Jupiter US Smaller Companies PLC

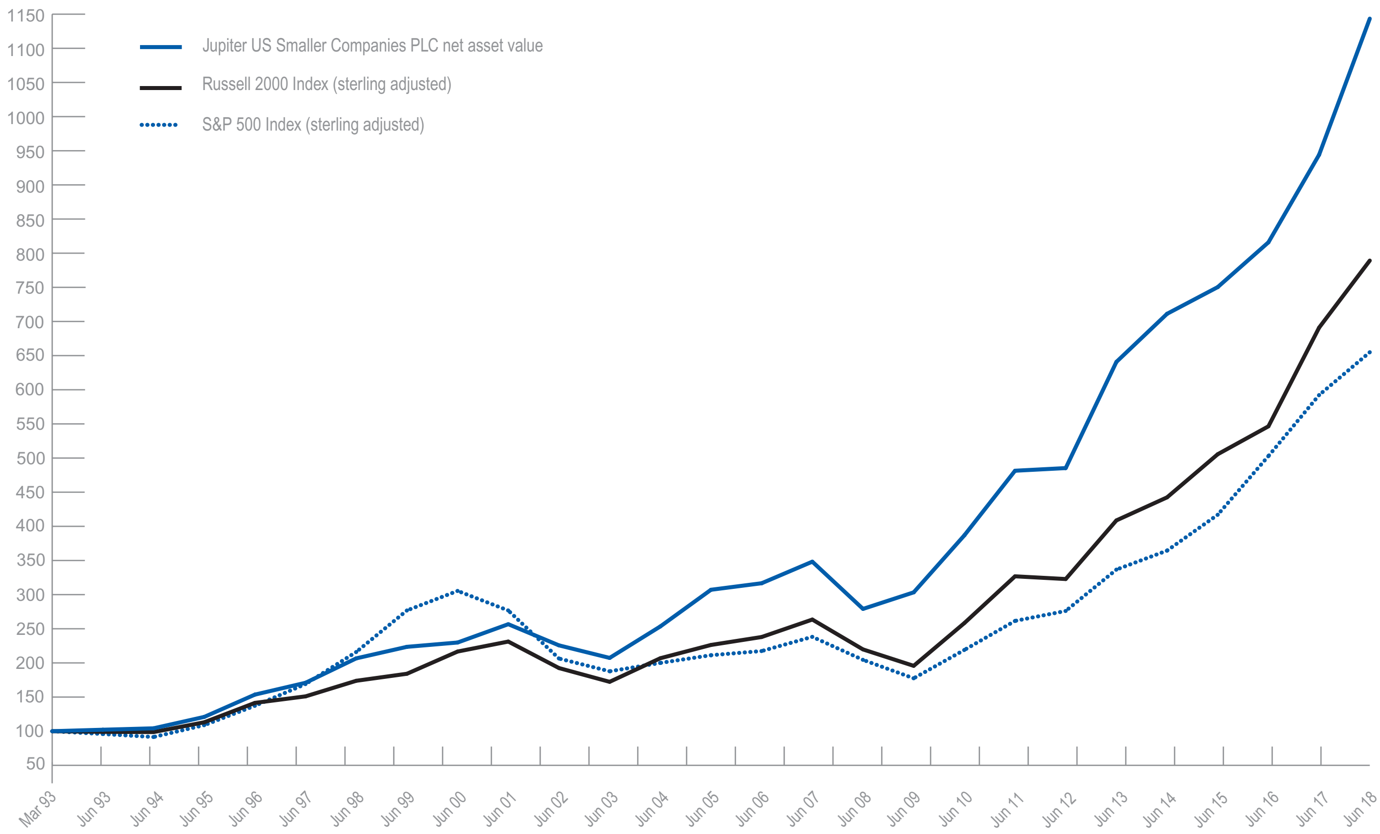
Annual Report & Accounts

for the year ended 30 June 2018

JUPITER

The Company is a UK Investment Trust. Its objective is to achieve long-term capital growth for shareholders from a diversified portfolio primarily of quoted US Smaller and medium sized companies. The Company's approach to investment places an emphasis on preservation of capital and this differentiates it from other closed end funds. Since launch in March 1993 the net asset value of the Company's shares has increased by more than 1100%. The Company's performance since launch is illustrated below.

