of the Company. Whilst investing in Russia is clearly not for everyone, we feel that the potential prospects that Russia offers, combined with the substantial level of dividends from its leading companies, should make it attractive to more shareholders.

Dividends

Revenue for the year, after tax, was £15,375,000 (2019: £19,139,000) and the revenue return per share, calculated on the average number of shares in issue, was 34.01p (2019: 40.04p). The reduction in revenue has arisen largely as a result of the negative impact of the Covid-19 pandemic on dividend receipts, which may also be a drag on 2021 receipts. Further downward pressure on dividend income was also caused by the portfolio's shift away from stocks in the energy sector which tend to generate strong dividends, in favour of other sectors such as technology, which generally consist of lower dividend paying stocks. See the Investment Managers' Report for more detail on this shift. The Company does have revenue reserves equivalent to approximately 65% of the year ended 31st October 2020 dividend available to draw on. The Company is also permitted to pay dividends from its distributable capital reserves.

Based upon the revenue generated by the portfolio, an interim dividend of 25.0p per share in respect of the year ended 31st October 2020 was paid on 30th October 2020. The Company receives 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 2020 making a total of 35.0p per share for the year (2019: 35.0p per share). The final dividend is proposed to be paid on 12th March 2021 to ordinary shareholders on the register at the close of business on 5th February 2021. If approved by shareholders, the final dividend will amount to £4,338,000, 10.0p per share (2019: £4,615,000, 10.0p per share). Should income receipts permit, the Company will continue to make payment of an interim dividend, as well as a final dividend in 2021.

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. It has been of considerable value to have this mechanism in place over the year. Whilst there has been relatively thin trading in the Company's shares the use of the buy back has enabled the expansion of the discount to be managed at times of moderate levels of excess supply of stock. As referred to in previous years' statements, the Board has committed to buying back, subject to market conditions, at least 6.0% of its issued share capital per annum. During the financial year 2,768,868 shares were bought back, approximately 6% of the Company's issued share capital at 31st October 2020. This added 4.95 pence to the Company's NAV return in the financial year. The weighted average discount at which these shares were bought back was 12.2% and these buybacks accounted for approximately 17% of traded market volume during the reporting period. The current policy was initiated in January 2018. 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 announced on 4th January 2021, in accordance with the Board Succession Plan, the Company engaged an independent search consultancy to search for a suitably qualified Non-executive Director to replace Robert Jeens as a Non-executive Director and the Audit Committee Chairman. After a thorough selection process, the Board are very pleased to announce that Eric Sanderson was appointed as a director on 4th January 2021. Eric Sanderson is a highly experienced and well regarded Non-executive Director and Chairman with extensive knowledge of investment trusts. He will make an excellent addition to the Board and capable Chairman of the Audit Committee, particularly as he will benefit from Robert's experience during the handover period.

The Board would like to thank Robert for his very considerable contributions to the Company since joining the Board in 2011, and in particular for providing invaluable support as Audit Committee Chair.

In compliance with corporate governance best practice, all Directors, except Robert Jeens, 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 be reappointed. As referred to above, Robert Jeens will not be standing for reappointment.

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 supported by JPMorgan Asset Management's Emerging Markets and Asia Pacific equities team (EMAP), which consists of 100+ investment professionals based in both the UK and overseas. The Company benefits greatly from the extensive experience of the lead investment manager, Oleg, who has some 20 years experience of investing in Russia and has managed the Company through several previous severe Russian and world market disruptions.

The Board have been pleased that during this strange and difficult year, when no one has been able to work normally, that the support the Company has received from the various teams at JPMorgan has continued as usual. We are grateful to the JPMorgan compliance team which constantly reviews the Company's compliance with sanctions, and reports regularly to the Board. The focus on ESG was maintained through the investment management embedded ESG evaluation process that scrutinises all investments made by the Company. As mentioned above, marketing and promotional activity was continued with a significant effort being made to reach out to new shareholders, albeit on a remote basis.

The performance of the Manager was formally evaluated by the Board. Following this review undertaken in September 2020 by the recently establish Management Engagement Committee, the Board concluded that the performance of the Manager had been more than satisfactory and that their services should be retained.

Change of Auditors

The current audit firm Ernst & Young LLP has audited the Company's financial statements since its incorporation. As required under regulations requiring the rotation of audit firms, a formal audit tender was undertaken during the year and BDO has been selected as the new auditor on the basis of the experience demonstrated of the investment trust business and the strength of the audit team. Approval of the new audit firm will be put to shareholders at the forthcoming AGM. I thank Ernst & Young LLP for their work over the period they have been the Company's auditors.

Adoption of new Articles of Association

Resolution 15, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Existing Articles'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted. The proposed amendments, if approved, include the possibility of the Company holding shareholder meetings whereby shareholders are not required to attend the meeting in person at a physical location. This will facilitate shareholder attendance in situations where they are prevented, through laws or regulations, from attending at a physical location. Having consulted a number of the Company's larger shareholders the Board understands that these shareholders do not object to the proposed change in the articles. The Directors have no present intention of holding 'virtual-only' meetings.

Proposed amendments also include changes in response to the introduction of international tax regimes (notably to take into account the broader obligations under the Common Reporting Standard) requiring the exchange of information.

A summary of the principal amendments being introduced in the New Articles which the Board considers will be of most interest to shareholders is set out in the appendix to the AGM Notice (on pages 75 to 79 of this document). Other amendments, which are of a minor, technical or clarifying nature, have not been summarised in the appendix.

Annual General Meeting

The Company's AGM will be held on Tuesday 2nd March 2021 at 2.30 p.m., at 60 Victoria Embankment, London EC4Y 0JP.

The Board is very sorry, but due to the ongoing situation surrounding the Covid-19 and Government advice, we have had to revise the format of this year's AGM. The Government has, for the time being, again placed restrictions on public gatherings and therefore, apart from the quorum necessary to hold the AGM, shareholders will not be allowed to attend the AGM in person and will be refused entry.

The Board is aware that many shareholders look forward to hearing the views of the Investment Managers and Directors and asking them questions at the AGM. Accordingly, at the time of the AGM a webinar will be organised, to include the formal business of the AGM, which will involve the participation of two pre-appointed shareholders/proxies, a presentation from the Chairman of the Board and the Investment Managers, all of which may be viewed at the time by registered participants. This will be followed by a live question and answer session. Shareholders are invited to register as participants to join the webinar and address any questions they have either by submitting questions during the webinar or in advance of the AGM via the 'Ask a Question' link on the Company's website www.jpmrussian.co.uk or via email to invtrusts.cosec@jpmorgan.com. Details on how to register as a participant for this event will be posted on the Company's website, or by requesting the details via the email address above.

In light of the changed format, the Board strongly encourages all shareholders to exercise their votes in respect of the meeting in advance, by completing and returning their proxy forms. This will ensure that your votes are registered.

If the situation as detailed above changes we will let you know by posting an update on the Company's website. The Board would like to thank shareholders for their understanding and co-operation at this difficult time. We look forward to meeting with you when, as we all hope, the Covid-19 threat has subsided.

Outlook

To counteract the grave economic impact of the Covid-19 pandemic the Russian Central Bank along with its counterparts in the USA, Europe and other leading economies have introduced fiscal and monetary support. Together with the commencement of vaccination programmes across the globe, which are expected to gradually eliminate the threat of Covid-19, it is hoped that economies will recover strongly if only slowly at first.

Whilst it is always disappointing to report a fall in the value of the Company, given the dependence of the Russian economy on energy, and the recent drop in demand with the accompanying price fall caused by the pandemic, it is not surprising that the Company experienced a drop in NAV and share price. It is however pleasing that performance was better than the benchmark. There are many well run, well capitalised companies in Russia that have relatively strong cash flows even in an economic downturn.

Whilst the Managers are generally optimistic and expect that the level of dividends from companies in the portfolio next year will be similar to that this year, there are a number of uncertainties that might influence the financial performance of companies in Russia going forward, with potential further downward pressure on dividend income arising from possible earnings volatility, changing payout ratios and strengthening sterling against the rouble.

The Managers continue to be highly selective in their choice of investments, monitoring all aspects of performance and governance very closely. As we look ahead we are optimistic that there will be a recovery in the oil price which will have a stimulating effect on the Russian economy. The Company's portfolio is well placed to benefit from an increase in global demand for both energy and materials, as well as from the expected pick up in the local economy. There are many fundamentals that make the Russian market attractive and we are confident the Managers rigorous approach to seeking long term value for shareholders makes for a compelling investment proposition for those willing to take the risk.

Gill Nott
Chairman 26th January 2021

Oleg I. Biryulyov
Investment Manager

Habib Saikaly
Investment Manager

Introduction

In this report, we consider the Company's investment performance for its financial year to 31st October 2020. We discuss the unprecedented market backdrop for the period, examine the drivers of the Company's performance, and then consider the outlook for 2021.

Economic Backdrop: Covid-19, Lockdowns and Hopes for Recovery

This has been a unique period in which Russia's economy and investment markets were, along with the rest of the world, negatively impacted by the Covid-19 pandemic. It has been a testing time for us as investment managers, with Covid providing an unsettling backdrop from January onwards. The pandemic exacerbated an already challenging situation in which global trade was muted, demand for major commodities had weakened materially and corporate profitability was under severe pressure. Moreover, the country's position as the world's largest energy exporter created specific challenges, with severe oil and gas price weakness an inevitable consequence of a global economy that shuddered to a halt in early 2020 and remained challenged throughout the year.

When we wrote to investors in June, we commented on Russia's 'perfect storm' of freefalling commodity prices and very real disruption to both the Russian economy and civil activities. By the end of April, Russia had posted its worst ever drop in retail sales, unemployment had risen to its highest level in four years, and the rouble had devalued materially. Russian equities plunged some 30% as a result of the pandemic, in volatile trading days that were reminiscent of 2008's global financial crisis. Markets subsequently bounced back relatively quickly, with some commentators judging that the country's significant reserves would render it well equipped to handle the economic fall-out. However, although equity valuations have been in recovery mode since April, progress has been rather 'stop-start', with investors remaining cautious through to the end of the reporting period.

To date, Russia has managed the crisis adequately. The medical system was relatively well prepared to cope with a pandemic event like this, thanks to the Government's health care programme and its investment in new medical facilities over the last decade. Financial stimulus packages were admittedly modest by global standards, with less than 5% of Gross Domestic Product (GDP) spent on dedicated economic support. Nevertheless, financial support was made available to those residential households most affected by enforced lockdowns. There was also support for pensioners, plus a popular subsidised mortgage programme designed to bolster demand in the crucial residential construction sector. Businesses were offered credit holidays, subsidised loans and deferrals of tax payments. Also, the Bank of Russia acknowledged the uncertain environment by making successive cuts to its key interest rate to kick-start the economy and reduce domestic bills. There were four interest rate cuts in all in 2020, with the most recent one, in July, taking the rate down to 4.25%.

