JPMorgan Russian Securities plc

Annual Report & Financial Statements for the year ended 31st October 2021

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 28 to 29.

Benchmark
The RTS Index in sterling terms (RTS)[1].

Capital Structure
UK domiciled. Full listing on the London Stock Exchange.

At 31st October 2021, the Company's share capital comprised 40,776,176 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 (AGM) in 2022 and every five years thereafter.

As detailed in the RNS announcement released by the Company on 24th November 2021, the Company's NAV to 31st October 2021 outperformed the benchmark over a five year period and therefore it will not be necessary for a tender offer to be made in the event that the continuation vote is passed.

The Continuation Vote and Tender will be maintained following the 2022 AGM and the next vote will be at the 2027 AGM. If the continuation vote in 2027 is passed then the Board is committed to offer shareholders 25% of the outstanding share capital at NAV less costs, and less a discount of 2% if, over the five years from 1st November 2021, 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
From the 1st November 2021 subject to market conditions, the Board will authorise buybacks of up to 6% p.a. of issued share capital, when the shares are trading at a discount wider than 10%.

Dividend Policy
With effect from the financial year commencing 1st November 2021, the Company intends to declare quarterly dividends.

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.

[1] See Glossary on page 88 for further details of the Company's benchmark.

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 quality companies that demonstrate the best long term growth or value opportunities.

Oleg I. Biryulyov
Investment Manager

We seek to identify investee companies that run their businesses in a sustainable and efficient way, with high quality governance practices. We also aim to influence their behaviour and encourage best practice through dialogue.

Habib Saikaly
Investment Manager

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 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. The Managers' in-depth fundamental analysis focuses on the economic, longevity and governance of a business.

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TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2021	2020	3 Years Cumulative	5 Years Cumulative
Return to shareholders[1,A]	+65.8%	-17.0%	+100.1%	+142.0%
Return on net assets[2,A]	+61.0%	-17.5%	+75.0%	+115.2%
Benchmark return[3]	+70.3%	-20.7%	+79.7%	+114.6%
Net asset return compared to benchmark return	-9.3%	+3.2%	-4.7%	+0.6%
Dividends per share	35.0p	35.0p		

[1] Source: Morningstar. Change in share price with dividends reinvested.
[2] Source: Morningstar/J.P. Morgan, using net asset value per share.
[3] Source: RTS Index in sterling terms (RTS).
[A] Alternative Performance Measure ('APM').

A glossary of terms and Alternative Performance Measures (APMs) is provided on page 88.

SUMMARY OF RESULTS

	2021	2020	% change
Net asset value, share price and discount at 31st October			
Shareholders' funds (£'000)	397,015	266,099	+49.2
Net asset value per share[A]	973.6p	613.4p	+58.7
Net return/(loss) after taxation (£'000)	154,174	(61,823)	+349
Gross return/(loss) (£'000)	160,797	(55,150)	+392
Return/(loss) per share	364.48p	(136.77)p	+366
Share price	864.0p	545.0p	+58.5
Exchange rate (US$: £1)	1.37	1.29	+6.3
Exchange rate (Rouble : £1)	97.27	102.78	-5.4
Share price discount to net asset value per share[A]	11.3%	11.2%	
Shares in issue	40,776,176	43,378,912	
Revenue for the year ended 31st October			
Gross revenue return (£'000)	19,701	20,207	-2.5
Net revenue return on ordinary activities after taxation (£'000)	15,030	15,375	-2.2
Revenue return per share	35.53p	34.01p	+4.5
Dividend per share	35.0p	35.0p	–
Net cash at 31st October[A]	2.8%	1.6%	
Ongoing charges[A]	1.21%	1.29%	

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

LONG TERM PERFORMANCE (TOTAL RETURNS) AT 31ST OCTOBER 2021

[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 glossary of terms and APMs is provided on page 88.

Gill Nott
Chairman

Performance

The Russian equity market has performed exceptionally strongly during the financial year under review, significantly outperforming both emerging markets and developed ones. The market rose by 70.3% total return as measured by the Company's benchmark, at a time when the FTSE 100 remained almost flat. The Company's return on a net assets basis was +61.0%, and +65.8%, on a return to shareholder basis, underperforming the benchmark by 9.3% and 4.5% respectively. Although this was disappointing, one of the reasons was the 'recovery rally' which surprised many investors, and should not detract from the exceptionally high absolute returns that the Company achieved. More detailed information is provided below. The performance over the last five years has marginally beaten the benchmark with a total NAV return of +115.3% compared to a benchmark return of +114.6%. Therefore, the condition that there should be a tender offer for 20% of the shares in the event of the failure to meet the benchmark return will not apply, and no tender will take place in 2022.

The longer term performance of the Company has been good and the Company has outperformed the RTS index delivering a creditable annualised average return of +9% p.a. in NAV terms over 10 years, compared to a benchmark return of +8.4% p.a. on the same basis. The Russian economy is dominated by energy and financial stocks, which were hit heavily at the start of the pandemic but have rebounded recently as global economic activity picked up. A combination of factors has led to a very rapid rise in energy prices which has benefitted the Russian economy and stock market. Unless the current Covid-19 variant causes a further setback to global economies, the strength of the Russian energy stocks looks set to continue. Pleasingly, the level of the Company's discount was relatively stable over the year averaging 11.1%, and only moving out substantially at the peak of the pandemic - see further details in the Discount Control section below.

Overview

The Russian economy has recovered well from the lows of the 2020 recession caused by the start of the Covid-19 pandemic. Although the level of vaccination in Russia was relatively slow to start with, largely due to vaccination reticence , it is picking up now and the economy has largely remained open. The rise in oil and gas prices has enabled the Government to extend considerable support to the domestic economy, both through public sector investment in medical services, infrastructure and defence projects as well as by direct payments to households in the form of increased pensions and one-off payments. The economy is growing currently at around 4% p.a. with industrial production growing at around 7% p.a.

During the year the Investment Manager sought to reposition the portfolio to take advantage of the recovery, the most significant changes being a greater tilt towards energy stocks that are benefitting so strongly from increased global growth. This has provided a positive contribution to the Company's performance. However, a significant detractor and the cause for the underperformance against the index was the stock selection in the materials sector, where one or two less liquid stocks we did not hold performed surprisingly well. Another factor was the Company's underweight holdings in financials, partially offset by our investment in a new Kazakhstan based fintech and banking company, Kaspi that came to market as an IPO. We were overweight in information technology stocks and this also detracted from performance as did the selection of stocks in the communications sector.

With the domestic economy set to grow strongly (subject to any setback caused by the Omicron variant of Covid-19), the choice of consumer focused stocks will be important going forward as we expect this sector to deliver more value. This year however, our overweight allocation to this sector and choice of stocks was a detractor.

There were an number of IPOs in the Russian market this year, which is a welcome development. However, the Managers considered them to be generally overvalued and did not participate in most, with the exception of Kaspi referred to above, and Fixed Price. It is very encouraging to see the number of private investors in Russia growing with almost 20% of Russian households having some equity investment. This a major change from few year ago and must be good for market liquidity.

The Russian market remains on a very low price earnings ratio compared to more developed markets 5.1x (RTSI$) vs 20x (MSCI World Index) and offers a very attractive yield 7.2% vs 1.8%. Data based on Bloomberg's consensus.

Sanctions remain a concern for the Company. Whilst the Russian economy has adjusted to them, it is important that the Company complies fully with them and they remain a key risk. JPMorgan Asset Management's compliance and investment functions monitors all investments and regularly assure the Board that processes are in place to ensure that the Company remains compliant with the current sanctions regime. On the broader front 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 30, which now include the risk of global pandemics.

Dividends for 2021

Net revenue for the year, after tax, was £15,030,000 (2020: £15,375,000) and the revenue return per share, calculated on the average number of shares in issue, was 35.53p (2020: 34.01p). The reduction in revenue has arisen largely as a result of the negative impact of the Covid-19 pandemic on dividend receipts. The Company has accumulated considerable revenue reserves for the year ended 31st October 2021, see note 15 on page 73. 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 2021 was paid on 5th November 2021. The Company receives most of its dividend income well before the end of its financial year ending 31st October, and hence up until now the company has distributed the large majority of its net income as an interim dividend. The Board proposes a final dividend of 10.0p per share in respect of the year ended 31st October 2021 making a total dividend of 35.0p per share for the year (2020: 35.0p per share). The final dividend is proposed to be paid on 11th March 2022 to ordinary shareholders on the register at the close of business on 4th February 2022.

If approved by shareholders, the final dividend will amount to £4,078,000, 10.0p per share (2020: £4,338,000, 10.0p per share).

Revised Dividend Policy for 2022

Looking ahead, the Board has decided to revise the Company's dividend policy. Dividends from Russian companies have been rising in recent years and the Company has increased its dividends accordingly. We also now have more confidence in the likely level of dividends due in the forthcoming year due to Russian company dividend policies and intend from now on to pay quarterly dividends, forecasting them in advance in the Annual Report. If then at the end of the year there is a surplus, it will be distributed as a higher final dividend, or if there is shortfall, we will use reserves to top up the final dividend. The aim is that shareholders can be confident about the level of dividends for the year ahead. This year we expect the dividends to be a total 60.0p giving a quarterly dividend of 15.0p. These are scheduled to be paid in March, June, September and January. The large increase in the total dividend forecast in 2022 compared with 2021 arises from the improved income generation performance of many of the companies in the Company's portfolio.

Continuation Vote and Tender

At the Company's Annual General Meeting (AGM) on 7th March 2017, a resolution was passed requiring the Company to put a continuation vote to shareholders every five years. Therefore, a continuation vote will be put to shareholders as an ordinary resolution at the forthcoming AGM to be held on 4th March 2022. Given the positive performance returns highlighted above, and the ongoing need for experienced active managers to help investors navigate the risks associated with investments in Russia, your Board recommends to shareholders that they vote in favour of the Company continuing as an investment trust for a further five year period.

As detailed in the RNS announcement released by the Company on 24th November 2021, the Company's NAV to 31st October 2021 outperformed the benchmark over a five year period and therefore it will not be necessary for a tender offer to be made, in the event that the continuation vote is passed.

Following consultation with the Company's large shareholders and its advisers, the Board plans to maintain the tender, subject to the passing of a resolution in favour of the Company's continuation as an investment trust at the Company's AGM on 4th March 2022. The terms of the tender will be 'similar to those relating to the previous tender. The Company will also commit to buy back up to 6% of the shares in issue to the extent that the shares are trading at a discount wider than 10%. This represents a change and gives the Board more flexibility in managing the discount at which the Company's shares are traded. Furthermore, the Company must outperform its benchmark on a net asset value cum income basis over the five year period to 31st October 2026. In the event that it does not meet this target, the tender offer will be for 25% (in the previous five year period this was 20%) of the outstanding shares which will be bought back at NAV less costs and less a discount of 2%. For clarity, the Company's benchmark is the RTS index in sterling terms - see the Glossary on page 88 for further details. Any tender offer will also be conditional on shareholders approving the continuation vote in 2027. The Board believes this measure is in shareholders' interests as it further incentivises the Manager to focus on long term investment performance.

Environmental, Social and Governance (ESG)

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 and index. In addition, it holds a significant proportion of materials stocks. Another feature of the Russian stock market is the small number of stocks that are available for the Company to invest in, compared with other regions. Currently there are only 44 stocks in the Company's benchmark, and this characteristic applies equally to other benchmarks that are dedicated to Russia. Some companies in the Company's limited investment universe currently have comparatively poor ESG scores but may have a coherent plan to address their ESG challenges. In such a scenario, companies may be given an 'Improver' status by the Investment Manager, which can, in some circumstances, support their ownership by the Company on both a risk return and ESG dynamic basis. As can be seen in the Carbon footprint table on page 23, the Company's portfolio has a slightly lower carbon footprint than the Benchmark, which reflects the active approach to ESG that the Manager takes in stock selection.

The Manager pays attention to all aspects of ESG and whilst there is understandable focus by investors on environmental matters, 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. 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 20 to 23. 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 22.

Discount Control

As at 31st October 2021, the discount was 11.3%, almost unchanged from the previous year end date rate of 11.2%. Over the reporting period, the discount averaged 11.1%, and ranged from 15.2% to 7.7%. The relative stability of the discount level has been assisted by the Board's active share buyback programme. From the Company's financial year end to 21st January 2022, the benchmark index fell by 21.9%, the Company's return to shareholders fell by 23.8%, and the discount stood at 12.1%.

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 buyback has enabled the expansion of the discount to be managed at times of moderate levels of excess supply of stock.

During the financial year 2,602,736 shares were bought back, approximately 6% of the Company's issued share capital at 31st October 2020. This added 5.6 pence to the Company's NAV return in the financial year. The weighted average discount at which these shares were bought back was 11.6% and these buybacks accounted for approximately 16% 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 AGM.