Net asset value per share performance since launch (rebased to 100 at 8 March 1993)



Source: Datastream

Contents

Investment Objective, Investment Policy and Benchmark Index

Investment Objective	The investment objective of Jupiter US Smaller Companies PLC (the 'Company') is to achieve long-term capital growth by investing in a diversified portfolio primarily of quoted US smaller and medium-sized companies.
Investment Policy	Our Portfolio Manager takes a risk-averse approach to investment, emphasising capital preservation. The approach is long-term and focuses on good quality companies whose share valuation reflects limited downside risk. The Investment Adviser believes that this sector is a diverse and dynamic part of the North American market and continues to provide opportunities for capital growth over the long-term. The sector is highly diversified with a great many companies from which to choose. Many companies are relatively immature, whether financially or operationally or in terms of management or market position. They tend to be highly geared to growth and are particularly vulnerable to market and other changes. Against this background, the Company has adopted a disciplined and relatively conservative investment style that focuses on companies with a strong franchise, free cash flow and insider ownership by management, and whose shares are considered by the Investment Adviser to be cheap at the time of investment. Whilst shares in these companies will not always be the best performing, the Investment Adviser believes that this is an excellent approach to long-term investment in this sector. No more than 10% of the total assets of the Company may be invested in other listed investment companies (including investment trusts) except in such other investment companies which themselves have stated that they will invest no more than 15% of their total assets in other listed investment companies, in which case the limit is 15%.
Benchmark Index	Sterling adjusted Russell 2000 Index (which is a price return index)

THE COMPANY IS A MEMBER OF THE

aic
The Association of
Investment Companies

Strategic Report

Financial Highlights for the year ended 30 June 2018

Ordinary Share Performance

	30 June 2018	30 June 2017	% change
Net Asset Value (pence)	1,103.43	911.08	+21.1
Middle Market Price (pence)	1,030.00	832.00	+23.8
Russell 2000 Index (sterling adjusted)	1,244.47	1,089.62	+14.2
Discount to Net Asset Value (%)	(6.7)	(8.7)	–
Ongoing charges ratio (%)	1.02	1.01	–

Ten year record

Year ended 30 June	Net Assets £'000	Net Asset Value per Ordinary Share p	Year-on-year change in Net Asset Value per Ordinary Share %	Year-on-year change in Benchmark Index* %
2008	55,982	269.3	–	–
2009	60,607	292.7	+8.7	-10.9
2010	77,298	373.3	+27.5	+32.0
2011	96,201	464.6	+24.5	+26.5
2012	99,248	468.3	+0.8	-1.2
2013	147,688	618.4	+32.1	+26.6
2014	164,957	686.3	+11.0	+8.3
2015	174,033	724.1	+5.5	+14.3
2016	174,163	787.3	+8.7	+8.1
2017	181,687	911.1	+15.7	+26.5
2018	163,339	1,103.4	+21.1	+14.2

* Russell 2000 Index (sterling adjusted).
For definitions of the above terms, please refer to the Glossary of terms on page 52.

Strategic Report continued

Chairman's Statement

Dear fellow shareholder

I am pleased to report that the Net Asset Value ("NAV") per share of your Company increased by 21.1% in the twelve months to 30 June 2018, which compares to a rise of 14.2% for the Company's benchmark, the sterling adjusted Russell 2000 (price return) Index. Since the current manager took over the management of the Company's portfolio, the NAV per share has risen 385% compared to 284% for the benchmark and since the Company's formation on 11 March 1993, the NAV per share has increased 1100% compared with a gain of 676% for the benchmark.

The year's results are an improvement following disappointing results in the previous financial year. The Board of Directors ("Board") encouraged the manager to look more closely at portfolio construction this year and this seems to have helped. Further details are set out in the Investment Adviser's Review on pages 7 and 8.

Market review

During the year under review, in dollar terms, the Russell 2000 Index of smaller companies gained 16.1% beating the Standard & Poor's Composite Index which rose 12.2%. The more technology-oriented NASDAQ Composite Index managed the best increase of the three with a gain of 22.3%.

Sterling investors suffered slightly from the weakness of the US dollar, which lost 1.6% in the year. The Company's investments are denominated in dollars but are valued for reporting purposes in sterling.