This time last year we were cautiously optimistic on the prospects for the Russian economy, having witnessed tentative signs of recovery and relative stability in both oil and currency prices. However, Covid-19 came from nowhere and changed everything: the Russian economy is expected to have shrunk by around 3.5% over the course of 2020. Whilst this is better than most other global economies it still has a very negative impact on the country's earnings. Oil prices, so pivotal to the fortunes of the Russian economy, have been in historic decline with the price per barrel for Brent crude oil collapsing to $20 in April before recovering to circa $40 by the end of October. Such unprecedented price movements impacted the purchasing power of households and suppressed consumer demand, not to mention shaving away 70-80% of profits for the Russian energy sector.

One positive consequence of lockdown and lower interest rates has been the record numbers of private investors shifting towards bonds and equities. In the first half of 2020, Russians invested more money in financial markets than they deposited in banks, with private investors playing an increasingly important role in market activity. One such example was the Moscow listing of maternity care specialist ***MDMG***, which we hold, whilst other privatisations and local placings were also successful as a result of domestic demand and liquidity.

Economic signs of life were apparent from summer onwards, as demand recovered post-lockdown. Inevitably we saw a shift in household spending patterns, with expenditure rotating away from the likes of hospitality and travel in favour of telecoms, food (particularly home deliveries) and home entertainment. The Construction sector recovered swiftly, but transportation lagged. There was good news from Russia's biggest oil company ***Rosneft*** which announced the country's largest ever energy project – Vostok Oil, which will take more than ten years to complete but could boost Russian GDP by around 1.5 – 2% over the next three to five years.

Towards the end of the reporting period markets and the rouble were both in recovery mode and sentiment boosted by positive vaccine developments, both in Russia and around the world. This, in turn, should improve the outlook for energy suppliers.

Market Review: Concentrated Performance

Performance was very concentrated over the period, with some 20% of the RTS Index generating more than 80% of returns. Generally speaking, 'growth' stocks were favoured over 'value' stocks.

For the year to 31st October 2020, the Company's net asset value fell by 17.5% on a total return basis, beating the RTS Index benchmark, which fell by a greater 20.7%. Although absolute performance was disappointing, sector allocation helped the Company outperform its benchmark. The total return to shareholders over the period was –17.0% in sterling terms whilst the Company's discount to net asset value was volatile over the period but ended the year at –11.2%, almost unchanged year-on-year.

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 Environmental, Social and Governance (ESG) issues, that they take them into account when building their portfolios and that they raise relevant 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, treat minority shareholders fairly and engage in practices likely to enhance the Company's reputation, not compromise it. We believe that all ESG factors, not just 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, partly due to the impact they can have on investment returns and cash flows; where relevant, we assess 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 a company and identify issues that we wish to address in our future engagements with management.

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 a significant proportion 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. We are always focused on efficient use of capital and efficient capital structures, although 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 continued to reduce 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. We are confident that our stock picking focus on quality and income-generating businesses can counter any negative investment conditions we encounter.

Performance Attribution

Year Ended 31st October 2020

	%	%
Contributions to total returns		
Benchmark return		**–20.7**
Asset allocation	2.8	
Stock selection	0.7	
Gearing/(net cash)	0.3	
Investment Manager contribution		3.8
Portfolio return		**–16.9**
Management fee/other expenses	–1.3	
Share buyback	0.7	
Return on net assets[A]		**–17.5**
Effect of movement in discount over the year		0.5
Return to shareholders[A]		**–17.0**

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 80.

A year ago, our holdings in the **Energy** sector dominated the Company's portfolio, with more than half of the portfolio's value invested there. In late 2019, we decided to diversify the portfolio away from this theme, a decision that proved absolutely the right thing to do as it reduced the portfolio's correlation to the plunging oil price over the course of 2020. Our exposure to the sector has more than halved year-on-year and we ended the year materially underweight relative to our benchmark index.

Energy names ***Lukoil*** and ***Gazprom*** both remain top ten holdings for us, but their weightings are far lower than they were a year ago. As the only fully private oil company in Russia, ***Lukoil*** is our preferred bet in the oil energy sector. 2020 was a tough year in terms of its revenue and earnings, but we are encouraged by the business's strong cash flow generation and its sustainable dividend policy. We reduced our position in ***Gazprom*** as its status as the world's largest publicly-listed natural gas company exposed it to plummeting gas prices and export volumes as a result of EU lockdowns. We envisage a challenging 12-18 months for the business which has a very leveraged balance sheet, but brighter prospects after that.

Elsewhere in the Energy sector, ***Rosneft*** and ***Tatneft*** were two other holdings that we reduced in 2020. Both are very exposed to volatility in production volumes and oil prices, whilst tax incentives received by both companies for extracting certain inaccessible reserves have been reduced, diminishing their attractiveness to us. We continue to like and hold ***Novatek*** as a long-term story and are ready to reload our holding as soon as we witness a change in the trend for gas prices. Finally, investors may recall that we exited ***Surgutneftegas*** in the 2018/19 financial year for reasons we explained in last year's annual report. The company does not fit our investment process because it remains one of the country's most secretive entities, with limited disclosure of its ownership structure, broader governance and strategic plans.

Adding to the significant increase in the share of the portfolio consisting of technology stocks, we reinvested a proportion of the proceeds of our Energy sector sales to add to our investment in multinational technology innovator ***Yandex*** which is now our second largest holding. It was a difficult decision to have to pay such a premium to Yandex's prevailing market value at the time, but it has proven to be well-judged given how the company has thrived during lockdown and subsequently. Society is becoming increasingly digitised so Yandex's position as a Russian equivalent of Google, Tesla, PayPal and Deliveroo rolled into one provides a rather compelling proposition. Its search engine, blogging, video streaming and various delivery services all boomed during lockdown, in a rapidly evolving market. Yandex's cash-rich position and its ambition makes it a very powerful player with enormous growth potential.

Moving to Financials, state-owned ***Sberbank*** dominates the Russian banking sector and has regained its position as our largest holding. It is one of our long-term favoured investments and we continue to be impressed by the bank's dynamism and innovation, both in core and non-core activities. We see ample opportunity for its asset management and insurance arms to deliver material growth from already strong current positions, but particularly noteworthy are its plans to expand further into non-financial ventures, specifically in the big tech space. Sberbank's reach is getting bigger and wider, via its investments in an impressive array of related services such as food delivery, taxis, real estate and payment systems. Sberbank is eyeing much greater future profits from these and other non-financial ventures, with aspirations for half of its total revenue to be sourced from non-banking ventures by around 2030. The bank's return-on-equity (RoE) is estimated at 17% whilst its annual spend of around US$2-3 billion on IT and acquisitions is testament to the scale of its ambition. We see very strong leadership from Sberbank's chief executive Herman Gref who confirmed in August that the bank plans to pay shareholders dividends amounting to 50% of its 2019 net profits. Although we like the business, our holding reflects our view on the relative attractiveness of the stock price against other market opportunities.

We were overweight to the **Materials** sector for most of the review period, thanks to our investments in ***Polyus, Norilsk Nickel*** and ***Polymetal***, which all remain 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 reduced our exposure to Norilsk in June 2020 after an oil spillage at the company's storage facility. We were right in assuming that this high profile, highly profitable company would be punished severely by the authorities, as expected: Norilsk is facing the highest ever penalty for an environmental breach, with potential costs of around US$2,1 billion. The Company has engaged proactively with shareholders, addressing their concerns with new policies, enhanced management oversight and additional budget for capital expenditure projects. We take ESG issues extremely seriously and devoted significant time undertaking thorough analysis and discussions with Norilsk about the accident and how it would avoid such situations in future. We feel confident that the spillage was an isolated breach rather than the start of a worrying pattern.

We sold our holding in diamond mining group ***Alrosa*** last year and remain on the sidelines as we continue to worry about the slow pace of recovery in demand for diamonds. We also sold steel producer ***MMK*** last year and were not surprised when it was the only stock within the Materials sector to postpone dividends this year. However, we do like ***Severstal*** and ***NLMK***, holding both of these steel companies because we consider them amongst 'best in class' in terms of profitability and capital allocation. In July, one of our long-term holdings ***Highland Gold Mining*** announced that it had agreed to a takeover offer from Fortiana Holdings, a deal that valued the group at just over £1 billion. We accepted the offer and sold our position, delivering a significant gain for the portfolio. Another exit in the Materials sector was ***Phosagro*** which we sold in order to fund alternative portfolio picks across other sectors.

Earlier, we referenced our policy of reducing portfolio exposure to smaller, less liquid stocks whenever there is sufficient market liquidity to allow us to do so. Our exit from footwear manufacturer ***Obuv Rossli*** is an example of this policy in action. In retrospect, we overpaid for the stock when we acquired the shares through its 2017 Initial Public Offering. We had overestimated the Company's ability to grow its business profitably and, having acknowledged our mistake, it took an excessive amount of time to sell our holding in this illiquid stock. Other smaller holdings that we continue to hold are road freight transport business *Globaltruck Management* and railway operator ***Global Trans***, both of which struggled through lockdown but remain solvent.

In terms of sectoral weightings, we undertake regular research trips (virtually during Covid-19 restrictions) 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. Apart from the aforementioned Energy sector shift, our exposure to Financials also reduced year-on-year and we are underweight relative to the benchmark. Exposure to Materials, Communications Services, Consumer Staples and Information Technology all increased.

Notable stock changes over the year included our purchases of next generation online payment services provider ***QIWI*** and internet company ***Mail.Ru***. QIWI is a Russian equivalent of PayPal which offers restructuring potential following its recent exit from unprofitable banking ventures. Mail.Ru operates Russia's most popular social networking sites with significant monetisation potential. It also owns several game producing studios which could be beneficiaries of people spending more time at home.

We added to telecommunications stocks this year: we believe both ***Rostelecom*** and ***MTS*** offer positive earnings outlooks as a result of 'working from home' trends and changing consumer spending habits.

Our position in the Consumer Staples sector moved from underweight to overweight over the year, through our large positions in children's retailer ***Detsky Mir*** and multi-format food retailer ***X5***. We believe both should benefit from the redistribution of household spending towards food and e-commerce. For the same reason, we belatedly bought shares in another food retailer, ***Magnit***, having altered our previously negative view on the stock; however we continue to prefer X5 in this space.

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. During the course of the year we added to our holding in Belarus-based, global software engineering and IT consulting player ***EPAM***. We also initiated an investment in ***Kaspi***, a Kazakhstan-based e-commerce platform with its own banking payment service. We continue to be open to investment ideas from neighbouring countries, although opportunities are rare.

Outlook

Although the Company's absolute performance has been disappointing over the review period our longer-term relative record is robust. Our investment approach continues to focus on identifying long-term growth opportunities from individual stocks, as we believe this offers us the best likelihood of delivering positive absolute and relative returns to shareholders, whatever the prevailing economic, geopolitical and investment challenges.