Board of Directors

As announced on 4th October 2021, in accordance with the Board Succession Plan, I will be retiring as Chairman of the Board and Director at the Company's next AGM on 4th March 2022.

I am delighted that following the end of my tenure as a Director of the Company since 2011 and its Chairman since 2015, the Board have unanimously agreed that Eric Sanderson will take over from me as Chairman of the Board immediately following the 2022 AGM. I am confident that his background in financial services and extensive Board experience will be of great value to JPMorgan Russian Securities plc.

The Company engaged an independent search consultancy to search for a suitably qualified Audit Committee Chair to replace Eric Sanderson as the Audit Committee Chairman. After a thorough selection process using the services of an independent third party search agent, the Board are very pleased to announce that Dan Burgess was appointed as a Director on 4th January 2022. Dan Burgess was a long serving and well regarded former KPMG audit partner with experience of living and working in Russia and has a good understanding of investment trust companies.

In compliance with corporate governance best practice, all Directors, except myself, 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, I 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 over 20 years' experience of investing in Russia and has managed the Company through several previous severe Russian and global market disruptions.

The Board have been pleased that in the autumn the Board and the Manager were again able to meet in person, which after the lengthy time we had spent meeting virtually was very beneficial. That said, we have been delighted in the way that all the teams at JPMorgan have continued to work well and effectively together, albeit on a remote basis. We are also 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 continued with a significant effort being made to reach out to new shareholders. 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 face to face marketing activities. However, the public relations profile has been raised considerably, thanks to the efforts of the Manager working on behalf of all the JP Morgan trusts. We hope that the move to pay quarterly dividends will prove attractive to retail shareholders, thereby helping to diversify the share register.

The performance of the Manager was formally evaluated by the Board. Following this review undertaken in September 2021 by the Management Engagement Committee, the Board concluded that the performance of the Manager had been more than satisfactory and that their services should be retained.

At a time when there is increasing downward pressure on investment management fees, we have responded by requesting that JPMorgan Funds Limited reduce their fee. As detailed in the RNS announcement released on 22nd June 2021, with effect from 1st November 2021 the investment management fee has been reduced from 1.0% per annum to 0.9% of the Company's net assets. This should further assist the downward trend of the Company's Ongoing Charges, which reduced in the year ended 31st October 2021.

Annual General Meeting

Regrettably, Covid-19 restrictions prevented the holding of the Company's AGM in 2021 in the usual format. The Directors were disappointed not to be able to have the usual interaction with shareholders at this forum. It is still unclear what format will be permissible for the forthcoming AGM at 2.30 p.m. on Friday, 4th March 2022, but we are planning for it to be held at 60 Victoria Embankment, London EC4Y 0JP.

We do, of course, strongly advise all shareholders to consider their own personal circumstances before attending the AGM in person. For shareholders wishing to follow the AGM proceedings but choosing not to attend, we will be able to welcome you through conferencing software. Details on how to register, together with access details, will be available on the Company's website: www.jpmrussian.co.uk or by contacting the Company Secretary at invtrusts.cosec@jpmorgan.com

As is normal practice, all voting on the resolutions will be conducted on a poll. Due to technological reasons, shareholders viewing the meeting via conferencing software will not be able to vote on the poll and we, therefore, encourage all shareholders, and particularly those who cannot attend physically, to exercise their votes in advance of the meeting by completing and submitting their form of proxy. Shareholders are encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at the email address above. We will endeavour to answer relevant questions at the meeting or via the website depending on arrangements in place at the time. Your Board encourages all shareholders to support the resolutions proposed.

If there are any changes to the above AGM arrangements, the Company will update shareholders through the Company's website and through an announcement on the London Stock Exchange.

Outlook

The key themes of strong energy price levels and continued political uncertainty are likely to be strongest influencers on the outlook for the Company. Russia, like the rest of the world, faces the challenge of managing the continuing impact of the Covid-19 pandemic. In Russia vaccination rates are around 60% and increasing. Nevertheless, the new variant, Omicron, will present a challenge and it remains to be seen what the impact of this wave of infections will be on the wider Russian economy.

The strength of the market for Russia's key exports of oil and gas are positives for Russian and this gives the Government the flexibility to support the domestic economy. However, as in other major economies, with the prospect of rising inflation lying ahead, the Russian Central Bank has acted quickly with increases to interest rates and further rises are expected.

Increased political tensions around Ukraine also have the potential to derail the more positive economic outlook. The recent deterioration in US and Russia relations has arisen as the new US President seeks to assert his authority and the Russian government is testing the limits of US and European commitment to the region. The latest attempts to reduce tensions have involved negotiations between Biden and Putin, NATO and Russian Officials but so far have failed to result in any significant thawing of relations. The political risk associated with investment in Russia was further highlighted following the unrest in Kazakhstan which threatened to engulf the country in early January 2022, and at the time of writing the outcome remains uncertain.

The Investment Managers' approach has not changed over this period and they continue to seek out value in well run companies with strong income generation. This approach has been proved to be successful over many years and is unlikely to change materially in the foreseeable future. The Russian market will remain volatile subject as it is to political shocks as well as the normal economic ones. However, for those who are prepared to ride out the volatility, as this year's absolute performance shows, the results can be very rewarding.

As I leave the Board, I would like to thank everyone at JPMorgan and my Board colleagues for all their hard work and support. I wish them all well in the future and have confidence that under their guidance the Company will continue to prosper.

Gill Nott
Chairman 24th January 2022

Introduction

In this report we consider the Company's investment performance for the financial year to 31st October 2021. We discuss the market backdrop, examine the drivers of performance over the year and consider the outlook for 2022.

Economic and political backdrop: Covid-19, lockdowns and hopes for recovery

Oleg I. Biryulyov
Investment Manager

The Russian economy has rebounded from 2020's pandemic-induced recession, supported by rising oil prices and an increase in oil production agreed by OPEC+. Gas prices also rose strongly, experiencing a threefold increase in Q321, when a drop in supply from Norway and the US coincided with a weather-related rise in demand. There has been a surge in Russian Covid-19 cases since the summer, due in part to widespread vaccine scepticism. However, the economy has remained open and industrial production is currently growing at an annual rate above 7%, thanks in large part to the strength of the construction and metal and mining sectors.

Government spending will also underpin growth. Higher oil and gas prices are boosting the state's fiscal position and the government has used these higher revenue receipts to increase pensions for the first time in six years and to fund a one-off payment to households, in a bid to win support in the forthcoming parliamentary elections. Public investment in medical care and healthcare facilities, transport infrastructure and defence projects has also increased.

Habib Saikaly
Investment Manager

After contracting by 3.1% in 2020, the Russian economy is currently growing at an annualised rate of around 4%. And the IMF projects growth of 2.9% in 2022, very close to the 3% target set out in the government's economic recovery plan.

The Russian equity market was boosted from late 2020 onwards by news of the discovery of several viable coronavirus vaccines. As in other major markets, this so-called 'recovery rally' was led by cyclical, economically-sensitive value stocks such as energy companies and financials, that were worst hit by the pandemic, and likely to gain most from the return to more normal levels of economic activity. Expensive growth stocks, such as technology and healthcare companies, that performed strongly at the onset of the pandemic, lagged the broader market. This underperformance of growth stocks was driven by concerns about rising interest rates, which reduce the value of projected earnings and, hence, stock prices.
The Russian market is characterised by a large number of value and income stocks, so this so-called 'value rotation' favoured the RTS index, which rose 70.3% over the year to end October 2021, significantly outperforming other emerging markets and those of the advanced economies over the period.

One major and very welcome development within the Russian market is the rising importance of domestic investors. Russian institutional investors such as Sberbank and VTB wealth management are now the largest participants in the Russian market. At the same time, retail investors have increased their involvement, and almost 20% of Russian households now have equity investment accounts. These developments bode very well for the evolution of the market, by broadening the investor base and enhancing market liquidity.

Performance

Against this backdrop, in the financial year to end October 2021, the Company returned 61.0% on a net asset basis and 65.8% in share price terms. We are pleased to have delivered such impressive absolute returns to investors over the past financial year. However, the portfolio underperformed the benchmark RTI Index return of 70.3%. Much of this underperformance occurred during the first quarter of the financial year, when our holdings of quality, income generating stocks with long term growth prospects lagged the performance in cyclical and value stocks during the market rebound inspired by the arrival of effective vaccines.

Performance Attribution

Year Ended 31st October 2021

	%	%
Contributions to total returns		
Benchmark return		70.3
Asset allocation	-3.1	
Stock selection	-5.2	
Gearing/(net cash)	-0.8	
Investment Manager contribution		-9.0
Portfolio return		61.3
Management fee/other expenses	-1.2	
Share buyback	1.0	
Return on net assets[A]		61.0
Effect of movement in discount over the year		4.8
Return to shareholders[A]		65.8

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 88.

The quality stocks we favour are mostly found in sectors such as materials, IT, real estate and consumer staples, all of which lagged during the market rebound. This meant that our sector selection detracted from relative performance, as the portfolio was overweight in most of these sectors, with the notable exception of materials, while being underweight in sectors such as energy and financials, which outperformed. Over the course of the financial year, we sought to rebalance the portfolio to improve performance by increasing exposure to the recovery. These changes are discussed in the following section. Stock selection also had a negative impact on relative returns over the financial year as did the absence of gearing, as the portfolio had a small net cash position over the period.

While this near-term relative performance is disappointing, longer term performance relative to the benchmark has been robust. The Company has outperformed the RTS Index over five and ten year periods, delivering an average annualised total return of 9.0% pa in NAV terms over the ten years ended 31st October 2021, compared to benchmark return of 8.4% pa on the same basis.

Stock performance and portfolio positioning

The most significant changes we made during the review period to heighten the portfolio's exposure to the recovery included increasing positions in energy and financial stocks, and reducing our holdings of technology, communications services and consumer stocks.

The portfolio remains overweight energy relative to the benchmark at the end of the financial year, and increasing our energy exposure proved profitable. This sector was the main positive contributor to returns over the period, thanks to our stock selection decisions. Our overweight holding in Gazprom Neft, our underweights in Surgutneftegas, and not holding Transneft added most to performance.

We remain very positive about the energy sector outlook. This confidence is reflected most notably in our overweight to Gazprom, which represented 19.4% of the portfolio at the end of the review period, the portfolio's largest holding, compared to a benchmark weighting of 14.4%. We believe that despite the 155% rise in Gazprom's share price over the financial year, the market does not yet fully reflect the earnings power of this company. We estimate that Gazprom will trade at a price/earnings multiple of 3.5x, and pay a dividend yield of 15% or more during 2022. We expect positive earnings revisions and further share price gains over the next couple of quarters at least, as the market comes to fully appreciate Gazprom's future earnings capacity.

We are also optimistic about oil and gas prices, which we expect will be supported by strong demand as the global economy reopens and air travel increases further. Supply constraints will also underpin prices due to ongoing reductions in capital expenditure in conventional oil and gas production, in favour of renewable energy sources.

At the end of the review period, in addition to Gazprom, there were three other energy companies in the portfolio's top 10 holdings - Lukoil, Rosneft and Novatek - which together comprised 25.4% of portfolio assets. While we like Lukoil as a steady producer, with a clear dividend policy and well-established operations, Rosneft is our preferred name, as we believe the company is in the best operational and financial position to benefit from higher oil prices and stronger demand. In addition, Rosneft's free cashflow will be boosted significantly by tax rebates and subsidies, which take effect as oil prices rise. And the scale of its Vostok Oil project is not yet fully appreciated by the market. This project will add 1% to global oil production and 10% to Russian output, and increase Russia's GDP by an estimated 0.5% when it becomes operational in 2024. We increased our position in Rosneft during the year.

We also have a large and longstanding position in Novatek, another energy producer with a great growth story, and a management team with a proven ability to deliver complex projects on time and on budget. Novatek also provides the portfolio with exposure to the transition to LNG, as it is expanding its LNG production.

Still within the energy sector, our underweight to Surgutneftgas and our decision not to hold Transneft are motivated by questions about governance issues, as both companies have unusual shareholder structures, limited disclosures on capital allocation and large variations in profitability. In the case of Tatneft, we were disappointed by the company's dividend policy and capital allocation decisions in 1H 2021 and so trimmed back our holding. However, we have returned back to the name more recently, due to the rise in oil prices.

Our underweight to utilities made the second largest positive contribution to returns with the exception of our investment in RusHydro. We have avoided this sector due to the complexity of the regulation. The portfolio's out-of-index exposure to healthcare made a modest contribution to returns. Within this sector, we are very pleased with the performance of MD Medical Group, which provides healthcare services for women and children in Russia. This company has been a prime beneficiary of higher consumer spending on medical services. We prefer it to the recently listed European Medical Centre (EMC), which we do not hold, as it is more dependent on government orders and is less diversified, although we are pleased to see the arrival of new participants in the healthcare sector.