The US smaller companies sector advanced steadily during most of the year, despite occasional concerns about rising interest rates. Economic activity stepped up in the period helped by the Trump tax cuts and a revival in the energy industry. Corporate profits growth accelerated especially for more domestically focused smaller companies. Pressures from rising labour and logistics costs have begun to appear but so far have not had a significant impact on corporate margins. Despite general economic strength, rising gasoline prices and mortgage rates have been a restraint on growth.

Most indicators of underlying inflation are picking up but have shown only a modest rise. At this stage inflationary wage pressures seem limited to certain geographies and industries where there are labour shortages. The Federal Reserve raised the Fed Funds interest rate three times. The yields on US treasuries increased as well, with corporate bond yields rising further still.

Against this backdrop the best performing sectors were healthcare (biotech was particularly strong), energy and consumer discretionary, whereas the laggards were utilities, financial services, and materials & processing. Value stocks in general continued to suffer in what has now been a 12-year trend of lagging the market (your manager uses a value style of investing).

Discount management

The Board remains committed to its stated policy of using share buy backs with the intention of ensuring that, in normal market conditions, the market price of its shares reflects a discount of less than 10% of Net Asset Value per share.

During the year, the Company bought back 5,139,109 Ordinary shares. At 30 June 2018 there were 3,420,594 Ordinary shares held in Treasury.

The price of the Ordinary shares rose by 23.8% to 1,030p over the year. The discount to NAV per Ordinary share was 6.7% at the end of the period compared to 8.7% on 30 June 2017.

Gearing

'Gearing' may be defined as the ratio of a company's debt, less cash held, compared to its equity capital, expressed as a percentage. The effect of gearing is that where the value of the investment portfolio increases, all the increase accrues to the shareholders whereas when the value falls, the shareholders suffer the whole of the reduction. Holders of the Company's debt are not affected by such increases or reductions, provided that the portfolio value remains sufficient to cover the debt.

In order to improve the potential for capital returns to shareholders the Company currently has access to a flexible loan facility with Scotiabank (Ireland) Designated Activity Company for amounts up to £20 million (with an option to increase this to £30 million if desired). The ability to borrow in this way is seen as a clear advantage enjoyed by investment trusts as compared with open ended investment vehicles such as unit trusts. During the year the Company used its new borrowing facility to help manage the changes to portfolio construction and the buy-back as well as provide gearing at appropriate times. As at 30 June 2018 the Company had a cash position net of borrowings of 0.5% and at 21 September 2018 it was 0.1%.

Board composition

We are aware of recent corporate governance changes that will automatically treat directors who have served more than nine years as no longer independent; and we will keep these developments under review. However, in my view one needs to balance the need to refresh the composition of the Board from time to time with the advantage of retaining directors with relevant and sometimes long-standing experience, particularly in a specialist area such as US Smaller Companies. As noted on page 25 under Audit & Management Engagement Committee, there will be a change of chairmanship of the Committee on 20 November 2018.

All the current directors will offer themselves for re-election at the AGM.

PRIIPS key information documents

We are required by new EU regulations introduced at the beginning of 2018 to provide investors with a key information document ("KID") which includes performance projections which are the product of prescribed calculations based on the Company's past performance. Whilst the content and format of the KID cannot be amended under the applicable EU regulations, the Board does not believe that these projections are an appropriate or helpful way to assess the Company's future prospects. Moreover, the principle of using history to project the Company's future performance would appear to violate that oft-quoted mantra of "past performance is no guide to future performance", seemingly *de rigeur* on every marketing document.

Accordingly, the Board urges shareholders to concentrate on the more comprehensive information set out in this Annual Report & Accounts and the Company's Half Yearly Financial Report, together with the monthly fact sheets and daily Net Asset Value announcements, when considering an investment in the Company's shares. These documents, together with a link to Edison's third-party research coverage of the Company are published at www.jupiteram.com/JUS.

Annual General Meeting

The Annual General Meeting will be held at 10.30 am on Tuesday, 20 November 2018 and I hope that you will attend. The meeting will be held in the offices of Jupiter Asset Management Limited at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ. In addition to the formal business, the Investment Adviser will provide a short presentation to shareholders.

Strategic Report continued

Chairman's Statement continued

Outlook

With the Federal Reserve seemingly intent on tightening policy as well as reducing its vast balance sheet holdings of US Treasuries there is always potential for market disruption. Additional risk comes from slower economic growth abroad should this spill over to the US.