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, although the biggest unknown right now is how long the impact of Covid-19 will endure. Consumers and businesses are likely to remain risk-averse and wary on the economic outlook until the impact of Covid-19 recedes and there is a gradual restoration of the normal order. However, we note that the government's economic recovery plan aims to achieve 3% GDP growth in 2021.

We expect to see:

- Firmer oil prices in 2021, after the price shocks of 2020. These will be driven by production cuts and improving compliance with the guidelines, which will be positive for the earnings of Russian companies. As the world emerges from lockdown, transportation should recover and demand for oil products could be supported.
- The Central Bank of Russia likely to pause before considering further interest rate cuts from the current 4.25%, allowing time to consider how successful the cuts have been in stimulating spending and investment. We expect the rouble to recover some of the losses it sustained against the US Dollar and Sterling over the last year, bearing in mind that Russia's macro situation continues to be one of the best amongst leading global economies.
- After an extremely negative 2020, we expect 2021 and beyond to be positive for both earnings growth and the outlook for dividends.
- The environment around sanctions remaining fluid, and we will continue to monitor the situation. We do not expect any significant progress on diplomatic relations, as it will require a massive shift in stance over events such as the Ukrainian situation, which may not happen until there are leadership changes in the countries involved in this conflict. The state of the Russian economy will dictate how much pressure there is to resolve the current stalemate which clearly impinges on economic ties and trade relationships.

Notwithstanding the challenges that lie ahead, we believe the fundamentals for investing in Russia remain compelling for those investors prepared to take the risk. We remain invested in a number of companies where we expect their dividend track records to remain strong and continue to grow in line with a recovery in earnings. Many of these stocks are well supported by Russian retail investors who, like other retail investors around the world, are seeking new sources of income and are becoming significant holders of high yielding domestic equities. 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

26th January 2021

TEN LARGEST INVESTMENTS

AT 31ST OCTOBER

Company	Sector	2020 Valuation £'000	2020 %[1]	2019 Valuation £'000	2019 %[1]
Sberbank of Russia Preference	Financials	31,374	12.0	48,857	13.7
Yandex 'A'	Communication Services	24,445	9.3	13,400	3.7
Gazprom[2]	Energy	21,876	8.4	58,648	16.4
LUKOIL[2]	Energy	20,388	7.8	55,702	15.6
X5 Retail, GDR[3]	Consumer Staples	16,413	6.3	–	–
Polyus, GDR	Materials	14,655	5.6	10,164	2.8
Polymetal International	Materials	12,948	5.0	11,456	3.2
MMC Norilsk Nickel, ADR	Materials	12,477	4.8	31,708	8.9
EPAM Systems[4]	Information Technology	12,334	4.7	4,349	1.2
Mobile TeleSystems[3]	Communication Services	10,494	4.0	–	–
Total[5]		**177,404**	**67.9**		

[1] Based on total investments of £261.9m (2019: £357.5m).
[2] Includes ADR
[3] Not included in the portfolio of investments as at 31st October 2019.
[4] Not included in the ten largest equity investments at 31st October 2019.
[5] At 31st October 2019, the value of ten largest equity investments amounted to £296.2m representing 82.9% of total investments.

A glossary of terms and APMs is provided on page 25.

SECTOR ANALYSIS

	31st October 2020 Portfolio %[1]	31st October 2020 Benchmark %	31st October 2019 Portfolio %[1]	31st October 2019 Benchmark %
Energy	23.8	37.0	52.5	50.8
Materials	21.7	20.3	17.8	15.8
Communication Services	18.1	14.3	3.7	7.6
Financials	12.0	19.0	17.2	17.8
Consumer Staples	8.9	5.0	0.9	4.3
Information Technology	6.6	0.3	2.8	–
Consumer Discretionary	3.4	1.0	1.8	0.7
Real Estate	2.2	0.3	1.7	0.3
Health Care	1.4	–	1.0	–
Utilities	1.4	2.6	–	2.3
Industrials	0.5	0.2	0.6	0.4
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £261.9m (2019: £357.5m).

LIST OF INVESTMENTS AT 31ST OCTOBER 2020

Company	Valuation £'000
ENERGY	
LUKOIL, ADR	20,388
Gazprom, ADR	18,427
Novatek, GDR	7,959
Rosneft Oil, GDR	6,529
Tatneft Preference	5,700
Gazprom Neft	3,449
	62,452
MATERIALS	
Polyus, GDR	14,655
Polymetal International	12,948
MMC Norilsk Nickel, ADR	12,477
Novolipetsk Steel, GDR	8,986
Severstal, GDR	7,770
	56,836
COMMUNICATION SERVICES	
Yandex	24,445
Mobile TeleSystems	10,494
Mail.Ru, GDR Preference	4,817
Rostelecom	4,288
Kaspi.KZ	3,321
	47,365

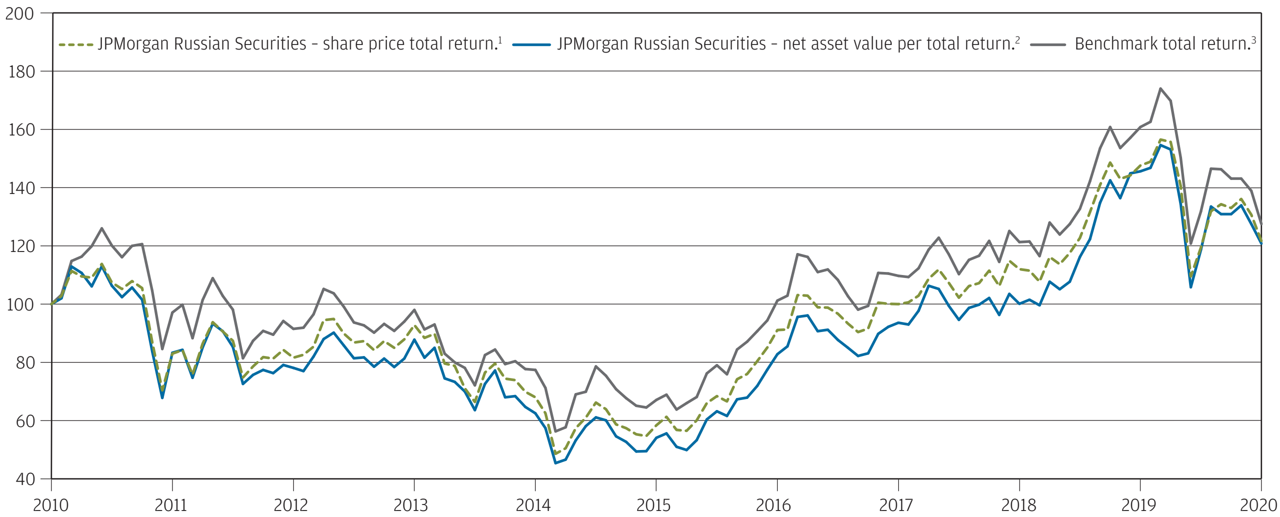
Company	Valuation £'000
FINANCIALS	
Sberbank of Russia Preference	31,374
	31,374
CONSUMER STAPLES	
X5 Retail, GDR	16,413
Magnit	4,305
Ros Agro, GDR	2,636
	23,354
INFORMATION TECHNOLOGY	
EPAM Systems	12,334
QIWI, ADR	4,831
	17,165
CONSUMER DISCRETIONARY	
Detsky Mir	8,801
	8,801
REAL ESTATE	
LSR, GDR	3,320
Etalon, GDR	2,449
	5,769

Company	Valuation £'000
HEALTH CARE	
MD Medical Group Investments, GDR	3,717
	3,717
UTILITIES	
RusHydro	3,622
	3,622
INDUSTRIALS	
Globaltrans Investment, GDR	826
Globaltruck Management	583
	1,409
TOTAL INVESTMENTS	**261,864**

See glossary of terms and APM's on page 25 for definition of ADR and GDR.

TEN YEAR PERFORMANCE

FIGURES HAVE BEEN REBASED TO 100 AT 31ST OCTOBER 2010



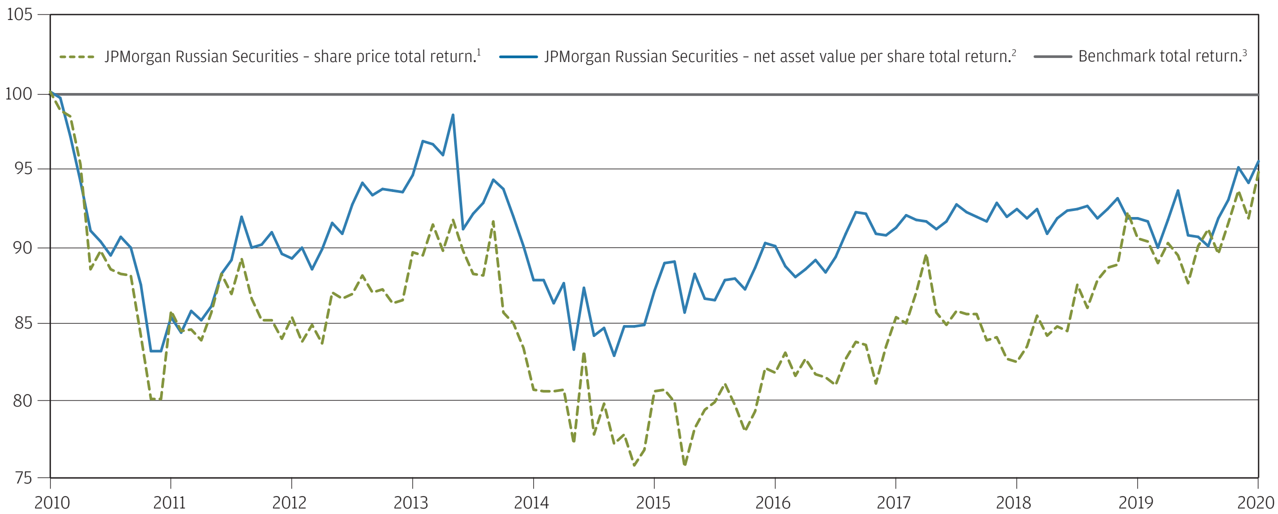
[1] Source: Morningstar.