The main detractor from performance at the sector level over the financial year was our exposure to materials. While our underweight to this sector assisted performance at the sectoral level, stock selection detracted. We underestimated the potential gains of low liquidity stocks such as Alrosa, a diamond mining company and high-end jeweller, Phosagro, an agricultural chemicals producer and Rusal, an aluminium producer. We had no exposure to these stocks, but all of them more than doubled in value over the year. We avoided Alrosa, which we see as a play on luxury consumption, on the view that the collapse of global travel and inflationary pressures would diminish demand for their products. We tried to build up a position in

Phosagro, but the illiquidity of the stock made this very difficult. Furthermore, a change in export regulations and a price cap on domestic sales have cast a cloud over the company's earnings outlook, so we have opted to avoid it for now. The justification for the underweight position in Rusal included the change in dividend policy as referred to below.

Staying within the materials sector, our overweight to Norilsk Nickel (currently the portfolio's sixth largest holding at the end of the review period) also hurt returns. This company produces nickel, copper and rare metals, which are in high demand from electric vehicle and battery manufacturers, and our holding provides the portfolio with useful exposure to these rapidly growing industries. We expected a relief rally after the company settled a fine imposed for a 2020 oil spill, but another accident at its Polar Division halted production for several months and put the share price under renewed pressure. Investors were also unhappy about a change in Norilsk's dividend policy, which will now offer shareholders the opportunity to receive some cash via share buybacks, rather than dividend payments. (The change in Norilsk's dividend policy also created a risk for Rusal, which depends on Norilsk's dividends for its own cash flow and debt repayments.) We are disappointed by Norilsk's two recent breaches of environmental and safety standards, however we continue to hold the stock as we believe that the company made significant changes in personnel and allocated additional budget for investments to control Environmental risks going forward, so we consider it as a ESG 'Improver' now. Our longstanding, overweight positions in steelmakers Severstal and Novolipetsk Steel (NLMK) (both top 10 holdings) detracted from performance during the year due to pullbacks in their share prices after strong gains. However, we have retained both positions, as we like their capital allocation practices and very high income generation.

Financials were the second largest detractor from performance over the period. Although we eliminated our underweight position in financials over the course of the year, with hindsight, we should have closed the underweight entirely, as sector allocation still detracted from returns, as did stock selection. Avoiding TCS Group, an online retail banking and financial services provider, proved especially costly to relative performance. We had concerns over governance issues and the potential reactions of government regulators. The share price rally in the first half of the financial year made TCS Group look very expensive - we believed such a high price/book multiple could not be justified for a company such as TCS, which has exposure to subprime and unsecured loans. Our small underweight to Sberbank also hurt relative performance. This bank is a solid performer and a 'go to' stock for investors seeking exposure to Russia, and our second largest position. However, due to concentration risk and our preference for exporters, we had a slight underweight in Sberbank in the period under review.

The adverse performance of these financial holdings was partially offset by significant positive contributions from our acquisitions of two out-of-index Kazakh banks during the review period. We participated in the initial public offering (IPO) of Kaspi, a profitable bank and fintech company, with a very reasonable valuation and a source of the market's highest dividends. This is strategic holding, which we expect to maintain for some time. The second Kazakh acquisition was Halyk Savings Bank, which is perceived as the 'Sberbank of Kazakhstan', i.e. a proxy for exposure to Kazakhstan, which will benefit from the country's exposure to high oil prices. As with Kaspi, Halyk's valuation is reasonable and it offered a dividend yield of 15% in 2021 - probably the highest bank dividend yield available anywhere in the world.

Still within financials, we acquired an exposure to Moscow Stock Exchange (MOEX) during H121, which detracted from returns over the period. We subsequently took profits, closing the position on valuation grounds and due to rising competition from the newly listed St Petersburg Exchange.

While we reduced our overweight to information technology over the year, exposure to this sector was still negative for relative performance, as the performance of tech stocks lagged the index. Our exposure to QIWI, an online payments and credit company, which was hurt by regulatory changes, also detracted, as these changes resulted in the loss of a major part of its business and it incurred hefty associated fines. We closed the position in September as there is little prospect of the company recovering from this blow in the foreseeable future. This loss on QIWI was partially offset by the favourable impact of our longstanding position in EPAM, a digital platform and software developer, which is one of the portfolio's top 10 holdings. This company has an exceptional record of growth and strong returns, and it made one of the largest contributions to returns in the past year, as the share price doubled. However, we are becoming concerned about the stock's valuation which now has a P/E of more than 70x, and we have begun trimming the position.

The portfolio's exposure to communication services detracted modestly from relative performance. Over the course of the year, the portfolio's exposure was shifted from a notable overweight of around four percentage points, to an equally sizable underweight, and this move contributed to returns. However, the positive impact of this shift was more than countered by the detrimental impact of stock selection decisions, particularly our overweight in Rostelecom. We prefer this company to mobile players, as we see potential for it to monetise its broadband network in the regions. Rostelecom also has a monopoly on the provision of cloud data services for the Russian government and State controlled businesses, a fact which is not fully reflected in the share price. The portfolio's overweight in Sistema had a small adverse impact on returns. Sistema is a holding company which we favour because it provides exposure to several mobile telecommunications services subsidiaries, including Mobile TeleSystems, at a discount. We continue to hold both Rostelecom and Sistema.

Gains in several other holdings within this sector partially offset losses on these two positions. For example, our position in Yandex, an internet content and information platform which is Russia's equivalent to Google, performed very well. We took some profits, reducing our exposure significantly in Q1 2021, although the stock remains among the portfolio's top 10 holdings. A change of CFO has resulted in an increase in spending on 'blue sky' projects. While such projects are exciting and bode well for the company's longer term future, the associated capital spending has taken a toll on current profitability. Our position in Mail.Ru, Russia's largest Russian language internet and social networking company, also added to returns. However, we have closed the position, as we have been disappointed in the company's efforts to monetise its social network and gaming offerings. We also have concerns about governance and regulatory risks, as control of the company has recently changed (along with its name, which became VK in October 2021), and the government is demanding more control over social media.

The portfolio's overweight to consumer staples detracted from returns due to both asset allocation and stock selection decisions. Our longstanding position is grocery retailer X5, which is a leader in the sector, had the largest negative impact. We held an overweight to this stock versus an underweight to its rival Magnit. However, X5's share price has been subject to some pressure as the rise of the e-grocery industry has threatened its market dominance, especially in Moscow and St Petersburg. At one point during the year, we exited our position in Magnit, as we did not like the company's deal to acquire DIXY, Russia's third largest food retailer after X5 and Magnit, and we expect the company to face ongoing operational challenges. However, we did not want to be underweight this sector, as in our view, food retailing in Russia is becoming a value rather than a growth sector and we expect strong cash generation and higher than market dividends from this sector, so we re-opened the position in Magnit in Q321.

We were also overweight in consumer discretionary and this detracted modestly from performance over the year due mainly to stock selection decisions. Our overweights in Detsky Mir and Fixed Price Group, both had small adverse impacts on returns. Detsky Mir is a leader in the department stores and digital retail sector. It is cash rich, capable of internally funding expansion and it pays an attractive dividend. In addition, the market is overlooking the potential upside in its online pet supplies business Zoozavr, which we expect to increase to more than 30% of Detsky Mir's market cap within a couple of years. We purchased department store operator Fixed Price during its IPO, at what we believed it to be a fair price, but the shares de-rated after floating as the IPO valuation was elevated and market made some adjustments later to more realistic multiples. However, we continue to hold the stock, as we are attracted to its strong cash generation and growth prospects, and we expect the price to recover with time.

Within real estate, we sold two long term holdings in residential real estate developers, Etalon and LSR, eliminating our exposure to this sector, after both holdings undermined performance over the past year. New regulations have taken a greater than expected toll on the residential construction sector, destabilising these businesses and increasing earnings volatility. In addition, the introduction of special escrow accounts to protect home buyers has made the sector much more capital intensive.

The sale of these two mid-cap companies is consistent with our previously discussed plan to reduce the overall risk level of the portfolio by cutting our exposure to smaller, less liquid stocks, as they tend to underperform in rising markets. We sold Ros Agro for similar reasons. This company is an agricultural producer which has experienced wide swings in its fortunes due to fluctuations in the prices of soft commodities including wheat, sugar and meat. Such price volatility raises the risk of state regulation of prices, which has undermined our conviction in the stock. We also disposed of Global Truck, a small-cap transport and logistics company, as we have concerns about the company's ability to withstand cost pressures and expand its business.

The Russian market saw several high profile IPOs during the year, which we welcome for the same reason that we are pleased to see greater participation from Russian domestic investors - new arrivals, like new investors, help to deepen and diversify the market. However, in several instances, we did not participate in the listings, due to what we viewed as excessive valuations. IPOs in this category included Renaissance Insurance Group, Segezha, a forestry and packaging company and OZON, an e-commerce company, where we are particularly cautious, on the basis that competition in e-commerce is intense and the sector requires heavy capital expenditure to generate meaningful returns.

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 quality companies that demonstrate the best long term growth or value opportunities. We favour market leaders, which we believe can generate a return on invested capital (ROIC) well above their cost of equity (COE) by expanding their businesses nationally and internationally.

To do this, we actively manage the portfolio and continue to build our internal research capabilities, thanks to a growing team of analysts with deep expertise in this complex market. We base our decisions on a proven investment process that analyses the specific fundamental characteristics of stocks. We believe that an active approach makes sense when investing in Russia, given the market concentration, the prevalence of corporate governance issues and political risk.

Integrating ESG into the investment process

JPMorgan Asset Management (JPMAM) believes Environmental, Social and Governance (ESG) issues are an essential component of successful long term investment management. The company adopts an integrated approach to ESG issues, ensuring they are taken into account when building their portfolios and actively engaging with investee companies on these issues throughout the holding period. JPMAM seeks companies that run their businesses in a sustainable way, treat minority shareholders and other stakeholders fairly and engage in practices likely to enhance the company's reputation, not compromise it.

We share JPMAM's belief that 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, governance considerations are integrated into our investment process. However, environmental and social concerns are an ever-increasing part of the investment landscape, partly due to the impact they can have on investment returns and cash flows, so, where relevant, we assess environmental and social issues and include them in our decision-making process.

We use an active bottom-up process, with emphasis on direct contact with companies. ESG factors are systematically and explicitly considered through a Risk Profile analysis of a company's fundamentals, the sustainability of its business model and its governance practices. This ensures there is due focus on potential risks. Three quarters of the issues addressed in the analysis relate to specific governance and other ESG matters, including shareholder returns, management strength and the company's track record in environmental and social issues. Through this process, we seek to understand the company-specific and external factors which could negatively impact a company, and identify issues that we wish to address in our future engagements with the management of investee companies. Companies with ESG scores that have increased over reporting periods are identified in the process and considered as 'Improvers'.

We have recently enhanced this Risk Profile process, and a strategic classification of Premium, Quality or Trading is now assigned to portfolio companies. This classification is a means of assessing a company's potential for long-term value creation, via reference to the number of issues or 'red flags' identified through the Risk Profile analysis.

While 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 governance practices. We also aim to influence their behaviour and encourage best practice through dialogue. We are always focused on the efficient use of capital, although we have engaged broadly on multiple topics that affect valuation and propriety. See the ESG section of this report on page 20 for further details.

Outlook

Looking ahead, our views have not changed materially since our last report to shareholders in June 2021. We remain positive on the outlook for the Russian economy, which will be assisted by the increasing pace of the country's vaccination programme, the improving global economic outlook and the associated demand for oil, gas and other commodities. As mentioned above, we expect a combination of strengthening demand and constraints on supply to push oil and gas prices higher in 2022.

Inflation has become a global concern, but in emerging markets, central banks are more focused on the subject and less willing to view inflationary pressures as 'transitory'. The Central Bank of Russia (CAR) began raising interest rates in March 2021 and has since increased rates by a total of 300bps, tightening at a much faster pace than central banks in other jurisdictions. In our view, the CAR is likely to raise rates further, to dampen near-term inflation pressures, although it is possible that the CAR may begin cutting rates later in 2022 as aggressively as they have hiked them in 2021, if inflation pressures subside.

Higher rates will continue to support the rouble, which is already one of the strongest emerging markets currencies and is likely to experience further absolute and relative appreciation in 2022.

For us, the major uncertainty at present is the extent to which Covid-19 will continue to adversely impact economic activity. Although 60% of the Russian population was vaccinated by the end of October, we expect consumers and businesses to remain uncertain about the economic outlook, and thus risk averse, until the pandemic recedes and some semblance of 'normality' is restored. In addition, the recent conflict in Kazakhstan has negatively impacted the share price of Halyk and Kaspi, which represented approximately 5% of the Company's portfolio. We expect performance to eventually revert to pre- crisis levels.