It seems that the Federal Reserve is willing to tighten at a moderate pace so the more domestically focused smaller company market which benefits from a growing economy could continue to rise.

The US smaller company sector is an attractive one and interesting for long term investors. Generally it is under-researched and offers areas of undiscovered value. Shareholders should benefit from the Company's conservative investment approach that focuses on buying good companies when their shares are out of favour.

Gordon Grender
Chairman
26 September 2018

Investment Adviser's Review

At the instigation of the Board, we took a close look at the portfolio activity over the previous three years to see if any lessons could be learned. The review suggested that although stock selection had been good, not enough had been held in the best performers, winners had been sold too early and losers had been held too long. As a result, there were two changes to portfolio construction starting in October 2017: the portfolio's holdings were increased in stocks where we saw greatest long-term potential and sell disciplines were tightened up. The portfolio's weighting in the top ten positions increased from 24% a year ago to 36% at the end of the period and the number of holdings was cut from 58 to 42.

Investment approach

Despite these changes, there is no change to the Company's investment philosophy or the way the manager chooses stocks. The Company takes a conservative investment approach that aims to preserve capital rather than to chase growth. The approach is not particularly fashionable and does not necessarily produce good results every year but over time it should lead to superior returns. This approach concentrates on taking a long term view of company business prospects and buying shares when they are cheap and have substantial appreciation potential. As a result, the portfolio tends to emphasise areas of the market that are out of favour or where companies have lower risk businesses. Conversely, popular market sectors tend to be shunned and stocks that can offer steady, if unspectacular, returns are preferred. An example of this is companies that can compound growth in book value per share, such as disciplined insurance underwriters.

Performance

The changes to portfolio construction and sell disciplines had a beneficial effect this year. Net asset value per share gained 21.1% in the twelve months to 30 June 2018, which compared to a rise of 14.2% in the benchmark, the sterling adjusted Russell 2000 Index. This outperformance came from the smallest stocks in the portfolio (those under $1 billion in market cap) and stock selection was good in materials & processing, consumer staples, producer durables and technology sectors. It was however poor in health care and energy.

Three stocks contributed especially strongly to stock selection. DMC Global rose 238% helped by strong sales of its new drill pipe perforation guns. These are used in fracking shale wells and DMC's product is very safe, making it easier to handle and saving the customer time. The company announced an expansion of capacity. The Chefs' Warehouse added 116% following good results and improving profit margins for this distributor of food to upmarket restaurants. It had struggled to get the best from acquisitions but is now reaping benefit from the experience of new management and board directors with skills in merger integration. Ollie's Bargain Outlet Holdings, the regional off-price retailer whose motto is "good stuff cheap", is benefiting from Amazon's growth. The bankruptcy of retail chains is resulting in greater availability of heavily discounted branded goods. It gained 67% as same store sales advanced and the company expands the number of stores it operates: it still has only 280 stores.

The fintech company Bottomline Technologies, which automates corporate payments, gained 91% after surmounting high start-up costs in its digital banking service. It is also experiencing strong growth in its other products. The Ensign Group, run by serial nursing home entrepreneur Roy Christensen and his son Christopher, specialises in acquiring struggling nursing homes then fixing them: it rose 63% having overcome digestion problems with a larger than usual Texas chain and is now back on a growth track. America's Car-Mart is benefiting from a tightening of standards by new car lenders who compete with used car retailers like Car-Mart who provide their own finance. Used cars are a staple product in small town America and the shares appreciated by 56% as sales growth and credit losses improved.