[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 2010



[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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net assets (£'m)	376.1	311.1	298.8	332.4	236.4	194.6	284.9	300.4	303.2	360.3	266.1
Net asset value per share (p)[A]	680.3	564.4	555.2	631.1	450.0	371.9	544.3	574.7	617.6	780.8	613.4
Share price (p)	637.5	531.0	498.0	560.0	386.8	320.5	455.0	491.5	500.0	694.0	545.0
Share price discount (%)[A]	6.3	5.9	10.3	11.3	14.0	13.8	16.4	14.5	19.0	11.1	11.2
Gearing/(net cash) (%)[A]	(3.0)	(2.1)	(2.1)	(2.3)	(1.0)	(1.4)	(1.8)	(2.1)	(1.3)	(0.8)	(1.6)
Ongoing charges (%)[A]	1.71	1.82	1.51	1.44	1.50	1.43	1.40	1.33	1.33	1.28	1.29
Year ended 31st October											
Gross revenue (£'000)	6,034	7,550	8,589	12,902	9,383	13,598	11,109	15,980	19,207	25,025	20,207
Revenue (loss)/return per share (p)	(0.69)	(0.63)	5.03	18.14	13.38	19.60	15.47	23.97	29.58	40.04	34.01
Dividends per share (p)[1]	–	–	–	15.3	13.0	17.0	14.0	21.0	26.0	35.0	35.0
Returns rebased to 100 at 31st October 2010											
Total return to shareholders[2,A]	100.0	83.3	78.1	87.8	62.5	54.1	82.8	93.6	100.1	145.6	120.8
Total return on net assets[3,A]	100.0	83.0	81.6	92.8	68.0	58.4	91.1	100.0	112.0	147.6	121.7
Benchmark total return[4]	100.0	97.1	91.5	98.0	77.4	67.1	101.2	109.7	121.3	160.8	127.5

[1] 10.0p of the 35.0p 2020 dividend is payable subject to Shareholder approval of Resolution 3 at the 2021 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 25.

The aim of the Strategic Report in pages 4 to 26 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.

The Company's Purpose, Values, Strategy and Culture

The purpose of the Company is to provide a cost effective, sustainable investment vehicle for investors who seek to maximise total return from a diversified portfolio of investments primarily in quoted Russian securities, taking account of wider issues including environmental, social and governance. To achieve this, the Board of Directors is responsible for employing and overseeing an investment management company that has appropriate investment expertise, resources and controls in place to meet the Company's investment objective. To ensure that it is aligned with the Company's purpose, values and strategy, the Board comprises Directors from a diverse background who have a breadth of relevant experience and contribute in an open boardroom culture that both supports and challenges the investment management company and its other third party suppliers.

Structure and Objective of the Company

JPMorgan Russian Securities plc was launched in 2002 and is an investment trust with 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 subject to UK and European legislation and regulations including UK company law, UK Financial Reporting Standards, the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, the Market Abuse Regulations, taxation law and the Company's own Articles of Association. Since the end of the Brexit transition at 11.00 p.m. 31st December, 2020, new autonomous UK regulations became effective and the UK no longer applies EU regulations. However, those EU regulations that were relevant to the Company such as sanctions against Russia, have been incorporated by UK regulations and therefore, remain unchanged.

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 10, and in the Investment Manager's Report on pages 11 to 16.

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 145 billion in assets globally at the end of this reporting period.

Performance

In the year ended 31st October 2020, the Company produced a total return to shareholders of -17.0% and a total return on net assets of -17.5%. This compares with the total return on the Company's benchmark of -20.7%. As at 31st October 2020, the value of the Company's investment portfolio was £261,864. The Investment Manager's Report on pages 11 to 16 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 loss for the year totalled £55,150,000 (2019: £96,835,000 return) Gross return and net loss after deducting management fee, administrative expenses, and taxation, amounted to £61,823,000 (2019: £89,654,000 return). Net revenue return after taxation for the year amounted to £15,375,000 (2019: £19,139,000).

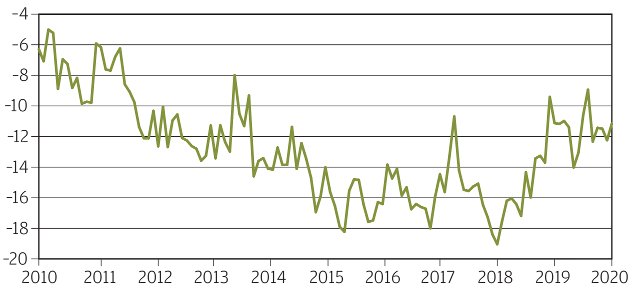
The Directors recommend a final dividend of 10 pence per share as detailed in the Chairman's Statement on page 7, giving a total dividend for the year of 35.0 pence per share.

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 19 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 long term 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 13 for the Company's performance attribution for the year ended 31st October 2020.
- **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 2020, the shares traded at a discount between 7.0% and 22.3%. 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 2020 were 1.29% (2019: 1.28%). 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 2,768,868 of its own shares. Since the year end to 22nd January 2021, the Company has repurchased 263,487 shares. Further details regarding the Company's purchase of its own shares can be seen in the Chairman's report on page 8.

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 and Emerging Risks

The Directors confirm that they have carried out a robust assessment of the principal and emerging 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. Emerging risks, although not separately identified in this Report, were also assessed by the Directors during the period.

These principal 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 Offer 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 21(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 34. 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 calls with 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 21 on pages 65 to 69. 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 20 on page 64, all the Company's assets are categorised as Level 1 as they have quoted prices in an active market.

- **Pandemic Risk – Covid-19**
  The recent emergence and spread of coronavirus (Covid-19) has raised the general risk of global pandemics. Covid-19 poses a significant risk to the Company's portfolio. At the date of this report, the virus has contributed to significant volatility in equity markets. The global reach and disruption to markets of this pandemic is unprecedented, so we have no direct comparators from which to learn. However, seismic events in the past have also been the catalyst for large market falls and huge volatility. Time after time, markets have recovered, albeit over varying and sometimes extended time periods, and so we do have an expectation that the portfolio's holdings will not suffer a material long-term impact and will recover once the vaccination programme takes effect. The Board has also reviewed updates on the measures undertaken by the Manager and major service providers to deal with Covid-19 pandemic restrictions.

Should the virus prove resistant to the vaccine and reemerge, it may present risks to the operations of the Company, its Manager and other major service providers. In addition it may pose a risk of social disorder arising at a local, national or international level. Even limited or localised societal breakdown may threaten both the ability of the Company to operate, the ability of investors to transact in the Company's securities and ultimately the ability of the Company to pursue its investment objective and purpose.

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 11 and 16.

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. The assessment has included the current Covid-19 crisis and the potential impact and the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience. Equity markets have fallen significantly due primarily to concerns around the scale of its impact on the global economy. Although the total cost of Covid-19 is currently hard to predict with any certainty, we do not believe that it calls into question the long term viability of the Company, particularly as the Company has no loan covenants or liabilities that cannot be readily met. 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 to 31st October 2020 exceeding the performance requirement of the tender offer, the expectation 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 2020, 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.

Employees, Social, Community and Human Rights Issues

The Company has a management contract with JPMF. 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 Board notes JPMorgan Asset Management's ('JPMAM') global policy statements in respect of Social, Community and Environmental and Human Rights issues, as highlighted in italics:

JPMAM believes that companies should act in a socially responsible manner. We believe environmental, social and governance ('ESG') considerations, particularly those related to governance, can play a critical role in long-term investment strategy. As an active investment manager, engagement is an important and ongoing component of our investment process, and we view frequent and direct contact with company management as critically important. When considering investment options, we supplement our proprietary thinking with research from a variety of third-party specialist providers and engage directly with companies on a wide array of ESG issues. Our governance specialists regularly attend scheduled one-on-one company meetings alongside investment analysts to help identify and discuss relevant issues. Although our priority at all times is the best economic interests of our clients, we recognise that ESG issues have the potential to impact the share price, as well as the reputation of companies.

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.

The Manager has implemented a policy which seeks to restrict investments in securities issued by companies that have been identified by an independent third party provider as being involved in the manufacture, production or supply of cluster munitions, depleted uranium ammunition and armour and/or anti-personnel mines. Shareholders can obtain further details on the policy by contacting the Manager.

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. As a low energy user under HMRC guidelines it is not required to disclose energy and carbon information. 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/content/dam/jpmc/jpmorgan-chase-and-co/documents/JPMC-Group-Statement-on-Modern-Slavery-FY2019_Final-w-signature.pdf

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

26th January 2021

Directors’ Report

Gill Nott (Chairman of the Board and Management Engagement Committee)

A Director since 2011.

Last reappointed to the Board: March 2020.

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 Milton Global Renewables Trust plc, PMGR Securities 2025 plc (a subsidiary of Premier Milton Global Renewables 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: March 2020.

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. Mr Dunster is currently a member of an Investment Committee of a Baring Vostock investment vehicle.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in the Company: 4,000.

Eric Sanderson

A Director since 4th January 2021.

Last reappointed to the Board: N/A.

Mr Sanderson is a highly experienced and well regarded Non-executive Director and Chairman with extensive knowledge of investment trusts.

He is a Chartered Accountant and former CEO of British Linen Bank. He is currently Non-executive Chairman of Schroder UK Mid Cap Fund plc and BlackRock Greater Europe Investment Trust plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in the Company: None.

Robert Jeens (Audit Committee Chairman and Senior Independent Director)

A Director since 2011.

Last reappointed to the Board: March 2020.

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.

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: March 2020.

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. Mr Pink is currently a Non-executive Director of Ruffer Investment Company Limited.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in the Company: 3,000.

Tamara Sakovska (Chairman of the Nomination Committee)

A Director since 2016.

Last reappointed to the Board: March 2020.

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, a Fellow of the Institute of Directors and a member of the Operating and Investment Selection Committee of the Stanford Angels of the UK. Ms Sakovska is a native Russian speaker.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 3,005.

All Directors are considered independent by the Board.

All Directors are members of the Audit, Nomination and Management Engagement Committees.

The Directors present their report and the audited financial statements for the year ended 31st October 2020.

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 Management Engagement Committee 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.

The performance of the Manager has been thoroughly reviewed 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 Management Engagement Committee and the Board are 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 21), risk management policies (see pages 65 to 69), capital management (see note 22), 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. Considerations also included the impact of the Covid-19 pandemic on the service provided by the Manager and service providers and Brexit. See also Long Term Viability Statement on page 25.

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 28.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 40. 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.

Eric Sanderson was appointed as a Non-executive Director on 4th January 2021.

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

Due to the proximity of the mandatory rotation Ernst & Young LLP will retire as the Company's auditors at the forthcoming Annual General Meeting. As explained in the Audit Committee Report on page 37 the Board proposes that BDO be appointed auditor to the Company, and there is a resolution being put to Shareholders at the forthcoming Annual General Meeting to effect that change.

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 12 & 13)

The Directors will seek renewal of the authority to issue up to 2,155,771 new shares or shares held in Treasury other than by a pro rata issue to existing shareholders up to an aggregate nominal amount of £21,558, 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 75 to 78.

It is advantageous for the Company to be able to issue new shares to 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 14)

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 2021 unless renewed at the 2021 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 75 to 78. Repurchases will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share as and when market conditions are appropriate.