On the political front, tensions between Russia and the West continue to escalate, exacerbated by the renewed build-up of Russia's military presence on it border with Ukraine. We do not foresee any significant progress on the diplomatic front, as it would require a major shift in the positions of all parties, and we doubt that the Russian government will withdraw from the Crimea in the foreseeable future. However, we do not expect the situation to deteriorate into actual conflict. The current stalemate is most likely to persist until there are leadership changes in the countries involved in the conflict, or until a deterioration in Russia's economy increases pressure for a resolution. Sanctions are thus likely to remain in place for the foreseeable future, although we do not expect them to have much economic impact. Russian-US trade is minimal. The EU and China are Russia's major trading partners, and trade with these countries is likely to continue despite sanctions. We will continue to monitor the situation closely.

Although there are challenges ahead, as ever, we believe the fundamental case for investing in Russia remains compelling for those investors with a long term perspective and tolerance of intermittent short-term volatility. The market offers very low price/earnings multiples, combined with one of the world's highest dividend yields, which is likely to continue to attract both foreign and domestic investors seeking diversified income in the current, low interest rate environment. Furthermore, we expect earnings and dividends to increase by more than 20% in 2022, driven by robust commodity prices, especially strong oil and gas prices.

Despite the Company's recent relative underperformance, we believe our long term track record of outperforming against the benchmark affirms the merits of our investment approach. We remain confident that our focus on quality, income generating stocks is the best way to capitalise on the opportunities available in the Russian market. Our portfolio is underpinned by several 'dividend hero' stocks whose dividend track records are expected to remain strong. We will continue our endeavours to actively add value for shareholders by investing in robust and improving businesses, so that the portfolio is well placed to weather any adverse investment conditions which may lie ahead, and realise our objective to maximise total returns to our shareholders over the long term.

Oleg I. Biryulyov
Habib Saikaly
Investment Managers 24th January 2022

Manager's Approach to ESG and JPMorgan Russian Securities plc

Introduction

ESG is an acronym which stands for Environmental, Social and Governance. It describes the broad field of sustainability in the corporate sector and is widely used when assessing the environmental impact of businesses, when considering how companies acquit themselves in respect of their broad social responsibilities and when reviewing the practices and standards followed by companies in their own management.

Awareness of these issues has increased significantly in recent years within the asset management industry, including the investment managers responsible for the Company's portfolio, among the Board members of your Company, among shareholders and potential shareholders in the Company and, indeed in society at large.

The basics: what is ESG?

E is for Environmental. This component considers a company's impact on the world we live in, relating to the quality and functioning of the natural environment and natural systems.

S is for Social. Social factors address the way that companies act within society; this includes the way that employee interests are managed, and the broader impact a company has on society.

G is for Governance. This component relates to how companies are managed. It considers the measures that protect shareholder interests as well as the way any company meets regulatory and other external obligations.

As Investment Managers of the Company's portfolio we think of these factors as additional inputs that help us make better investment decisions and so we follow an approach that integrates a consideration of ESG factors into our investment process. We believe this will benefit shareholders by helping to deliver enhanced risk-adjusted returns over the long run.

Environmental	Social	Governance
Carbon pollution and emissions	Human rights	Board structure: effectiveness, diversity, independence
Environmental regulations (and adherence)	Diversity	Executive pay and criteria
Climate change policies	Health and safety	Shareholder rights
Sustainable sourcing of materials	Product safety	Financial reporting and accounting standards
Recycling	Employee management	How a business is run
Renewable energy use	Employee well-being	
Water and waste management	Commitment to communities	

Why do we integrate ESG into our investment processes?

Considerations of sustainability have long been intrinsic to our approach to managing the Company's portfolio. When we invest the Company's capital we have to make judgements about future risks and rewards of any investment which have always included ESG factors, because all of them have the potential to affect the future value of a company and its shares. A business that produces huge amounts of carbon emissions or plastic waste, for example, is likely to find itself the subject of scrutiny from regulators and consumers and failure to anticipate this and to change will likely lead to a loss of value for shareholders in the long run. The same is true of businesses that neglect their social responsibilities, or fail in matters of governance.

Of course, a more explicit integration of ESG factors brings with it other benefits. The market in which we invest is increasingly paying attention to these factors when assessing sectors and companies, discriminating starkly between companies which are offering compelling narratives of transition to a low-carbon approach, and those which have yet to do so. So ESG has had to become a bigger and more important part of any investment judgement.

Finally, as investment managers we have responsibilities and obligations, not only to the Board and shareholders of the Company, but as a social actor in a broader sense. We have a duty not just to produce good investment outcomes for our clients, but to be responsible corporate citizens.

How do we integrate ESG into our investment processes?

Our research analysts complete a 98 question risk profile for the companies in the portfolio. Two thirds of these questions relate to environmental, social and governance issues with the remainder considering broader aspects of risk such as financial risk.

Our analysts complete an ESG materiality score for every stock in the Company's portfolio. The materiality framework splits our investable universe into sub-industries with companies scored only on the ESG issues that are likely to be financially material to the industry in which they operate. For example we analyse environmental and safety issues for commodity extraction and processing names and issues of cyber security and carbon footprint of data centres for software companies.

The results of the ESG assessments referred to above are entered into JPMAM's systems, which are used by the Company's Investment Managers to help make decisions when managing the portfolio, particularly on stocks which are identified as having high levels of ESG risk.

Engagement

Active engagement with companies has long been an integral part of our approach to investing and to ESG. We use it not only to understand how companies consider issues related to ESG but also to try to influence their behaviour and encourage best practice for the purpose of enhancing returns for our clients. We engage with all companies in the portfolio on a regular basis, often several times in the course of a year. Our history of active management enables us to have a long term dialogue directly with portfolio companies' management teams and so encourage companies to implement best practices on ESG matters. Alongside this direct engagement, we endeavour to vote at all of the meetings called by companies in which we invest in.

A couple of examples of our recent activity with regard to stewardship and engagement with companies in this portfolio at the end of the year are provided below:

We met with **Rosneft** a producer and distributer of petroleum products, to discuss their new 2035 Carbon Management plan. Unlike the European majors who are pivoting away from carbon toward renewables, Rosneft's focus is to continue production in the most sustainable way with the lowest carbon emissions.

Their targets to achieve this goal include zero routine flaring (the burning of natural gas associated with oil extraction), stopping any increase in CO_2 emissions and reducing upstream emissions by 30%. Our aim in these discussions is focused on understanding whether the strategy is: i) credible; and ii) best-in-class.

In this case, Rosneft does seem to have a sensible plan that benchmarks well against peers. For example, its upstream efficiency target would put its Scope 1 and 2 emissions (Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the company) towards the top of the 12 majors signed up to the Oil & Gas Climate Initiative.

In terms of clear steps to reach the target, they have plans for large reforestation programmes to create carbon sinks and are also collaborating with peers like BP on carbon storage.

Our ongoing engagements with **Lukoil** illustrate some of the subtleties and complications we must grapple with when engaging with energy and material companies. Often there are no easy answers but we take comfort from the time our experienced research analysts are able to dedicate to these problems, support by our Investment Stewardship team. We undertook an intensive engagement with Lukoil after ISS-Ethix raised a red flag against the company related to historic oil spills in Komi, Russia. We found the company's initial response quite comprehensive. The most serious accident happened in 1994 under a prior owner, and under Lukoil's ownership the management of the area had improved; in addition the company's broader environmental record has improved for many consecutive years and the company has started to include ESG metrics in senior management KPIs for the first time. We were therefore comfortable to diverge with the ISS-Ethix assessment, and in fact as we reached this view ISS-Ethix itself downgraded the alert to amber. However, not long after completing our analysis Lukoil reported a new spill at a different field. This latest incident tarnishes a safety record that had been steadily improving and we have met the company since to raise our concerns and understand their response to this latest problem and the on-going dialogue continues.

Proxy Voting

J.P. Morgan Asset Management exercises the voting rights of shares held in client portfolios, where entrusted with this responsibility. We seek 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. We will aim to vote at all meetings called by the companies in which we are invested, unless there are any market restrictions or conflicts of interests.

We believe that corporate governance is integral to our investment process. 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. For full details, please see the J.P. Morgan Asset Management Corporate Governance Policy & Voting Guidelines, copies of which are available on request, or to download from our website.

JPMorgan Russian Securities plc: Voting at shareholder meetings over the year to 31st October 2021

	For	Against	Abstain	Against/Abstain Total	Total Items	% Against
Routine Business	127	2	17	19	146	13.0
Director Related	175	112	33	145	320	45.3
Capitalisation	10	6	0	6	16	37.5
Reorganisation and Mergers	1	0	0	0	1	0.0
Non-salary Compensation	6	2	0	2	8	25.0)
Total	319	122	50	172	491	35.0

Carbon Footprint 31st October 2021

JPMorgan Russian Securities plc	**686.3**	**363,790.67**
RTS Index	**706.2**	**374,308.44**
Aim/Purpose	***What is my portfolio's normalised carbon footprint per million dollars invested?***	***What is my portfolio's total carbon footprint?***
Description	Normalised measure of a portfolio's contribution to climate change in US tons and US Dollars, that enables comparisons with a benchmark, between multiple portfolios, and over time, regardless of portfolio size.	Measures the carbon footprint of a portfolio - i.e. the total carbon emissions for which an equity portfolio is responsible - by summing up the proportionate carbon emissions of portfolio companies based on the investor's ownership share.

The chart above provides two different measures of our portfolio's carbon footprint, relative to the benchmark, and on both measures, the carbon emissions of the portfolio are lower than those of the benchmark.

The Future

In investing your Company's assets we have always looked for companies with the ability to create value in a sustainable way. That scrutiny remains firmly embedded in our investment process and we know that the Directors of the Company, shareholders and potential investors, view attention to ESG factors as important in their assessment of us as Investment Managers. We expect ESG to remain a major theme in the Company's portfolio and the course being taken by regulators suggests that its importance will only increase in years to come. The research we do and the approach we take in investing the Company's assets will continue to reflect that and to evolve as necessary.

TEN YEAR PERFORMANCE

FIGURES HAVE BEEN REBASED TO 100 AT 31ST OCTOBER 2011

[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 2011

[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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net assets (£'m)	311.1	298.8	332.4	236.4	194.6	284.9	300.4	303.2	360.3	266.1	397.0
Net asset value per share (p)[A]	564.4	555.2	631.1	450.0	371.9	544.3	574.7	617.6	780.8	613.4	973.6
Share price (p)	531.0	498.0	560.0	386.8	320.5	455.0	491.5	500.0	694.0	545.0	864.0
Share price discount (%)[A]	5.9	10.3	11.3	14.0	13.8	16.4	14.5	19.0	11.1	11.2	11.3
Gearing/(net cash) (%)[A]	(2.1)	(2.1)	(2.3)	(1.0)	(1.4)	(1.8)	(2.1)	(1.3)	(0.8)	(1.6)	(2.8)
Ongoing charges (%)[A]	1.82	1.51	1.44	1.50	1.43	1.40	1.33	1.33	1.28	1.29	1.21

Year ended 31st October											
Gross revenue (£'000)	7,550	8,589	12,902	9,383	13,598	11,109	15,980	19,207	25,025	20,207	19,701
Revenue (loss)/return per share (p)	(0.63)	5.03	18.14	13.38	19.60	15.47	23.97	29.58	40.04	34.01	35.53
Dividends per share (p)[1]	–	–	15.3	13.0	17.0	14.0	21.0	26.0	35.0	35.0	35.0

Returns rebased to 100 at 31st October 2011											
Total return to shareholders[2,A]	100.0	93.8	105.5	75.1	64.9	99.4	112.4	120.2	174.8	145.0	240.5
Total return on net assets[3,A]	100.0	98.4	111.8	81.9	70.4	109.8	120.5	135	177.9	146.7	236.2
Benchmark total return[4]	100.0	94.3	101.0	79.7	69.1	104.2	112.9	124.9	165.6	131.3	223.5

[1] 10.0p of the 35.0p 2021 dividend is payable subject to Shareholder approval of Resolution 3 at the 2022 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 88.

TEN LARGEST INVESTMENTS

AT 31ST OCTOBER

Company	Sector	2021 Valuation £'000	2021 Valuation %[1]	2020 Valuation £'000	2020 Valuation %[1]
Gazprom[2]	Energy	74,727	19.4	21,876	8.4
Sberbank of Russia Preference	Financials	56,282	14.6	31,374	12.0
LUKOIL[2]	Energy	46,405	12.0	20,388	7.8
Rosneft Oil[4]	Energy	26,241	6.8	6,529	2.5
Novatek, GDR[4]	Energy	25,379	6.6	7,959	3.0
MMC Norilsk Nickel[2]	Materials	16,239	4.2	12,477	4.8
X5 Retail GDR	Consumer Staples	14,585	3.8	16,413	6.3
Yandex 'A'	Communication Services	12,944	3.4	24,445	9.3
EPAM Systems	Information Technology	12,493	3.2	12,334	4.7
Halyk Savings Bank of Kazakhstan, GDR[3]	Financials	11,055	2.9	–	–
Total[5]		296,350	76.9		

[1] Based on total investments of £385.8m (2020: £261.9m).
[2] Includes ADR
[3] Not included in the portfolio of investments as at 31st October 2020.
[4] Not included in the ten largest equity investments at 31st October 2020.
[5] At 31st October 2020, the value of ten largest equity investments amounted to £177.4m representing 67.9% of total investments.

A glossary of terms and APMs is provided on page 88.

SECTOR ANALYSIS

	31st October 2021 Portfolio %[1]	31st October 2021 Benchmark %	31st October 2020 Portfolio %[1]	31st October 2020 Benchmark %
Energy	48.3	42.1	23.8	37.0
Financials	22.5	22.0	12.0	19.0
Materials	9.9	16.7	21.7	20.3
Communication Services	6.1	10.7	18.1	14.3
Consumer Staples	5.6	3.3	8.9	5.0
Information Technology	3.2	–	6.6	0.3
Consumer Discretionary	2.4	2.5	3.4	1.0
Utilities	1.1	1.4	1.4	2.6
Health Care	0.9	–	1.4	–
Industrials	–	1.2	0.5	0.2
Real Estate	–	0.1	2.2	0.3
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £385.8m (2020: £261.9m).

LIST OF INVESTMENTS AT 31ST OCTOBER 2021

Company	Valuation £'000
ENERGY	
Gazprom, ADR	74,727
LUKOIL, ADR	46,405
Rosneft Oil	26,241
Novatek, GDR	25,379
Tatneft	6,930
Gazprom Neft	6,591
	186,273
FINANCIALS	
Sberbank of Russia Preference	56,282
Halyk Savings Bank of Kazakhstan, GDR	11,055
Kaspi.KZ, GDR	10,321
VTB Bank	8,956
	86,614
MATERIALS	
MMC Norilsk Nickel	16,239
Severstal, GDR	9,211
Novolipetsk Steel, GDR	8,415
Polyus, GDR	4,298
	38,163

Company	Valuation £'000
COMMUNICATION SERVICES	
Yandex 'A'	12,944
Rostelecom	5,918
Sistema PJSFC	4,643
	23,505
CONSUMER STAPLES	
X5 Retail, GDR	14,585
Magnit	6,931
	21,516
INFORMATION TECHNOLOGY	
EPAM Systems	12,493
	12,493
CONSUMER DISCRETIONARY	
Detsky Mir	5,626
Fix Price, GDR	3,668
	9,294
UTILITIES	
RusHydro	4,195
	4,195

Company	Valuation £'000
HEALTH CARE	
MD Medical Group Investments, GDR	3,597
	3,597
INDUSTRIALS	
Globaltruck Management	172
	172
TOTAL INVESTMENTS	**385,822**

See glossary of terms and APM's on page 88 for definition of ADR and GDR.

The aim of the Strategic Report in pages 4 to 36 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, 2021, 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 11, and in the Investment Manager's Report on pages 12 to 19.

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 managers 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 active 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 2021, the Company produced a total return to shareholders of +65.8% and a total return on net assets of +61.0%. This compares with the total return on the Company's benchmark of +70.3%. As at 31st October 2021, the value of the Company's investment portfolio was £385,822,000 (net of cash). The Investment Manager's Report on pages 12 to 19 includes a review of developments during the year.

The results of the investment strategy, as detailed above, and the performance of the Company against its benchmark, as identified on page 4 are regularly reviewed by the Board together with data relating to the performance of the Company's Peers and feedback from some of the major shareholders. The Board also considers factors likely to affect the future performance of the Company.

Total Return, Revenue and Dividend

Gross return for the year totalled £160,797,000 (2020: £55,150,000 loss). Net return after deducting management fee, administrative expenses, and taxation, amounted to £154,174,000 (2020: £61,823,000 loss). Net revenue return after taxation for the year amounted to £15,030,000 (2020: £15,375,000).

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

Key Performance Indicators ('KPIs')

The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

- **Performance against the benchmark**
  The principal objective is to maximise total return. However, the Board also monitors performance against a benchmark index. Please refer to page 25 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 2021.
- **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 8. The Board's implementation of the policy is subject to market conditions. In the year ended 31st October 2021, the shares traded at a discount between 7.7% and 15.2%. 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 2021 were 1.21% (2020: 1.29%). 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 2,602,736 of its own shares. Since the year end to 22nd January 2022, the Company has repurchased 70,000 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, including recent updates, 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. With the assistance of JPMF, the Audit & Risk Committee has drawn up a risk matrix, which identifies the key risks to the Company. These are reviewed and noted by the Board. The risks identified and the broad categories in which they fall, and the ways in which they are managed or mitigated are summarised below. The AIC Code of Corporate Governance requires the Audit & Risk Committee to put in place procedures to identify emerging risks. The key emerging risks identified are also summarised below.

Principal Risk	Description	Mitigating Activities
Investment Management and Performance		
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.

Principal Risk Investment Management and Performance	Description	Mitigating Activities
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, including recent updates, see Key Features at the front of this document.
Investment Underperformance and Strategy	An inappropriate investment strategy, for example asset allocation may lead to underperformance against the Company's benchmark index and peer companies.	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.
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 75 to 79. 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 74, all the Company's assets are categorised as Level 1 as they have quoted prices in an active market.

Principal Risk	Description	Mitigating Activities
Operational Risks		
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 44. 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.
Regulatory Risks		
Board Relationship with Shareholders	The risk that the Company's strategy and performance does not align with shareholders expectations.	The Manager addresses this by 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. 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.	The Manager makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. The Manager closely monitors political and economic developments and reports significant events to the Board either at scheduled meetings or when an event arises. The Board factor in the status of current political and economic developments in their decision making.
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. The Board and its Committees reviews the status of the Company's regulatory and legal requirements at regular internals.

Principal Risk	Description	Mitigating Activities
Pandemic Risks		
Pandemics	Covid-19 has highlighted the speed and extent of economic damage that can arise from a pandemic. This can cause a significant reduction in the valuation of companies in the portfolio. While current vaccination programme results are hopeful, the risk remains that new variants may not respond to existing vaccines, may be more lethal and may spread as global travel opens up again.	The Board receives reports on the business continuity plans of the Manager and other key service providers. The effectiveness of these measures have been assessed throughout the course of the Covid-19 pandemic and the Board will continue to monitor developments as they occur and seek to learn lessons which may be of use in the event of future pandemics.
Emerging Risk	**Description**	**Mitigating Activities**
Global Crisis	A wide scale economic crisis which could be caused by a number of catastrophic events such a climate change, may cause significant reductions in the valuations of companies in the portfolio.	The Board keeps informed of economic developments through and latest ESG requirements regular updates from the Manager.
Global Trade Protectionism	A reduction in the global trading arising from increased barriers to trade is a risk to economic growth, to investors' risk appetites and, consequently, to the valuations of companies in the portfolio.	The Board can, with shareholder approval, look to amend the investment policy and objectives of the Company to gain exposure to or mitigate the risks.
Climate Change	Climate change, which barely registered with investors a decade ago, has today become one of the most critical issues confronting asset managers and their investors. Investors can no longer ignore the impact that the world's changing climate will have on their portfolios, with the impact of climate change on returns now inevitable.	The Board is also considering the threat posed by the direct impact on climate change on the operations of the Manager and other major service providers. As extreme weather events become more common, the resiliency, business continuity planning and the location strategies of our services providers will come under greater scrutiny. The Board also receives ESG reports from the Manager and the way ESG considerations are integrated into the investment decision-making.

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 10 and 18.

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 and therefore qualifies as a low energy user and is exempt from reporting under the Streamlined Energy & Carbon Reporting requirements. JPMAM is also a signatory to the 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.

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. 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 2021 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 2021, there were three male Directors and two female Directors on the Board.

The departure of Gill Nott in March 2022 will leave one female Director from a complement of five. In the recruitment of the most recently appointed director, a short list of four candidates were selected for the final round of interviews and three of those short listed candidates were female. However, the most qualified candidate for the role was male.

The Company has no employees and, therefore, there is nothing further to report in respect of diversity within the Company.

Environmental, Social and Governance ('ESG')

The Board notes JPMAM's global policy statements in respect of Environmental, Social and Governance 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.

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/about/ourbusiness/human-rights

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

24th January 2022

Duty to promote the success of the Company

Section 172 of the Companies Act 2006 requires that a Director must act in the way they consider, 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.

The Board is responsible for all decisions relating to the Company's investment objective and policies, gearing, discount management, corporate governance and strategy, and for monitoring the performance of the Company's third party service providers, including the Manager. The Board's philosophy is that the Company should foster a culture where all the Company's stakeholders are treated fairly and with respect and the Board recognises the importance of acting fairly between them, which is front of mind in its key decision making. As an externally managed investment company with no employees, the Board considers that the Company's key stakeholders are its shareholders, its Manager, its investee companies, and its other professional third party service providers (corporate broker, registrar, auditor, custodian and depositary) and wider society. The Board believes the best interests of the Company are aligned with those of these key stakeholders as all parties wish to see and ultimately benefit from the Company achieving its investment objectives whilst carrying on business in compliance with the highest possible regulatory, legal, ethical and commercial standards.

The table below sets out details of the Company's engagement with these stakeholders:

Stakeholder Engagement

Shareholders

Continued shareholder engagement is critical to the continued existence of the Company and the successful delivery of its long term strategy. The Board is focused on fostering and maintaining good working relationships with shareholders and understanding the views of shareholders in order to incorporate them into the Board's strategic thinking and objectives including views on the Company's five yearly continuation vote and tender offer arrangements. Full details on how the Board ensures it is fully appraised of shareholder views and how it engages with all shareholder groups can be found on pages 43 and 44.

Manager

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. The Board monitors the Company's investment performance at each Board Meeting in relation to its objective and also to its investment policy and strategy. The Board also maintains strong lines of communication with the Manager via its dedicated company secretary and client director whose interactions extend well beyond the formal business addressed at each Board and Committee meeting. This enables the Board to remain regularly informed of the views of the Manager and the Company's shareholders (and vice versa).

Investee companies

The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Manager. In order to achieve this, the Manager has discretionary powers to exercise voting rights on behalf of the Company on all resolutions proposed by the investee companies. In respect of the year under review, the Manager engaged with many of its investee companies and voted at all of the annual general meetings and extraordinary meetings held during the year by the Company's portfolio companies (full details can be found in the ESG report on pages 20 to 23). The Board monitors investments made and divested and questions the Manager's rationale for exposures taken and voting decisions made.

Other key service providers

The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers, with appropriate capability, performance records, resources and controls in place to deliver the services that the Company requires for support in meeting relevant obligations and safeguarding the Company's assets. For this reason, the Board considers the Company's Custodian, Depositary, Registrar and Broker to be stakeholders. The Board maintains regular contact with its key external service providers, either directly, or via its dedicated company secretary or client director, and receives regular reporting from these providers at Board and Committee meetings. The Management Engagement Committee meets annually to review and appraise its key service providers.

Wider society and the Environment

Whilst strong long term investment performance is essential for an investment trust, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Manager must have regard to ethical and environmental issues that impact society. Hence environmental, social and governance ('ESG') considerations are integrated into the Manager's investment process and will continue to evolve. Further details of the Manager's integrated approach to ESG can be found on pages 20 to 23.

The Directors confirm that they have considered their duty under Section 172 when making decisions during the financial year under review. Key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors include:

Key Decisions and Actions

Dividends Payable to Shareholders

As an illustration of the Board's commitment to returning the revenue generated by the Company to shareholders, please see the Dividends section of the Chairman's Statement on page 7 for details of the enhancements made to the Company's dividend payment arrangements that aims to benefit shareholders.

Succession Planning

The Board has continued to progress its orderly succession plans during the year. See the Directors section of the Chairman's Statement on page 9 for details of the changes to the composition of the Company's Board during the reporting period. Your Directors believe that shareholder interests are best served by ensuring a smooth and orderly succession for the Board which serves to provide both continuity and refreshment whilst ensuring diversity of both background and experience.

Share Price Rating to Net Asset Value ('NAV') per Share

To ensure that the Board continue to have the power to manage the Company's discount and issue shares in the Company, they recommend that shareholders vote in favour of the resolutions to renew the allotment and buy back authorities at the Company's AGM. For details of the Board's efforts during the reporting period in this regard, please see the Discount Control section of the Chairman's Statement on page 8.

Other Actions that Continue to Promote the Success of the Company

In addition, the Directors have kept under review the competitiveness of the management fee and negotiated a reduction from 1.0% to 0.9% p.a. from 1st November 2021; continued to hold the Manager to account on investment performance; undertaken a robust review of the principal and emerging risks faced by the Company; and continued to encourage the Manager to enhance its sales and marketing efforts. Furthermore, throughout the course of the Covid-19 pandemic the Board has been in regular contact with the Manager, receiving regular updates on the operation effectiveness of the Manager and key service providers and on areas such as portfolio activity, portfolio liquidity, and the discount to NAV at which the Company's shares trade.