(iii) Adoption of New Articles of Association (resolution 15 special)

Resolution 15, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Existing Articles').

The proposed amendments being introduced in the New Articles will enable the Company to hold shareholder meetings using electronic means, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means, or may be held on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means. Amendments have been made throughout the New Articles to facilitate the holding of virtual-only or hybrid shareholder meetings.

Nothing in the revised Articles of Association will prevent the Company from holding physical general meetings. The amendments are being sought in response to challenges posed by government restrictions on social interactions as a result of the Covid-19 pandemic, which have made it impossible for shareholders to attend physical general meetings. The Board is cognisant of the importance to shareholders of the ability to meet the members of the Board and representatives of the Manager face to face, and is committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting where law and regulation permits. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a last resort to ensure the continued smooth operation of the Company in extreme operating circumstances where physical meetings are prohibited. The Company has no present intention of holding a wholly electronic general meeting but wants to be prepared for the future.

The other proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted.

See also appendix to AGM Notes on page 79 for details.

Recommendation

The Board considers that resolutions 12 to 15 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 28,005 shares representing approximately 0.06% of the voting rights in the Company.

Corporate Governance

Compliance

The Board is committed to high standards of corporate governance. It has considered the principles and provisions of the AIC Code of Corporate Governance published in 2019 (the 'AIC Code'), which addresses the principles and provisions set out in the UK Corporate Governance Code (the 'UK Code') published in 2018, as they apply to investment trust companies. It considers that reporting against the AIC Code, therefore, provides more appropriate information to the Company's shareholders. The Board confirms that the Company has complied with the principles and provisions of the AIC Code, in so far as they apply to the Company's business, throughout the year under review. The latest disclosures required under the AIC Code have been added to this Report. As all of the Company's day-to-day management and administrative functions are outsourced to third parties, it has no executive directors, employees or internal operations and therefore has not reported in respect of the following:

- Role of the CEO, as the Company does not appoint a CEO;
- Executive Director remuneration as the Company does not appoint executive directors;
- The workforce, as the Company has no employees;
- Internal audit function as the Company relies on the internal audit department of the manager; and
- Establishment of a separate Remuneration Committee, as this role is undertaken by the Nomination Committee chaired by a director of the Company who is not the chairman of the board.

Directors' Duty to promote the success of the Company

Section 172 of the Companies Act 2006 requires that a Director must act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members (i.e. shareholders) as a whole and in doing so, have regard (amongst other matters) to the likely consequences of any decision in the long term; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

Given the Company's structure of an investment company with no employees, its key stakeholders are considered to be its current and prospective shareholders, its Manager, its other third party suppliers (including the depositary, registrars, brokers, auditors and other professional service providers), and its portfolio companies.

The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers with appropriate performance records, resources and controls in place to deliver the services that the Company requires. Their performance is monitored by the Board and its committees, who have oversight of the Company's operations. Please see page 34 for further details. The principal supplier is the Manager, in particular the investment management team who are responsible for managing the Company's assets in order to achieve its stated investment objective. The Board maintains a good working relationship with the Manager, who also provides administrative support and promotes the Company through its investment trust sales and marketing teams. Whilst strong long term investment performance is essential, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Manager must have

Corporate Governance Statement continued

regard to ethical and environmental issues that impact society. Hence environmental, social and governance considerations are integrated into the Manager's investment process and will continue to evolve. Please see page 25 for further details.

The Board has sought to engage with and understand the views of the Company's shareholders and other key stakeholders as it regards an understanding of their views as essential in being able to fulfil its duty.

The Directors confirm that they have considered their duty under Section 172 when making decisions during the financial year under review.

Key Board decisions and actions in the year took into account the directors' view of the stakeholders' best interest and promoted the success of the Company. These, which have required the Directors to have regard to applicable Section 172 factors include:

- the appointment of an additional director, post year-end, so as to enable long term succession planning ensuring diversity and an optimal balance of skill sets on the Board; and
- the adherence to the buyback policy as detailed in the Discount Control section on page 8

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 formal evaluation of the Manager is carried out by the Management Engagement Committee 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

During the reporting period, the Board consisted of five Non-executive Directors, all of whom are regarded by the Board as independent. At the time of signature of this Report, there were six Directors, following the appointment of Eric Sanderson on 4th January 2021. Robert Jeens is not standing for reappointment at the Company's AGM, therefore, following the AGM, the number of Directors will revert to five. 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 28.

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.

Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on page 28. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long term success of the Company, are summarised in the biographical details referred to above. All of the Directors held office throughout the year under review and all except Robert Jeens will stand for reappointment at the forthcoming AGM. The length of appointment detailed below is calculated to the month of the Company's AGM in March 2021.

Resolution 5 is for the reappointment of Gill Nott. She joined the Board in November 2011 and has served for nine years and four months as a Director and five years and nine months as Chairman.

Resolution 6 is for the reappointment of Ashley Dunster. He joined the Board in November 2019 and has served for one year and four months as a Director.

Resolution 7 is for the reappointment of Nicholas Pink. He joined the Board in November 2019 and has served for one year and four months as a Director.

Resolution 8 is for the appointment of Eric Sanderson. He joined the Board in January 2021 and at the time of signing this Report has served less than one month as a Director.

Resolution 9 is for the reappointment of Tamara Sakovska. She joined the Board in August 2016 and has served for four years and seven months as a Director.

The Board confirms that each of the Directors standing for reappointment at the forthcoming AGM continue to contribute effectively and recommends that shareholders vote in favour of their reappointment.

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, Mr Dunster, Mr Pink and Ms Sakovska continue to be effective and demonstrate commitment to the role. In addition to the above existing directors, the Board also recommends to shareholders that Eric Sanderson who was appointed as a Non-executive Director of the Company on 4th January 2021, also be 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 28.

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

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended	Management Engagement Committee Meetings Attended
Gill Nott	5	2	1	1
Ashley Dunster	5	2	1	1
Robert Jeens	4	2	1	1
Nicholas Pink	5	2	1	1
Tamara Sakovska	5	2	1	1

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 Committees

Nomination Committee

The Nomination Committee, chaired by Tamara Sakovska, 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 Eric Sanderson to replace Robert Jeens was undertaken by Trust Associates, 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 and Chairman of the Board was led by the Chairman of the Nomination Committee The Committee also reviewed Directors' fees and made recommendations to the Board as required. Triennially the Nomination Committee will consider the appointment of an externally facilitated board evaluation process, as referred to in the AIC Corporate Governance Code.

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.

Corporate Governance Statement continued

Audit Committee

The report of the Audit Committee is set out on page 36.

The Management Engagement Committee

The membership of the Management Engagement Committee consists of all the independent Directors and is chaired by Gill Nott. The Committee meets at least once a year to review the terms of the management agreement between the Company and the Manager, to review the performance of the Manager and fees, to review the notice period that the Board has with the Manager and to make recommendations to the Board on the continued appointment of the Manager following these reviews. During the year the investment management fee was reviewed. The key service providers of the Company are also reviewed. Further information is set out on page 29.

Terms of Reference

Each Committee has 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 83. 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 83.

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 17 to the Notice of Annual General Meeting on page 78.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	Number of voting rights	%
City of London Investment Management Company Limited	12,620,634	29.0%
Lazard Asset Management LLC	8,714,875	19.0%
Wells Capital	2,421,738	5.26%

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 23 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 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 2020, 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, and meets at least twice each year. 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 2020, 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 55. 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 55. 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.
Covid-19 Pandemic	The Audit Committee has reviewed the appropriateness of the adoption of the Going Concern basis in preparing the accounts, particularly in view of the impact of the Covid-19 pandemic. The Audit Committee recommended that the adoption of the Going Concern basis is appropriate (see Going Concern statement on page 50 which also details how the issue was addressed).

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 2018 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.

Assessment of the Effectiveness of the External Audit Process

The Audit Committee 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 and Financial Statements were considered and also engage with Directors as and when required. Having considered the external Auditors' performance, including their technical competence, strategic knowledge, the quality of work, communications and reporting, the Committee was satisfied with the effectiveness of the external audit process.

Auditor Appointment and Tenure

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 2020 was the second year for audit partner Caroline Mercer. Note 6 on page 58 details the Auditor's fees and identifies the significant increase over the previous year. The Auditor had given the Committee due notice that such increases would continue in the context of the anticipated obligatory restructuring of audit activities across the accounting profession. In light of these factors the Committee decided to undertake a formal audit tender process in September 2020 involving three other firms of auditors. Following detailed consideration the Committee recommended to the Board that BDO be appointed as auditors on the basis of the experience demonstrated of the investment trust business and the strength of the audit team. The Board supported the recommendation which will be put to shareholders at the forthcoming Annual General Meeting.

Ernst & Young LLP were invited to participate in the tender but declined due to the proximity of their mandatory rotation. Thanks are given to Ernst & Young LLP for their services over the long period that they have been the Company's Auditors.

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 2020, 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 42.

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

26th January 2021

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 33.

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 2019 and no changes are proposed for the year ending 31st October 2021.

At the Annual General Meeting held on 2nd March 2020, 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 2021 Annual General Meeting will be given in the annual report for the year ending 31st October 2021, 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 44 to 50.

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 2020 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]

Directors' Name	Total fees 2020	2019
Robert Jeens	£31,000	£31,000
Gill Nott	£39,000	£39,000
Ashley Dunster[3]	£26,000	nil
Alexander Easton[2]	nil	£26,000
George Nianias[2]	nil	£26,000
Nicholas Pink[3]	£26,000	nil
Tamara Sakovska	£26,000	£26,000
Total	£148,000	£148,000

[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.

[2] Alexander Easton and George Nianias retired from the Board on 31st October 2019.

[3] Appointed to the Board on 1st November 2019.

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 2020 will be:

	2021
Gill Nott	£39,000
Robert Jeens	£31,000
Ashley Dunster[1]	£26,000
Nicholas Pink[1]	£26,000
Tamara Sakovska	£26,000
Eric Sanderson	£21,667

[1] Eric Sanderson was appointed as a director of the Company on 4th January 2021. He holds no shares in the Company.

No amounts (2019: 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

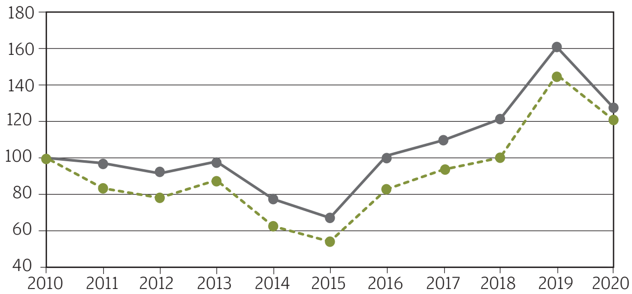
There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The Directors' beneficial shareholdings are detailed below. The Directors have no other share interests or share options in the Company and no share schemes are available.