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

24th January 2022

Gill Nott (Chairman of the Board and Management Engagement Committee)
A Director since 2011.
Last reappointed to the Board: March 2021.
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) and US Solar Fund plc.
Connections with Manager: None.
Shared directorships with other Directors: None.
Shareholding in Company: 3,000.

Nicholas Pink
A Director since 1st November 2019.
Last reappointed to the Board: March 2021.
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 and Redburn (Europe) Limited.
Connections with Manager: None.
Shared directorships with other Directors: None.
Shareholding in the Company: 3,000.

Ashley Dunster
A Director since 1st November 2019.
Last reappointed to the Board: March 2021.
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 and a Director of TCS Group Holding PLC.
Connections with Manager: None.
Shared directorships with other Directors: None.
Shareholding in the Company: 9,000.

Tamara Sakovska (Chairman of the Nomination Committee)
A Director since 2016.
Last reappointed to the Board: March 2021.
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 an Independent Director and Chair of the Nominating and Corporate Governance Committee of North Atlantic Acquisition Corporation. Ms Sakovska is a native Russian speaker.
Connections with Manager: None.
Shared directorships with other Directors: None.
Shareholding in Company: 3,005.

Eric Sanderson (Chairman of the Audit Committee)
A Director since 4th January 2021.
Last reappointed to the Board: March 2021.
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 BlackRock Greater Europe Investment Trust plc.
Connections with Manager: None.
Shared directorships with other Directors: None.
Shareholding in the Company: 2,500

Dan Burgess
A Director since 4th January 2022.
Last reappointed to the Board: N/A.
Mr Burgess is a former Chartered Accountant and long serving partner at KPMG with good knowledge of investment trusts and experience working in Russia. He is currently Non-executive Director of TR European Growth Trust plc.
Connections with Manager: None.
Shared directorships with other Directors: None.
Shareholding in Company: None.

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 2021.

Reference to recommended dividend, future developments and acquisition of own shares can be seen in the Strategic Report. Details on financial risk management, exposure to price risk, credit risk, liquidity risk and cash flow risk, subsequent events, Instruments and Future Developments are included in the Financial Reporting section.

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. With effect from 1st November 2021, the management fee was reduced to 0.9%.

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 for at least 12 months, the Directors have considered the Company's investment objective (see page 28), risk management policies (see pages 75 to 79), 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 34.

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. Recent discussions with the Company's major shareholders confirmed that they will vote in favour of continuation.

Directors

The Directors of the Company who held office at the end of the year are detailed on page 38.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 50. 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. Robert Jeens retired at the Company's AGM on 2nd March 2021. Dan Burgess was appointed as a Director on 4th January 2022. Gill Nott is not standing for reappointment at the Company's AGM on 4th March 2022.

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

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

Annual General Meeting

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

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

(i) Authority to allot relevant securities and disapply pre-emption rights (resolutions 11 & 12)

The Directors will seek renewal of the authority to issue up to 2,038,809 new shares or shares held in Treasury other than by a pro rata issue to existing shareholders up to an aggregate nominal amount of £20,388, 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 85 to 87.

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 13)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2021 Annual General Meeting, will expire on 4th March 2022 unless renewed at the 2022 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 85 to 87. 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) Continuation resolution – Ordinary Resolution (resolution 14)

The Directors seek the shareholders approval to the ordinary resolution for the Company to continue as an investment trust for a further five years.

Recommendation

The Board considers that resolutions 11 to 14 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 20,505 shares representing approximately 0.05% 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;
- 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; and
- There is currently no Senior Independent Director. See Board Composition for further explanation.

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, including the time available to fulfil their duties. 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 or other time commitments 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 Dan Burgess on 4th January 2022. Gill Nott is not standing for reappointment at the Company's AGM, therefore, following the AGM, the number of Directors will revert to five and Eric Sanderson will become the Chairman of the Board. Following the retirement of Robert Jeens in March 2021 and the changes to the Board since then, the

Corporate Governance Statement continued

expectation is that in June 2022, one of the Directors will be appointed as a Senior Independent Director. The new Chairman's independence was confirmed upon the decision to appoint him and will be undertaken 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 38.

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 38. 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 Gill Nott 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 2022.

Resolution 4 is for the reappointment of Eric Sanderson. He joined the Board in January 2021 and has served for one year and two months as a Director and will be appointed as Chairman following the AGM on 4th March 2022.

Resolution 5 is for the reappointment of Ashley Dunster. He joined the Board in November 2019 and has served for two years and four months as a Director.

Resolution 6 is for the reappointment of Nicholas Pink. He joined the Board in November 2019 and has served for two years and four months as a Director.

Resolution 7 is for the reappointment of Tamara Sakovska. She joined the Board in August 2016 and at the time of signing this Report has served for five years and seven months as a Director.

Resolution 8 is for the appointment of Dan Burgess. He joined the Board in January 2022 and has served for less than two 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.

Not withstanding that Gill Nott served as a director for 10 years as at 1st September 2021, the Nomination Committee agreed that she continued to remain independent in character and judgement. Accordingly, due to her significantly positive contribution to the Company and knowledge of the industry, and in order to help maintain continuity since the appointment of new directors, the Nomination Committee agreed that it would be in the best interest of the Company that Gill Nott's appointment continue. However, the Company's Board Succession Plan is for Gill Nott to retire at the Company's 2022 AGM.

The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its Committees, confirms that Mr Sanderson, 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 Dan Burgess who was appointed as a Non-executive Director of the Company on 4th January 2022, 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 38.

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

The table below does not include occasional ad-hoc meetings held throughout the year, which tend to be brief and relate to routine matters.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended	Management Engagement Committee Meetings Attended
Gill Nott	4	2	1	1
Ashley Dunster	4	2	1	1
Eric Sanderson	4	2	1	1
Nicholas Pink	4	2	1	1
Tamara Sakovska	4	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 Dan Burgess 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. See the section on Board Diversity on page 34 for further details regarding the most recent director appointment.

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; Chairman of the Audit Committee 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. The subject is scheduled to be considered in 2022.

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

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

Audit Committee

The report of the Audit Committee is set out on page 46.

The Management Engagement Committee

The membership of the Management Engagement Committee consists of all the independent Directors and is chaired by Gill Nott. Following the AGM on 4th March 2022, Eric Sanderson will replace Gill Nott as the Chair of the Management Engagement Committee. 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 39.

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.

Corporate Governance Statement continued

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 91. The Chairman can also be contacted via the Company's website by following the 'Ask us 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 91.

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 87.

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	11,172,862	27.0%
Lazard Asset Management LLC	8,576,775	21.1%
Allspring Global Investments, LLC (formerly Wells Capital)	2,872,513	7.0%

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 30 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 2021, 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 Eric Sanderson, consists of all the Directors, and meets at least twice each year. Following the appointment of Eric Sanderson as the Chairman of the Board immediately after the AGM on 4th March 2022, Dan Burgess will become the Chair of the Audit Committee. The members of the Audit Committee consider that the Audit Committee comprises of directors who as a whole are competent in the Company's sector and has at least one member who is competent in auditing and accounting. Ongoing evaluation is undertaken as detailed previously in order to identify any performance issues.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual report and financial statements and the Company's compliance with the UK Corporate Governance Code. The Audit Committee reviews the scope and results of the external audit, the quality of work, timing of communications, and work with JPMF, its cost effectiveness and the independence and objectivity of the external auditors. During the Company's 2022 financial reporting period, the Company engaged the auditor to undertake a detailed verification of its 31st October 2021 NAV performance figures against its benchmark for a fee of £5,000. The Board do not consider that the fee for this non-audit service undermines the auditor's independence as it is regarded as an immaterial sum.

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 2021, 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 65. 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 65. 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 39 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

The allocation of expenses between income and capital is 60% capital and 40% to revenue. 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 BDO were appointed following a tender for audit services in November 2020. The Company's year ended 31st October 2021 was the first year for audit partner Vanessa Bradley. Note 6 on page 68 details the Auditor's fees.

Fair Balanced and Understandable

Having taken all available information into consideration and having discussed the content of the annual report and financial statements with the Alternative Investment Fund Manager (JPMF), Investment Managers, Company Secretary and other third party service providers, the Audit Committee has concluded that the Annual Report for the year ended 31st October 2021, 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 53.

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

24th January 2022

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 2021 Annual General Meeting. Therefore, an ordinary resolution to approve this report will be put to shareholders at the 2024 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 2nd March 2021, of votes cast, 99.97% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration policy and 0.03% 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 42.

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 2020 and no changes are proposed for the year ending 31st October 2022.

At the Annual General Meeting held on 2nd March 2021, of votes cast, 99.97% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.03% voted against.

Details of voting on the Remuneration Policy Implementation Report from the 2022 Annual General Meeting will be given in the annual report for the year ending 31st October 2022, 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 55 to 60.

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 2021 was £152,202. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

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

Single total figure table[1]

	Total fees	
Directors' Name	**2021**	**2020**
Robert Jeens[2]	£10,419	£31,000
Gill Nott	£39,000	£39,000
Ashley Dunster	£26,000	£26,000
Eric Sanderson[3]	£24,783	nil
Nicholas Pink	£26,000	£26,000
Tamara Sakovska	£26,000	£26,000
Total	£152,202	£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] Retired on 2nd March 2021.

[3] Appointed on 4th January 2021.

Dan Burgess was appointed as a director of the Company on 4th January 2022.

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 31st October 2021:

Directors' Name	Percentage change on prior years[3]
Robert Jeens[1]	n/a
Gill Nott	0.0%
Ashley Dunster	0.0%
Eric Sanderson[2]	n/a
Nicholas Pink	0.0%
Tamara Sakovska	0.0%

[1] Robert Jeens retired from the Board on 2nd March 2021.

[2] Eric Sanderson appointed to the board on 4th January 2021.

[3] Prior years relates to 2019 and 2020.

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 2021 will be:

	2022	2021
Chairman	£39,000	£39,000
Chairman of the Audit Committee	£31,000	£31,000
Director	£26,000	£26,000

No amounts (2020: 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	2021[1] Number of shares held	2020 Number of shares held
Gill Nott	3,000	3,000
Robert Jeens[2]	n/a	15,000
Ashley Dunster	9,000	4,000
Eric Sanderson[3]	2,500	nil
Nicholas Pink	3,000	3,000
Tamara Sakovska	3,005	3,005
Total	20,505	28,005

[1] Audited information.
[2] Retired 2nd March 2021.
[3] Joined 4th January 2021.
Dan Burgess was appointed as a director of the Company on 4th January 2022. 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 24.

Ten Year Share Price and Benchmark Total Return Performance to 31st October 2021

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 2021 is below:

Remuneration for the role of Chairman over the five years ended 31st October 2021

Year ended 31st October	Fees	Performance related benefits received as a percentage of maximum payable
2021	£39,000	n/a
2020	£39,000	n/a
2019	£39,000	n/a
2018	£37,500	n/a
2017	£37,500	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 2021	2020
Remuneration paid to all Directors[1]	£152,202	£148,000
Distribution to shareholders		
– by way of share repurchases	£18,964,000	£16,906,000
– by way of dividend[2]	£4,294,000	£15,512,000
Total distribution to shareholders	£23,258,000	£32,418,000

[1] The increase in 2021 Directors remuneration arises due to the overlap of appointments of Eric Sanderson and Robert Jeens from January to March 2021.

[2] See note 10(a) on page 70 for further details.

For and on behalf of the Board
Gill Nott
Chairman

24th January 2022

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:

- 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 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

24th January 2022

Independent auditor's report to the members of JPMorgan Russian Securities plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st October 2021 and of the Company's net return 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.

We have audited the financial statements of JPMorgan Russian Securities plc (the 'Company') for the year ended 31st October 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 2nd March 2021 to audit the financial statements for the year ended 31st October 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is one year, covering the year ended 31st October 2021. We remain 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 listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue for the next 12 months from date of the approval of the annual report and the financial statements, to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of management's method of assessing going concern in light of market volatility and the present uncertainties due to the Covid-19 pandemic by stress testing the cash position of the Company;
- Assessing the liquidity position available to meet the future obligations and operating expenses for the next 12 months;
- Challenging the reasonableness of management's assumptions and judgements made in their forecasts with reference to historical actual results;
- Considering whether there is any material uncertainty in relation to the going concern ability of the company due to the continuation vote which is due in 2022.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

		2021
Key audit matters	Valuation and ownership of quoted investments	✓
	Revenue Recognition	✓
Materiality	*Overall materiality* £3,970,000 based on 1% of Net Assets *Specific materiality* £1,758,000 based on 10% of net revenue returns attributable to equity shareholders before tax. We applied specific materiality to the items impacting the revenue returns to the shareholders.	

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including 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. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter	How the scope of our audit addressed the key audit matter
Valuation and ownership quoted of investments (page 46 and note 1) The investment portfolio at the year-end comprised of investments at fair value through profit or loss. The investment portfolio is the most significant balance in the financial statements and is the key driver of performance. There is a potential risk of misstatement in the investment valuations and therefore we considered valuation and ownership of investments to be a key audit matter.	We responded to this matter by testing the valuation and ownership of 100% of the portfolio of quoted investments. We performed the following procedures: • Confirmed the year end bid price was used by agreeing to externally quoted prices and for all of the investments, assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value. • Obtained direct confirmation from the custodian regarding all investments held at the balance sheet date. **Key observations** Based on our procedures performed we consider management's assessment of the valuation of quoted investments to be supported by the audit evidence obtained.

Key Audit Matter	How the scope of our audit addressed the key audit matter
Revenue Recognition (Page 46 and note 1) Dividend income arises from the investment portfolio and is a key factor in demonstrating the performance of the portfolio. Revenue recognition is considered a significant audit risk as it is the key driver of dividend returns to investors and judgement is required in determining the allocation of income to revenue or capital.	We performed the following procedures: • We derived our own expectation of total expected income based on the investment holding and records of distributions from independent sources. • We cross checked the portfolio against corporate actions and special dividends and challenged if these had been appropriately accounted for as revenue or capital. • We analysed the population of dividend receipts to identify any unusual items that could indicate a capital distribution, for example where a dividend represented a particularly high yield and investigated the underlying basis of those distributions. • We traced a sample of dividend income received through from the nominal ledger to bank. **Key observations** Based on our procedures performed we consider the judgements made in the allocation of income between revenue and capital to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements 2021 £
Materiality	3,970,000
Basis for determining materiality	1% of Net Assets
Rationale for the benchmark applied	As an investment trust, the net asset value is a key measure for users of the financial statements and performance indicators of the investment trust.
Performance materiality	2,779,000
Basis for determining performance materiality	Performance materiality was set at 70% of total materiality as this is the first year of the audit. The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.

Specific Materiality

We also determined that for items impacting revenue return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items to be £1,758,000 based on 10% of net revenue returns attributable to equity shareholders before finance costs and tax.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £79,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• The Directors' statement on fair, balanced and understandable; • The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the audit committee.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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 the Directors' report have been prepared in accordance with applicable legal requirements. 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 the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Corporate governance statement	In our opinion, based on the work undertaken in the course of the audit the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. 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 this information. In our opinion, based on the work undertaken in the course of the audit information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules. We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company.
Matters on which we are required to report by exception	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, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Chapter 3 Part 6 of the Income Tax Act 2007, the Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP and FRS 102. We also considered the company's qualification as an Investment Trust under UK tax legislation. We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the significant fraud risk area to be management override of controls. We also considered the valuation of investments and revenue recognition to be areas which could be subject to material misstatement and these are covered in the Key audit matters section above.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements and the susceptibility of the entity's financial statements to material misstatement including fraud. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance;
- testing of journal postings ,on a sample basis based on a defined risk criteria, made during the year to identify potential management override of controls;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- Assessing the year end portfolio against sanctions lists.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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.

DocuSigned by:
Vanessa Bradley
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Vanessa-Jayne Bradley
(Senior Statutory Auditor)
for and on behalf of BDO UK LLP
Statutory Auditor
London, UK

24 January 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST OCTOBER 2021

		2021			2020		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	3	–	141,540	141,540	–	(75,410)	(75,410)
Net foreign currency (losses)/gains		–	(444)	(444)	–	53	53
Income from investments	4	19,691	–	19,691	20,107	–	20,107
Interest receivable	4	10	–	10	100	–	100
Gross return/(loss)		19,701	141,096	160,797	20,207	(75,357)	(55,150)
Management fee	5	(1,302)	(1,952)	(3,254)	(1,305)	(1,958)	(3,263)
Other administrative expenses	6	(815)	–	(815)	(932)	–	(932)
Net return/(loss) before finance costs and taxation		17,584	139,144	156,728	17,970	(77,315)	(59,345)
Finance costs	7	(2)	–	(2)	(10)	–	(10)
Net return/(loss) before taxation		17,582	139,144	156,726	17,960	(77,315)	(59,355)
Taxation (charge)/relief	8	(2,552)	–	(2,552)	(2,585)	117	(2,468)
Net return/(loss) after taxation		15,030	139,144	154,174	15,375	(77,198)	(61,823)
Return/(loss) per share	9	35.53p	328.95p	364.48p	34.01p	(170.78)p	(136.77)p

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 65 to 80 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST OCTOBER 2021

	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 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
Repurchase and cancellation of the Company's own shares	(26)	26	–	(18,964)	–	(18,964)
Net return	–	–	–	139,144	15,030	154,174
Dividends paid in the year (note 10)	–	–	–	–	(4,294)	(4,294)
At 31st October 2021	408	193	–	372,107	24,307	397,015

[1] Other reserve, revenue reserve and the capital reserves form the distributable reserves of the Company and may be used to fund distributions to shareholders. See note 15 on page 72 for details. The revenue reserve does not reflect the interim dividend of £10,311,000 which was paid on 5th November 2021 and, when paid, reduced the revenue reserve to £13,996,000.

The notes on page 65 to 80 form part of these financial statements.

AT 31ST OCTOBER 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	385,822	261,864
Current assets	12		
Debtors		716	612
Cash and cash equivalents		10,951	4,129
		11,667	4,741
Current liabilities			
Creditors: amounts falling due within one year	13	(414)	(506)
Derivative financial liabilities		(60)	–
Net current assets		11,193	4,235
Total assets less current liabilities		397,015	266,099
Net assets		397,015	266,099
Capital and reserves			
Called up share capital	14	408	434
Capital redemption reserve	15	193	167
Capital reserves	15	372,107	251,927
Revenue reserve[1]	15	24,307	13,571
Total shareholders' funds		397,015	266,099
Net asset value per share	16	973.6p	613.4p

[1] The revenue reserve does not reflect the interim dividend of £10,311,000 which was paid on 5th November 2021 and, when paid, reduced the revenue reserve to £13,996,000.

The financial statements on pages 62 to 64 were approved and authorised for issue by the Directors on 24th January 2022 and signed on their behalf by:

Gill Nott
Chairman

The notes on pages 65 to 80 form an integral part of these financial statements.

Company registration number: 4567378.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST OCTOBER 2021

	Notes	2021 £'000	2020 £'000
Net cash outflow from operations before dividends and interest	17	(4,543)	(4,131)
Dividends received		16,955	18,551
Interest received		11	98
Overseas tax recovered/(paid)		66	(15)
Interest paid		(2)	(10)
Net cash inflow from operating activities		**12,487**	**14,493**
Purchases of investments		(151,554)	(124,238)
Sales of investments		168,990	144,628
Settlement of forward currency contracts		29	6
Net cash inflow from investing activities		**17,465**	**20,396**
Repurchase and cancellation of the Company's own shares		(18,986)	(17,292)
Dividends paid		(4,294)	(15,512)
Net cash outflow from financing activities		**(23,280)**	**(32,804)**
Increase in cash and cash equivalents		**6,672**	**2,085**
Cash and cash equivalents at start of year		4,129	2,060
Exchange movements		150	(16)
Cash and cash equivalents at end of year		10,951	4,129
Increase in cash and cash equivalents		**6,672**	**2,085**
Cash and cash equivalents consist of:			
Cash and short term deposits		313	243
Cash held in JPMorgan US Dollar Liquidity Fund		10,638	3,886
Total		**10,951**	**4,129**

The notes on pages 65 to 80 form an integral part of these financial statements.

RECONCILIATION OF NET CASH

	As at 31st October 2020 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st October 2021 £'000
Cash and cash equivalents:				
Cash	243	(144)	214	313
Cash equivalents	3,886	6,816	(64)	10,638
	4,129	6,672	150	10,951
Total	**4,129**	**6,672**	**150**	**10,951**

FOR THE YEAR ENDED 31ST OCTOBER 2021

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 Directors seek the shareholders approval to the ordinary resolution for the Company to continue as an investment trust.

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:

- The management fee is allocated 40% to revenue and 60% to capital, in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio;
- 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 71.

(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.

Dividends received which appear to be unusual in size or circumstance are assessed on a case-by-case basis, based on interpretation of the investee companies' relevant statements, in order to make a judgment to determine their allocation in accordance with the SORP to either the Revenue Account or Capital Reserves.

Judgment involve in determining the functional currency of the company. Please refer the accounting policy 1(i) to determine the functional currency in accordance with SORP and FRS 102.

3. Gains/(losses) on investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Realised gains on sales of investments	25,753	19,286
Net change in unrealised losses and gains on investments	115,986	(94,565)
Other capital charges	(199)	(131)
Total capital gains/(losses) on investments held at fair value through profit or loss	**141,540**	**(75,410)**

4. Income

	2021 £'000	2020 £'000
Income from investments		
Overseas dividends	19,691	20,107
	19,691	20,107
Interest receivable		
Interest from liquidity fund	6	45
Deposit interest	4	55
	10	100
Total income	19,701	20,207

5. Management fee

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	1,302	1,952	3,254	1,305	1,958	3,263

Details of the management fee are given in the Directors' Report on page 39.

6. Other administrative expenses

	2021 £'000	2020 £'000
Administration expenses	211	232
ADR and GDR charges[1]	197	342
Safe custody fees	182	127
Directors' fees[2]	152	148
Depositary fees[3]	40	44
Auditors' remuneration for audit services[4]	33	39
Total	815	932

[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 74, and Glossary of Terms and Alternative Performance Measures (APMs) on page 88 for further details.

[2] Full disclosure is given in the Directors' Remuneration Report on pages 49 to 51.

[3] Includes £1,000 (2020: £5,000) irrecoverable VAT.

[4] No fees were payable to the auditors for non-audit services (2020: nil). Includes £1000 (2020: £4,000) irrecoverable VAT.

7. Finance costs

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank overdraft interest	2	–	2	10	–	10

8. Taxation

(a) Analysis of tax charge in the year

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	2,552	–	2,552	2,468	–	2,468
Tax relief on expenses charged to capital	–	–	–	117	(117)	–
Total tax charge for the year	2,552	–	2,552	2,585	(117)	2,468

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

The tax assessed for the year is lower (2020: lower) than the Company's applicable rate of corporation tax of 19.00% (2020: 19%).

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

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Net return/(loss) before taxation	17,582	139,144	156,726	17,960	(77,315)	(59,355)
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2020: 19%)	3,341	26,437	29,778	3,412	(14,690)	(11,278)
Effects of:						
Gains on investments not subject to UK income tax	–	(26,808)	(26,808)	–	14,318	14,318
Non taxable overseas dividends	(3,741)	–	(3,741)	(2,717)	–	(2,717)
Tax attributable to expenses and finance costs charged to capital	(371)	371	–	(372)	372	–
Tax relief on expenses charged to capital	–	–	–	117	(117)	–
Overseas withholding tax on dividends	2,552	–	2,552	2,468	–	2,468
Double taxation relief	–	–	–	(578)	–	(578)
Unutilised expenses carried forward to future periods	771	–	771	255	–	255
Total tax charge for the year	2,552	–	2,552	2,585	(117)	2,468

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £1,237,000 (2020: £423,000) based on a prospective corporation tax rate of 25% (2020: 19%). The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1st April 2023. This increase in the standard rate of corporation tax was substantively enacted on 24th May 2021 and became effective from 2nd June 2021. The deferred tax asset has arisen due to £4,948,000 (2020: £2,229,000) 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

	2021 £'000	2020 £'000
Revenue return	15,030	15,375
Capital return/(loss)	139,144	(77,198)
Total return/(loss)	154,174	(61,823)
Weighted average number of shares in issue during the year	42,299,516	45,203,549
Revenue return per share	35.53p	34.01p
Capital return/(loss) per share	328.95p	(170.78)p
Total return/(loss) per share	364.48p	(136.77)p

10. Dividends

(a) Dividends paid and proposed

	2021 £'000	2020 £'000
Dividends paid		
2020 final dividend of 10.0p (2019: 10.0p)	4,294	4,601
2020 interim dividend of 25.0p	–	10,911
	4,294	15,512
Dividend declared		
2021 interim dividend of 25.0p	10,311	–
Dividend proposed		
2021 final dividend of 10.0p (2020: 10.0p)	4,078	4,338

The dividend proposed in respect of the year ended 31st October 2020 amounted to £4,338,000. However the amount paid amounted to £4,294,000 due to shares repurchased after the balance sheet date but prior to the share register record date.

The interim dividend declared in respect of the year ended 31st October 2021 amounted to £10,311,000 was paid on 5th November 2021.