Directors' Name	2020[1] Number of shares held	2019 Number of shares held
Gill Nott	3,000	3,000
Robert Jeens	15,000	15,000
Ashley Dunster	4,000	–
Alexander Easton[2]	nil	12,018
Nicholas Pink	3,000	–
George Nianias[2]	nil	nil
Tamara Sakovska	3,005	1,305
Total	28,005	31,323

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

Eric Sanderson was appointed as a director of the Company on 4th January 2021. He holds 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 19.

Ten Year Share Price and Benchmark Total Return Performance to 31st October 2020



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 2020 is below:

Remuneration for the role of Chairman over the five years ended 31st October 2020

Year ended 31st October	Fees	Performance related benefits received as a percentage of maximum payable
2020	£39,000	n/a
2019	£39,000	n/a
2018	£37,500	n/a
2017	£37,500	n/a
2016	£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 2020	2019
Remuneration paid to all Directors	£148,000	£148,000
Distribution to shareholders		
– by way of share repurchases	£16,906,000	£17,910,000
– by way of dividend[1]	£15,512,000	£14,593,000
Total distribution to shareholders	£32,418,000	£32,503,000

[1] See note 10(a) on page 60 for further details.

For and on behalf of the Board
Gill Nott
Chairman

26th January 2021

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;
- 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; and
- 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

26th January 2021

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 2020 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 23, 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 23 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 23 in the annual report that they have carried out a robust assessment of the emerging and 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 29 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 12 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 25 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	• Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Statement of Comprehensive Income. • Risk of incorrect valuation or ownership of the investment portfolio. • Risk of failure to adequately assess the potential impact on the Company of the continued Russian economic sanctions. • Impact of Covid-19.
Materiality	• Overall materiality of £2.66 million which represents 1% of shareholders' funds (2019: £3.60 million).

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Statement of Comprehensive Income (as described on page 36 in the Audit Committee's Report and as per the accounting policy set out on page 55). The total revenue for the year to 31st October 2020 was £20.21 million (2019: £25.03 million), consisting primarily of dividend income from listed equity investments. The Company received one (2019: one) special dividend of £0.14 million (2019: £0.09 million), which was classified as revenue. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. In addition to the above, the directors may be required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of Comprehensive Income.	**We have performed the following procedures:** We obtained an understanding of the processes and controls surrounding revenue recognition and classification of special dividends by performing walkthrough procedures. For 100% of dividends, we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share as agreed to an independent data vendor. We agreed a sample to bank statements and, where applicable, we also agreed the exchange rates to an external source. To test completeness of recorded income, we tested that all expected dividends for each investee company had been recorded as income with reference to investee company announcements obtained from an independent data vendor. For all dividends accrued at the year end, we agreed the dividend entitlement to an independent data vendor and agreed the amount receivable to post-year end bank statements. We assessed the appropriateness of the Company's classification of the special dividend as revenue with reference to publicly available information.	**The results of our procedures are:** The results of our procedures identified no material misstatements in relation to incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital in the Statement of Comprehensive Income.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation or ownership of the investment portfolio (as described on page 36 in the Audit Committee's Report and as per the accounting policy set out on page 55). The valuation of the portfolio at 31st October 2020 was £261.86 million (2019: £357.45 million) consisting of listed 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 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 using quoted market bid prices at close of business on the reporting date.	**We performed the following procedures:** We obtained an understanding of the Administrator's processes surrounding the existence and pricing of listed securities 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 inspected the stale pricing reports produced by the Administrator to identify prices that have not changed and verified whether the listed price is a valid fair value. We did not identify any investments with stale pricing. We compared the Company's investment holdings at 31st October 2020 to independent confirmations received directly from the Company's Custodian and Depositary, testing any reconciling items to supporting documentation.	The results of our procedures identified no material misstatements in relation to incorrect valuation or ownership of the investment portfolio.
Failure to adequately assess the potential impact on the Company of the continued Russian economic sanctions (as described on page 36 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. We considered the impact of the sanctions on the valuation of the investment portfolio, in addition to the impact of any failure by the Company to comply with the sanctions regime. 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 compared all investment transactions and the year end portfolio to the UK Government and US Treasury Sanctions lists, to confirm that none of the transactions were with an investee company or individual subject to sanctions.	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.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impact of Covid-19 (as described on pages 6 and 11 in the Strategic Report, page 36 in the Audit Committee's Report and as per the accounting policy set out on page 55). The Covid-19 pandemic has adversely impacted global commercial activity and contributed to significant volatility in global equity and debt markets. As of the date of our audit report, the longer-term impact remains uncertain. This uncertainty had an impact on our risk assessment and, as a result, on our audit of the Financial Statements. The Covid-19 pandemic had the most significant impact on our audit of the Financial Statements in the following areas: **Going concern** There is increased uncertainty in certain assumptions underlying management's assessment of future prospects, which includes the ability of the Company to fund ongoing costs. **Financial Statement disclosures** There is a risk that the impact of Covid-19 is not adequately disclosed in the Financial Statements.	**We performed the following procedures:** **Going concern** We inspected the Directors' assessment of going concern, which includes consideration of the impact of Covid-19, and challenged the assumptions made in the preparation of the revenue and expenses forecast. Where appropriate, we have agreed the inputs and assumptions used in the assessment to the Company's historically observed results. **Financial statements disclosures** We reviewed the adequacy of the Covid-19 and going concern disclosures by evaluating whether they were consistent with the Directors' assessment. We reviewed the disclosures for compliance with the reporting requirements.	As a result of our procedures, we have determined that the Director's conclusion that there is no material uncertainty relating to going concern is appropriate. We have reviewed the disclosures relating to Covid-19 and going concern and determined that they are appropriate.

We re-assessed the risks determined in the prior year and, due to the uncertainty in global markets caused by the Covid-19 pandemic, we revised our risk assessment to include the Key Audit Matter 'Impact of Covid-19'. Our other Key Audit Matters are unchanged 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. All audit work was performed directly by the audit engagement team.

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 £2.66 million (2019: £3.60 million), which is 1% (2019: 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% (2019: 75%) of our planning materiality, namely £2.00 million (2019: £2.70 million). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

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 £0.90 million (2019: £1.14 million), being 5% of the revenue net return before taxation.

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 £0.13 million (2019: £0.18 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, 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 37** – 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 36** – 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 31** – 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' Reports 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 42, 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 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 appointments is 18 years, covering the periods ended 31st October 2003 to 31st October 2020.
- 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
26th January 2021

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 2020

	Notes	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
(Losses)/gains on investments held at fair value through profit or loss	3	–	(75,410)	(75,410)	–	72,431	72,431
Net foreign currency gains/(losses)		–	53	53	–	(621)	(621)
Income from investments	4	20,107	–	20,107	24,931	–	24,931
Interest receivable	4	100	–	100	94	–	94
Gross return/(loss)		**20,207**	**(75,357)**	**(55,150)**	**25,025**	**71,810**	**96,835**
Management fee	5	(1,305)	(1,958)	(3,263)	(1,315)	(1,973)	(3,288)
Other administrative expenses	6	(932)	–	(932)	(978)	–	(978)
Net return/(loss) before finance costs and taxation		**17,970**	**(77,315)**	**(59,345)**	**22,732**	**69,837**	**92,569**
Finance costs	7	(10)	–	(10)	–	–	–
Net return/(loss) before taxation		**17,960**	**(77,315)**	**(59,355)**	**22,732**	**69,837**	**92,569**
Taxation (charge)/relief	8	(2,585)	117	(2,468)	(3,593)	678	(2,915)
Net return/(loss) after taxation		**15,375**	**(77,198)**	**(61,823)**	**19,139**	**70,515**	**89,654**
Return/(loss) per share	9	**34.01p**	**(170.78)p**	**(136.77)p**	**40.04p**	**147.53p**	**187.57p**

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 55 to 70 form part of these financial statements.

FOR THE YEAR ENDED 31ST OCTOBER 2020

	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 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 10)	–	–	–	–	(14,593)	(14,593)
At 31st October 2019	**462**	**139**	**12,528**	**333,503**	**13,708**	**360,340**
Repurchase and cancellation of the Company's own shares	(28)	28	(12,528)	(4,378)	–	(16,906)
Net (loss)/return	–	–	–	(77,198)	15,375	(61,823)
Dividends paid in the year (note 10)	–	–	–	–	(15,512)	(15,512)
At 31st October 2020	**434**	**167**	**–**	**251,927**	**13,571**	**266,099**

[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 15 for details.

The notes on page 55 to 70 form part of these financial statements.

AT 31ST OCTOBER 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	**261,864**	**357,455**
Current assets	12		
Debtors		612	1,500
Cash and cash equivalents		4,129	2,060
		4,741	3,560
Current liabilities			
Creditors: amounts falling due within one year	13	(506)	(674)
Derivative financial liabilities		–	(1)
Net current assets		**4,235**	**2,885**
Total assets less current liabilities		**266,099**	**360,340**
Net assets		**266,099**	**360,340**
Capital and reserves			
Called up share capital	14	434	462
Capital redemption reserve	15	167	139
Other reserve	15	–	12,528
Capital reserves	15	251,927	333,503
Revenue reserve	15	13,571	13,708
Total shareholders' funds		**266,099**	**360,340**
Net asset value per share	16	**613.4p**	**780.8p**

The financial statements on pages 52 to 54 were approved and authorised for issue by the Directors on 26th January 2021 and signed on their behalf by:

Gill Nott
Chairman

The notes on pages 55 to 70 form an integral part of these financial statements.

Company registration number: 4567378.

FOR THE YEAR ENDED 31ST OCTOBER 2020

	Notes	2020 £'000	2019 £'000
Net cash outflow from operations before dividends and interest	17	(4,131)	(4,879)
Dividends received		18,551	21,693
Interest received		98	94
Overseas tax paid		(15)	–
Interest paid		(10)	–
Net cash inflow from operating activities		**14,493**	**16,908**
Purchases of investments		(124,238)	(71,421)
Sales of investments		144,628	85,541
Settlement of forward currency contracts		6	(10)
Net cash inflow from investing activities		**20,396**	**14,110**
Repurchase and cancellation of the Company's own shares		(17,292)	(17,354)
Dividends paid		(15,512)	(14,593)
Net cash outflow from financing activities		**(32,804)**	**(31,947)**
Increase/(decrease) in cash and cash equivalents		**2,085**	**(929)**
Cash and cash equivalents at start of year		2,060	2,997
Exchange movements		(16)	(8)
Cash and cash equivalents at end of year		4,129	2,060
Increase/(decrease) in cash and cash equivalents		**2,085**	**(929)**
Cash and cash equivalents consist of:			
Cash and short term deposits		243	2,060
Cash held in JPMorgan US Dollar Liquidity Fund		3,886	–
Total		**4,129**	**2,060**

The notes on pages 55 to 70 form an integral part of these financial statements.

RECONCILIATION OF NET CASH

	As at 31st October 2019 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st October 2020 £'000
Cash and cash equivalents:				
Cash	2,060	(1,791)	(26)	243
Cash equivalents	–	3,876	10	3,886
	2,060	2,085	(16)	4,129
Total	**2,060**	**2,085**	**(16)**	**4,129**

FOR THE YEAR ENDED 31ST OCTOBER 2020

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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in October 2019.

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

The financial statements have been prepared on a going concern basis. In forming this opinion, the directors have considered any potential impact of Covid-19 pandemic on the going concern and viability of the Company. They have considered the potential impact of Covid-19 and the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience particularly in light of Covid-19. The Directors have reviewed income and expense projections and the liquidity of the investment portfolio in making their assessment.

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.

1. Accounting policies *continued*

(e) Expenses

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

- 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 11 on page 61.

(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.

(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 'Capital Reserve' since the 'Other Reserve' has been extinguished 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

	2020 £'000	2019 £'000
Realised gains on sales of investments	19,286	22,755
Net change in unrealised losses and gains on investments	(94,565)	49,865
Other capital charges	(131)	(189)
Total capital (losses)/gains on investments held at fair value through profit or loss	**(75,410)**	**72,431**

4. Income

	2020 £'000	2019 £'000
Income from investments		
UK dividends	–	116
Overseas dividends	20,107	24,815
	20,107	**24,931**
Interest receivable		
Interest from liquidity fund	45	88
Deposit interest	55	6
	100	**94**
Total income	**20,207**	**25,025**

5. Management fee

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Management fee	1,305	1,958	3,263	1,315	1,973	3,288

Details of the management fee are given in the Directors' Report on page 29.

6. Other administrative expenses

	2020 £'000	2019 £'000
ADR and GDR charges[1]	342	368
Administration expenses	232	229
Directors' fees[2]	148	148
Safe custody fees	127	134
Depositary fees[3]	44	43
Auditors' remuneration for audit services[4]	39	31
Savings scheme costs[5]	–	25
Total	932	**978**

[1] Consists of the costs to the Company of holding American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs). See note 19. 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 64, and Glossary of Terms and Alternative Performance Measures (APMs) on page 80 for further details.

[2] Full disclosure is given in the Directors' Remuneration Report on pages 39 to 40.

[3] Includes £5,000 (2019: £4,000) irrecoverable VAT.

[4] No fees were payable to the auditors for non-audit services (2019: nil). Includes £4,000 (2019: £3,000) irrecoverable VAT.

[5] Paid to the Manager for administration of saving scheme products.

7. Finance costs

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Bank overdraft Interest	10	–	10	–	–	–

8. Taxation

(a) Analysis of tax charge in the year

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Overseas withholding tax	2,468	–	2,468	2,915	–	2,915
Tax relief on expenses charged to capital	117	(117)	–	678	(678)	–
Total tax charge for the year	**2,585**	**(117)**	**2,468**	**3,593**	**(678)**	**2,915**

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

The tax assessed for the year is lower (2019: lower) than the Company's applicable rate of corporation tax of 19% (2019:19%).

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

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Net return before taxation	17,960	(77,315)	(59,355)	22,732	69,837	92,569
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2019: 19%)	3,412	(14,690)	(11,278)	4,319	13,269	17,588
Effects of:						
Non taxable capital losses/(gains)	–	14,318	14,318	–	(13,644)	(13,644)
Non taxable UK dividends	–	–	–	(22)	–	(22)
Non taxable overseas dividends	(2,717)	–	(2,717)	(2,400)	–	(2,400)
Tax attributable to expenses and finance costs charged to capital	(372)	372	–	(375)	375	–
Tax relief on expenses charged to capital	117	(117)	–	678	(678)	–
Overseas withholding tax	2,468	–	2,468	2,915	–	2,915
Double taxation relief	(578)	–	(578)	(1,218)	–	(1,218)
B/F Income/(expense) utilised	255	–	255	(304)	–	(304)
Total tax charge for the year	**2,585**	**(117)**	**2,468**	**3,593**	**(678)**	**2,915**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £423,000 (2019: £151,000) based on a prospective corporation tax rate of 19% (2019: 17%). The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. 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.

9. Return/(loss) per share

	2020 £'000	2019 £'000
Revenue return	15,375	19,139
Capital (loss)/return	(77,198)	70,515
Total (loss)/return	**(61,823)**	**89,654**
Weighted average number of shares in issue during the year	45,203,549	47,795,970
Revenue return per share	34.01p	40.04p
Capital (loss)/return per share	(170.78)p	147.53p
Total return/(loss) per share	**(136.77)p**	**187.57p**

10. Dividends

(a) Dividends paid and proposed

	2020 £'000	2019 £'000
Dividends paid		
2019 final dividend of 10.0p (2018: 6.0p)	4,601	2,905
2020 interim dividend of 25.0p (2019: 25.0p)	10,911	11,688
	15,512	**14,593**
Dividend proposed		
2020 final dividend of 10.0p (2019: 10.0p)	4,338	4,615

The dividend proposed in respect of the year ended 31st October 2019 amounted to £4,615,000. However the amount paid amounted to £4,601,000 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 2020 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 2021.

(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 £15,375,000 (2019: £19,139,000).

	2020 £'000	2019 £'000
2020 interim dividend of 25.0p (2019: 25.0p)	10,911	11,688
2020 final dividend of 10.0p (2019: 10.0p)	4,338	4,615
Total dividends for Section 1158 purposes	**15,249**	**16,303**

The aggregate of the distributable revenue reserves after the payment of the final dividend will amount to £9,233,000 (2019: £9,093,000).

11. Investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Investments listed on a recognised stock exchange	261,864	357,455
Opening book cost	243,460	234,971
Opening investment holding gains	113,995	64,130
Opening valuation	357,455	299,101
Purchases at cost	124,454	71,421
Sales proceeds	(144,766)	(85,687)
Gains on sales of investments based on the carrying value at the previous balance sheet date	19,286	6,578
Net movement in investment holding gains	(94,565)	66,042
	261,864	**357,455**
Closing book cost	242,434	243,460
Closing investment holdings gains	19,430	113,995
Total investments held at fair value through profit or loss	**261,864**	**357,455**

The Company received £144,766,000 (2019: £85,687,000) from investments sold in the year. The book cost of these investments when they were purchased was £125,480,000 (2019: £62,932,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs on purchases during the year amounted to £211,000 (2019: £243,000) and on sales during the year amounted to £96,000 (2019: £69,000). These costs comprise mainly brokerage commission.

12. Current assets

	2020 £'000	2019 £'000
Debtors		
Dividends and interest receivable	562	1,472
Other debtors	10	14
Overseas tax recoverable	21	6
VAT recoverable	19	5
Securities sold awaiting settlement	–	3
Total	**612**	**1,500**

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 2020 (2019: £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 19 for details.

13. Current liabilities

	2020 £'000	2019 £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	216	–
Repurchase of the Company's own shares awaiting settlement	170	556
Other creditors and accruals	120	118
Total	506	674

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

	2020 £'000	2019 £'000
Derivative financial liabilities		
Currency contracts	–	1

14. Called up share capital

	2020 £'000	2019 £'000
Issued and fully paid share capital:		
Ordinary shares of 1p each		
Opening balance of 46,147,780 (2019: 49,093,384) shares	462	491
Repurchase and cancellation of 2,768,868 (2019: 2,945,604) shares	(28)	(29)
Closing balance of 43,378,912 (2019:46,147,780) shares	434	462

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 23.

15. 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	462	139	12,528	219,509	113,994	13,708	360,340
Realised foreign currency losses on cash and cash equivalents	–	–	–	53	–	–	53
Unrealised losses on foreign currency contracts	–	–	–	(1)	1	–	–
Realised gains on investments	–	–	–	19,286	–	–	19,286
Unrealised losses on investments	–	–	–	–	(94,565)	–	(94,565)
Repurchase and cancellation of the Company's own shares	(28)	28	(12,528)	(4,378)	–	–	(16,906)
Expenses charged to capital	–	–	–	(1,958)	–	–	(1,958)
Other capital charges	–	–	–	(131)	–	–	(131)
Tax relief on expenses charged to capital	–	–	–	117	–	–	117
Retained revenue for the year	–	–	–	–	–	15,375	15,375
Dividends paid in the year	–	–	–	–	–	(15,512)	(15,512)
Closing balance	**434**	**167**	**–**	**232,497**	**19,430**	**13,571**	**266,099**

[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.

16. Net asset value per share

	2020	2019
Net assets (£'000)	266,099	360,340
Number of shares in issue	43,378,912	46,147,780
Net asset value per share	**613.4p**	**780.8p**

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

	2020 £'000	2019 £'000
Net (loss)/profit on ordinary activities before taxation and finance costs	(59,345)	92,569
Add Capital loss/less (capital profit) before taxation	77,315	(69,837)
Decrease/(increase) in accrued income and other debtors	900	(311)
Increase/(decrease) in accrued expenses	12	(23)
Overseas withholding tax	(2,468)	(2,915)
Expense fee charged to capital	(1,958)	(1,973)
Dividends received	(18,551)	(21,693)
Interest received	(98)	(94)
Realised gain/(loss) on foreign exchange transactions	201	(81)
Realised loss on liquidity fund	(139)	(521)
Net cash outflow from operations before dividends and interest	**(4,131)**	**(4,879)**

18. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2019: none).

19. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 29. The management fee payable to the Manager for the year was £3,263,000 (2019: £3,288,000) of which £nil (2019: £nil) was outstanding at the year end.

During the year £Nil (2019: £25,000), including VAT, was payable to the Manager for the administration of savings scheme products, of which £nil (2019: £nil) was outstanding at the year end.

Included in note 6 on page 58 are safe custody fees amounting to £127,000 (2019: £134,000) payable to JPMorgan Chase Bank N.A. during the year of which £21,000 (2019: £23,000) 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 £27,000 (2019: £18,000) of which £nil (2019: £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 £3,886,000 (2019: £nil). Interest amounting to £45,000 (2019: £88,000) was receivable during the year of which £nil (2019: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £131,000 (2019: £189,000) were payable to JPMorgan Chase Bank N.A. during the year of which £2,000 (2019: £12,000) was outstanding at the year end.

Dividend Charges of £342,000 (2019: £368,000) identified in note 6. Other administrative expenses include £nil (2019: £10,000) 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 £243,000 (2019: £2,060,000) was held with JPMorgan Chase Bank, N.A.. A net amount of interest of £55,000 (2019: £6,000) was receivable by the Company during the year from JPMorgan Chase.

Full details of Directors' remuneration and shareholdings can be found on page 40 and in note 6 on page 58.

20. 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 55.