The final dividend proposed in respect of the year ended 31st October 2021 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 2022.

(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 £15,030,000 (2020: £15,375,000).

	2021 £'000	2020 £'000
2021 interim dividend of 25.0p (2020: 25.0p)	10,311	10,911
2021 final dividend of 10.0p (2020: 10.0p)	4,078	4,338
Total dividends for Section 1158 purposes	14,389	15,249

The aggregate of the revenue reserves after the payment of the final dividend will amount to £9,918,000 (2020: £9,233,000).

11. Investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Investments listed on a recognised stock exchange	385,822	261,864
Opening book cost	242,434	243,460
Opening investment holding gains	19,430	113,995
Opening valuation	261,864	357,455
Purchases at cost	151,338	124,454
Sales proceeds	(169,119)	(144,766)
Gains on sales of investments based on the carrying value at the previous balance sheet date	25,753	19,286
Net movement in investment holding gains	115,986	(94,565)
	385,822	261,864
Closing book cost	250,406	242,434
Closing investment holdings gains	135,416	19,430
Total investments held at fair value through profit or loss	**385,822**	**261,864**

The company received £169,119,000 (2020: £144,766,000) from investments sold in the year. The book cost of these investments when they were purchased was £143,366,000 (2020: £125,480,000). 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 £315,000 (2020: £211,000) and on sales during the year amounted to £119,000 (2020: £96,000). These costs comprise mainly brokerage commission.

12. Current assets

	2021 £'000	2020 £'000
Debtors		
Dividends and interest receivable	700	562
VAT recoverable	11	19
Other debtors	5	10
Overseas tax recoverable	–	21
Total	**716**	**612**

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 2021 (2020: £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

	2021 £'000	2020 £'000
Creditors: amounts falling due within one year		
Other creditors and accruals	266	216
Repurchase of the Company's own shares awaiting settlement	148	170
Securities purchased awaiting settlement	–	120
Total	414	506

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

	2021 £'000	2020 £'000
Derivative financial liabilities		
Currency contracts	60	–

14. Called up share capital

	2021 £'000	2020 £'000
Issued and fully paid share capital:		
Ordinary shares of 1p each		
Opening balance of 43,378,912 (2020: 46,147,780) shares	434	462
Repurchase and cancellation of 2,602,736 (2020: 2,768,868) shares	(26)	(28)
Closing balance of 40,776,176 (2020: 43,378,912) shares	408	434

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 30.

15. Capital and reserves

	Called up share capital £'000	Capital redemption reserve £'000	Capital reserves[1] Gains and losses on sales of investments[1] £'000	Capital reserves[1] Investment holding gains and losses £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	434	167	232,497	19,430	13,571	266,099
Realised foreign currency losses on cash and cash equivalents	–	–	(384)	–	–	(384)
Unrealised losses on foreign currency contracts	–	–	–	(60)	–	(60)
Realised gains on investments	–	–	25,753	–	–	25,753
Unrealised gains on investments	–	–	–	115,986	–	115,986
Repurchase and cancellation of the Company's own shares	(26)	26	(18,964)	–	–	(18,964)
Expenses charged to capital	–	–	(1,952)	–	–	(1,952)
Other capital charges	–	–	(199)	–	–	(199)
Retained revenue for the year	–	–	–	–	15,030	15,030
Dividends paid in the year	–	–	–	–	(4,294)	(4,294)
Closing balance[2]	408	193	236,751	135,356	24,307	397,015

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

[2] The revenue reserve does not reflect the interim dividend of £10,311,000 which was paid on 5th November 2021 and, when paid, reduced the revenue reserve to £13,996,000.

16. Net asset value per share

	2021	2020
Net assets (£'000)	397,015	266,099
Number of shares in issue	40,776,176	43,378,912
Net asset value per share	973.6p	613.4p

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

	2021 £'000	2020 £'000
Net profit/(loss) on ordinary activities before taxation and finance costs	156,728	(59,345)
Less (capital profit)/add capital loss before taxation	(139,144)	77,315
(Increase)/decrease in accrued income and other debtors	(125)	900
Increase in accrued expenses	76	12
Overseas withholding tax	(2,597)	(2,468)
Expense fee charged to capital	(1,952)	(1,958)
Dividends received	(16,955)	(18,551)
Interest received	(11)	(98)
Realised (loss)/gain on foreign exchange transactions	(557)	201
Realised loss on liquidity fund	(6)	(139)
Net cash outflow from operations before dividends and interest	(4,543)	(4,131)

18. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2020: none).

19. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 39. The management fee payable to the Manager for the year was £3,254,000 (2020: £3,263,000) of which £nil (2020: £nil) was outstanding at the year end.

Included in note 6 on page 68 are safe custody fees amounting to £182,000 (2020: £127,000) payable to JPMorgan Chase Bank N.A. during the year of which £81,000 (2020: £21,000) 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 £73,000 (2020: £27,000) of which £nil (2020: £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 £10,638,000 (2020: £3,886,000). Interest amounting to £6,000 (2020: £45,000) was receivable during the year of which £1,000 (2020: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £199,000 (2020: £131,000) were payable to JPMorgan Chase Bank N.A. during the year of which £72,000 (2020: £2,000) was outstanding at the year end.

Dividend Charges of £197,000 (2020: £342,000) identified in note 6. Other administrative expenses include £nil (2020: £nil) 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 £313,000 (2020: £243,000) was held with JPMorgan Chase Bank, N.A.. A net amount of interest of £4,000 (2020: £55,000) was receivable by the Company during the year from JPMorgan Chase.

Full details of Directors' remuneration and shareholdings can be found on page 50 and in note 6 on page 68.

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 65.

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

	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	385,822	–	261,864	–
Level 2[1]	–	(60)	–	–
Total	385,822	(60)	261,864	–

[1] Currency contracts.

There were no transfers between Level 1, 2 or 3 during the year (2020: 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*

	2021 US Dollar £'000	 Rouble £'000	 Euro £'000	 Total £'000
Net current assets	1,082	–	–	1,082
Foreign currency exposure on net monetary items	1,082	–	–	1,082
Investments held at fair value through profit or loss	385,650	172	–	385,822
Total net foreign currency exposure	**386,732**	**172**	**–**	**386,904**

	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**

In the opinion of the Directors, the above year end amounts are broadly representative of the exposure to foreign currency risk during the year.

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

Foreign currency sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2020: 20%) 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.

	2021 If sterling strengthens by 10% £'000	 If sterling weakens by 10% £'000	2020 If sterling strengthens by 20% £'000	 If sterling weakens by 20% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	1,970	(1,970)	4,030	(4,030)
Capital return	108	(108)	856	(856)
Total return after taxation	2,078	(2,078)	4,886	(4,886)
Net assets	**2,078**	**(2,078)**	**4,886**	**(4,886)**

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.

	2021 £'000	2020 £'000
Exposure to floating interest rates		
JPMorgan US Dollar Liquidity Fund	10,638	3,886
Cash and short term deposits	313	243
Total exposure	10,951	4,129

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2020: 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% (2020: 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.

	2021		2020	
	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	55	(55)	21	(21)
Capital return	–	–	–	–
Total return after taxation	55	(55)	21	(21)
Net assets	55	(55)	21	(21)

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:

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	385,822	261,864

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 26 and 27. 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% (2020: 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.

	2021		2020	
	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	(386)	386	(262)	262
Capital return	38,582	(38,582)	26,186	(26,186)
Total return after taxation	38,196	(38,196)	25,924	(25,924)
Net assets	38,196	(38,196)	25,924	(25,924)

(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:

	2021				2020			
	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:								
Other creditors and accruals	266	–	–	266	216	–	–	216
Repurchase of the Company's own shares awaiting settlement	148	–	–	148	170	–	–	170
Derivative financial liabilities	60	–	–	60	120	–	–	120
Securities purchased awaiting settlement	–	–	–	–	–	–	–	–
	474	–	–	474	506	–	–	506

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:

	2021 £'000	2020 £'000
Equity		
Called up share capital	408	434
Reserves	396,607	265,665
Total capital	**397,015**	**266,099**

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.

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	385,822	261,864
Net assets	397,015	266,099
Net cash	**2.8%**	**1.6%**

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.

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 2021 are shown below:

	Gross Method	Commitment Method
Maximum limit	100%	100%
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 2020 Performance Year in June 2020 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 2020 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 40 sub-funds) as at 31st December 2020, with a combined AUM as at that date of £20.4 billion and £22.5 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company ($'000s)	19,241	11,862	31,103	139

The aggregate 2020 total remuneration paid to AIFMD Identified Staff was USD $63,330,000, of which USD $5,620,000 relates to Senior Management and USD $57,710,000 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 2021.

Notice is hereby given that the nineteenth Annual General Meeting of JPMorgan Russian Securities plc will be held at 60 Victoria Embankment, London EC4Y 0JP on 4th March 2022 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 2021.
2. To approve the Directors' Remuneration Report for the year ended 31st October 2021.
3. To approve a final ordinary dividend of 10p per share.
4. To reappoint Eric Sanderson a Director of the Company.
5. To reappoint Ashley Dunster a Director of the Company.
6. To reappoint Nicholas Pink a Director of the Company.
7. To reappoint Tamara Sakovska a Director of the Company.
8. To reappoint Dan Burgess a Director of the Company.
9. To reappoint BDO as Auditors to the Company.
10. To authorise the Directors to determine the auditors remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

11. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £20,388, 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 2022 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

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

12 THAT subject to the passing of Resolution 11 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 11 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 £20,388, representing approximately 5% of the issued ordinary share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 11 above, save that the Company may before such expiry make offers, or agreements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuant of such offers, or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

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

    PROVIDED ALWAYS THAT

    (i) the maximum number of ordinary shares hereby authorised to be purchased shall be 5,708,665 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 2022 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.

Continuation vote - Ordinary Resolution

14. The Directors seek the shareholders approval to the ordinary resolution for the Company to continue as an investment trust for a further five years.

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

24th January 2022

Notes

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

1. If law or Government guidance so requires at the time of the Meeting, the Chairman of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the Meeting. In addition, the Company may still impose entry restrictions on certain persons wishing to attend the AGM in order to secure the orderly and proper conduct of the Meeting.
2. 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. 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. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.

8. 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 21st January 2022 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 40,436,176 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 40,436,176.

Electronic appointment – CREST members

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

Return to Shareholders (APM)

Total return to 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 2021	Year ended 31st October 2020	
Opening share price (p)	5	545.0	694.0	(a)
Closing share price (p)	5	864.0	545.0	(b)
Total dividend adjustment factor[1]		1.046042	1.056602	(c)
Adjusted closing share price (d = b x c)		903.8	575.8	(d)
Total return to shareholders (e = d / a - 1)		**65.8%**	**-17.0%**	**(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 73 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 2021	Year ended 31st October 2020	
Opening NAV per share (p)	5	613.4	780.8	(a)
Closing NAV per share (p)	5	973.6	613.4	
Less: interim dividend declared but not paid prior to year end date		(25.0)	–	
Adjusted closing NAV per share (p)		948.6	613.4	(b)
Total dividend adjustment factor[1]		1.041330	1.050142	(c)
Adjusted closing NAV per share (d = b x c)		987.8	644.2	(d)
Total return on net assets (e = d / a - 1)		**61.0%**	**-17.5%**	**(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

The Company's benchmark was adopted by the Company on 1st November 2016 and is a customised variation of the RTS index which is calculated by the Moscow Stock Exchange in sterling terms on a total return basis, net of the tax applicable to non-resident corporate investors. The Bloomberg Ticker reference is RTSGBPT.

It is regarded as being the most appropriate benchmark for the Company in terms of the stocks included in its composition and the Company's non-resident, sterling denominated status. Please note that the Company's benchmark is the only official sterling RTS index and is available on Bloomberg.

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 2021 £'000	31st October 2020 £'000	
Investments held at fair value through profit or loss	63	385,822	261,864	(a)
Net assets	63	397,015	266,099	(b)
Gearing/(net cash) (c = a / b - 1)		(2.8)%	(1.6)%	(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 2021 £'000	31st October 2020 £'000	
Management Fee	67	3,254	3,263	
Other administrative expenses	68	815	932	
Total management fee and other administrative expenses		4,069	4,195	(a)
Average daily cum-income net assets		336,613	325,661	(b)
Ongoing charges (c = a / b)		1.21%	1.29%	(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
Barclays Smart Investor
Charles Stanley Direct
Fidelity FundsNetwork
Halifax
Hargreaves Lansdown
Interactive Investor

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

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: 549300113MHI98ZLVH37

Market Information

The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times 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,
Aspect House,
Spencer Road,
Lancing,
West Sussex,
BN99 8LU
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 (0)371 384 2945.

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

BDO LLP
55 Baker Street,
London W1U 7EU

Brokers

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The London Stock Exchange Building
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J.P.Morgan
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