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

	2020 Assets £'000	2020 Liabilities £'000	2019 Assets £'000	2019 Liabilities £'000
Level 1	261,864	–	357,455	–
Level 2[1]	–	–	–	(1)
Total	**261,864**	**–**	**357,455**	**(1)**

[1] Currency contracts.

There were no transfers between Level 1, 2 or 3 during the year (2019: same).

21. 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.

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

(a) Market risk *continued*

(i) Currency risk *continued*

Foreign currency exposure *continued*

	2020			
	US Dollar £'000	Rouble £'000	Euro £'000	Total £'000
Net current assets	4,278	–	–	4,278
Foreign currency exposure on net monetary items	4,278	–	–	4,278
Investments held at fair value through profit or loss	248,333	583	–	248,916
Total net foreign currency exposure	**252,611**	**583**	**–**	**253,194**

	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**

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 20% (2019: 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.

	2020		2019	
	If sterling strengthens by 20% £'000	If sterling weakens by 20% £'000	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	4,030	(4,030)	(2,490)	2,490
Capital return	856	(856)	(294)	294
Total return after taxation	4,886	(4,886)	(2,784)	2,784
Net assets	**4,886**	**(4,886)**	**(2,784)**	**2,784**

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 21(a) (iii).

(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.

	2020 £'000	2019 £'000
Exposure to floating interest rates		
JPMorgan US Dollar Liquidity Fund	3,886	–
Cash and short term deposits	243	2,060
Total exposure	**4,129**	**2,060**

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% (2019: 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.

	2020		2019	
	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	21	(21)	10	(10)
Capital return	–	–	–	–
Total return after taxation	21	(21)	10	(10)
Net assets	**21**	**(21)**	**10**	**(10)**

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.

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

(a) Market risk *continued*

(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:

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	261,864	357,455

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 17 and 18. 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% (2019: 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.

	2020		2019	
	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	(262)	262	(143)	143
Capital return	26,186	(26,186)	35,531	(35,531)
Total return after taxation	25,924	(25,924)	35,388	(35,388)
Net assets	**25,924**	**(25,924)**	**35,388**	**(35,388)**

(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:

	2020				2019			
	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	Total £'000	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	Total £'000
Creditors:								
Securities purchased awaiting settlement	216	–	–	216	–	–	–	–
Repurchase of the Company's own shares awaiting settlement	170	–	–	170	556	–	–	556
Other creditors and accruals	120	–	–	120	118	–	–	118
Derivative financial liabilities – futures contracts	–	–	–	–	1	–	–	1
	506	–	–	506	675	–	–	675

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.

22. Capital management policies and procedures

The Company's capital structure comprises the following:

	2020 £'000	2019 £'000
Equity		
Called up share capital	434	462
Reserves	265,665	359,878
Total capital	**266,099**	**360,340**

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.

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	261,864	357,455
Net assets	266,099	360,340
Net cash	**1.6%**	**0.8%**

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.

23. 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 2020 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 2019 Performance Year in June 2019 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 2019 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 30 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 38 sub-funds) as at 31st December 2019, with a combined AUM as at that date of £13.8 billion and £17.1 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company ($'000s)	15,972	9,139	25,111	119

The aggregate 2019 total remuneration paid to AIFMD Identified Staff was USD $57,449,000, of which USD $4,425,000 relates to Senior Management and USD $53,024,000 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 2020.

Shareholder Information

Notice is hereby given that the eighteenth Annual General Meeting of JPMorgan Russian Securities plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Tuesday, 2nd March 2021 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 2020.
2. To approve the Directors Remuneration Policy
3. To approve the Directors' Remuneration Report for the year ended 31st October 2020.
4. To approve a final ordinary dividend of 10.0p per share.
5. To reappoint Gillian Nott a Director of the Company.
6. To reappoint Ashley Dunster a Director of the Company.
7. To reappoint Nicholas Pink a Director of the Company.
8. To reappoint Eric Sanderson a Director of the Company.
9. To reappoint Tamara Sakovska a Director of the Company.
10. That BDO be appointed as Auditor of the Company in place of the retiring Auditor, to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company.
11. To authorise the Directors to determine the auditors remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

12. 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 £21,558, 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

13. THAT subject to the passing of Resolution 12 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 12 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 £21,558, 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 12 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

14. 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 6,463,002 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 2021 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.

Adoption of New Articles of Association

15. THAT the Articles of Association produced to the meeting and signed by the chairman of the meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the meeting.

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

26th January 2021

Notes

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

1. At the date of this Notice the format of the Company's 2021 AGM has had to be changed so that it complies with both the existing Companies Act and the recently introduced legislation which the UK Government introduced to limit the impact of the Covid-19 pandemic, restricting travel and limiting gatherings to no more than two persons. Shareholders are asked to comply with the government's latest Covid-19 pandemic legislation restricting travel and public gatherings and not to attend the AGM. Arrangements will be made by the Company to ensure that the minimum number of two shareholders required to form a quorum for the AGM will attend the meeting in order that the meeting may proceed and the business be concluded. To ensure compliance with Covid-19 pandemic legislation restricting public gatherings, no shareholders (other than the two previously notified shareholders making up the quorum for the AGM) will be permitted to attend the meeting and entry to the building will not be allowed.
2. Subject to compliance with Covid-19 pandemic legislation as detailed in note 1. above, 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.
3. Subject to compliance with Covid-19 pandemic legislation as detailed in note 1. above, 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.
4. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.
5. 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.

6. 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.

7. Subject to compliance with Covid-19 pandemic legislation as detailed in note 1, entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.

8. Subject to compliance with Covid-19 pandemic legislation as detailed in note 1 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. As at 22nd January 2021 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 43,115,425 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 43,115,425.

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.

Summary of the principal amendments to the Company's articles of association

Set out below is a summary of the principal amendments which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 15 to be proposed at the AGM is approved by shareholders.

This summary is intended only to highlight the principal amendments which are likely to be of interest to shareholders. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. This summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection on the Company's website, www.jpmrussian.co.uk and at the offices of J.P. Morgan Asset Management, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00 a.m. and 5.00 p.m. (Saturdays, Sundays and public holidays excepted), from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

The proposed amendments being introduced in the New Articles will enable the Company to hold shareholder meetings using electronic means, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means, or may be held on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means. Amendments have been made throughout the New Articles to facilitate the holding of virtual-only or hybrid shareholder meetings.

Nothing in the revised Articles of Association will prevent the Company from holding physical general meetings. The amendments are being sought in response to challenges posed by government restrictions on social interactions as a result of the Covid-19 pandemic, which have made it impossible for shareholders to attend physical general meetings. The Board is cognisant of the importance to shareholders of the ability to meet the members of the Board and representatives of the Manager face to face, and is committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting where law and regulation permits. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a last resort to ensure the continued smooth operation of the Company in extreme operating circumstances where physical meetings are prohibited. The Company has no present intention of holding a wholly electronic general meeting but wants to be prepared for the future.

International tax regimes requiring the exchange of information

The Hiring Incentives to Restore Employment Act 2010 of the United States of America (commonly known as the Foreign Account Tax Compliance Act) and all associated regulations and official guidance ('FATCA') imposes a system of information reporting on certain entities including foreign financial institutions such as the Company following the enactment of the UK International Tax Compliance (United States of America) Regulations 2013 on 1st September 2013 (as replaced by the International Tax Compliance Regulations 2015 (the 'Regulations')). It is proposed that the Existing Articles will be amended to provide the Company with the ability to require shareholders to co-operate with it so that the Company is able to comply with its obligations under the Regulations in order to avoid being deemed to be a 'Nonparticipating Financial Institution' for the purposes of FATCA (and consequently having to pay withholding tax to the US Internal Revenue Service). The Existing Articles will also be amended to ensure that the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, as such liability would be to the detriment of shareholders as a whole.

The Regulations also include the automatic exchange of information regimes brought in by the tax regulation under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the '**Common Reporting Standard**') which requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. As a result, the Company will have to provide information annually to the local tax authority on the tax residency of a number of non-UK based certified shareholders and corporate entities.

Therefore, the Existing Articles will also be amended in order to provide the Company with the ability to require shareholders to co-operate in respect of these broader obligations including its obligations under the Common Reporting Standard and FATCA.

Minor amendments

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles, including: (i) providing the Directors with the ability to require additional security measures to be put in place at general meetings of the Company; (ii) providing the Directors with the ability to postpone general meetings; (iii) the inclusion of a procedure in the event an insufficient number of Directors are re-elected at an annual general meeting of the Company; (iv) providing the Board with the express ability to establish a capital reserve which may be used for any of the purposes to which sums standing to any revenue reserve may be applied (including to fund dividend payments and share buy backs if the Board believes it is in the best interests of the Company to do so); and (v) allowing the Company to pay dividends through bank transfers instead of by way of cheques with the further ability to retain cash payments where bank details are not provided by a shareholder. These changes reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

Return to Shareholders (APM)

Total return to the 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 2020	Year ended 31st October 2019	
Opening share price (p)	5	694.0	500.0	(a)
Closing share price (p)	5	545.0	694.0	(b)
Total dividend adjustment factor[1]		1.056602	1.047906	(c)
Adjusted closing share price (d = b x c)		575.8	727.2	(d)
Total return to shareholders (e = d / a – 1)		**–17.0%**	**45.4%**	**(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 16 on page 63 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 2020	Year ended 31st October 2019	
Opening NAV per share (p)	5	780.8	617.6	(a)
Closing NAV per share (p)	5	613.4	780.8	(b)
Total dividend adjustment factor[1]		1.050142	1.041914	(c)
Adjusted closing NAV per share (d = b x c)		644.2	813.5	(d)
Total return on net assets (e = d / a – 1)		**–17.5%**	**31.7%**	**(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 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 2020 £'000	31st October 2019 £'000	
Investments held at fair value through profit or loss	53	261,864	357,455	(a)
Net assets	53	266,099	360,340	(b)
Gearing/(net cash) (c = a / b – 1)		**(1.6)%**	**(0.8)%**	**(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 2020 £’000	31st October 2019 £’000	
Management Fee	57	3,263	3,288	
Other administrative expenses	58	932	978	
Total management fee and other administrative expenses		4,195	4,266	(a)
Average daily cum-income net assets		325,661	332,489	(b)
Ongoing charges (c = a / b)		**1.29%**	**1.28%**	**(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 8).

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.

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 You Invest	Halifax Share Dealing
Barclays Smart Investor	Hargreaves Lansdown
Charles Stanley Direct	Interactive Investor
EQi	The Share Centre
Fidelity Personal Investing	

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.

The Board encourages all of its shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability 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 Association of Investment Companies' ('AIC') website at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms for information on which platforms support these services and how to utilise them.

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

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
Atria One,
144 Morrison St.,
Edinburgh
EH3 8EX

Brokers

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

aic
The Association of Investment Companies

A member of the AIC

CONTACT

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J.P.Morgan
Asset Management