As ever in small company investing, there are disappointments. Acadia Healthcare, an operator of addiction and psychiatric centres, dropped 39% over the year as a result of problems at its UK subsidiary, The Priory Group. Tivity Health fell 14% and this large position had a significant negative overall effect. Tivity provides the Silver Sneakers exercise program for the elderly members of health plans. Although the stock performed very well since a turnaround in 2016 it now faces a struggle to maintain growth and The Priory Group was sold: health plans are looking to insource the service and new low cost competitors threaten the company's profit margins. Lions Gate Entertainment, the production and distribution company, another large position, lost 13%: it has been left out of the current round of media consolidation. It also disappointed investors when it announced that this year's film slate would be smaller than expected and that it would invest more heavily to promote its programming over the internet. It owns some of the best assets in media and the stock was retained. ATN International declined by 23% after a series of disappointments: its Caribbean mobile phone service was heavily damaged by hurricanes and there were delays in receiving regulatory approval for its Indian solar power venture. The company has a very strong balance sheet and a good record of investing successfully in underserved markets and we held on to it. RPC is a $3 billion market cap oil services company engaged in pressure pumping in the Permian basin: CEO Gary Rollins controls around 67% of the stock. The company's business is oriented to spot-pricing and suffered from bad winter weather as well as price competition in the spring as activity in the Permian basin was curtailed by a temporary lack of spare pipeline capacity. There are still good prospects for an improvement in pricing as new pipeline capacity comes on line later in 2018. We held on to this stock but not Murphy USA, the operator of gas stations and convenience stores. It lost 20% as its growth strategy seemed to be unravelling; Walmart elected not to expand their partnership, industry capacity is growing too fast and vaping is having a deleterious effect on cigarette sales.

There were three takeovers in the period, all agreed bids: Amplify Snack Brands received a bid from Hershey at a large premium. There were lower premium takeovers of two regional banks, State Bank Financial (based in Atlanta), by Houston-based Cadence Bancorp, and CoBiz Financial (based in Denver) by Tulsa-based BOK Financial.

Portfolio

The Company's conservative investment approach leads it to own four kinds of stocks, namely compounders, valuable assets, recovery stocks and turnarounds. Compounders are companies capable of delivering reliable earnings growth over a long period and where the stock price at purchase is very cheap compared to the underlying business value. Valuable assets are companies that own assets which can be exploited to increase overall shareholder value. Recovery stocks refer to shares that are deeply depressed and are very cheap in absolute terms. Turnarounds are troubled companies that require new management to set them on the right track.

Two bank stock compounders were bought in summer 2017 when the sector dipped: both have excellent credit underwriting records, operate in areas of the US with buoyant economies and have high insider ownership. These were Pacific Premier Bancorp and Home Bancshares. We also bought the recovery stock INTL FCStone, a commodity-oriented financial service company, where management owns 17%. It benefits from rising rates as it earns interest on customer deposits, which are about three times the size of its market cap.

Strategic Report continued

Investment Adviser's Review continued

Temporary industry overcapacity can create the conditions to find recovery stocks and an example of this was Sanderson Farms, a niche producer of chickens for the big bird deboned market, where insiders own 12%. Chicken consumption is growing in the US because it is cheaper than red meat and perceived as a healthy choice.

An example of a turnaround was Brookdale Senior Living where occupancy is depressed because of problems exiting unprofitable leases. New management have fixed the balance sheet and are focusing efforts on marketing; current headwinds from rising industry capacity should fade over the next year.

The television broadcasting industry is under pressure from declining advertising and the loss of cable subscribers to internet TV viewing. This can create opportunities from consolidation. We bought Gray Television A, a recovery stock, which owns highly rated TV stations in small cities. The stock subsequently jumped after it acquired the similar company Raycom Media. The combination allows them to pool their internet efforts and gives them greater power in negotiating industry deals. Free cash flow is very strong and will be used to reduce debt.

As mentioned above there was a focus on selling stocks where growth prospects were diminishing or under threat. Most sales occurred in the consumer and health care sectors: two examples of the latter are highlighted above as well as Murphy USA in consumer. LKQ and Service Corp International were both large positions that were sold in the period. LKQ is a distributor of alternative car parts and lost key operating management during the year. It seems to have become too reliant on large overseas acquisitions to sustain growth. Subsequent to the sale the shares suffered a large drop. The funeral home operator Service Corp International was sold because of the threat from low cost competition and an adverse trend towards less profitable cremations as opposed to burials. Growth in recent years has been boosted by pre-need sales of plots and these are now running out.

Outlook

The more domestically focused smaller companies sector appears to have shaken off concerns about rising interest rates: the outlook for profits growth is quite good. The Fed may find that it is unable to raise interest rates too fast because of the knock-on problems this would create for developing economies that have borrowed heavily in US dollars.

The portfolio holds many exciting undervalued entrepreneurial companies with excellent long term prospects where insiders have substantial personal investment. These should benefit shareholders in the future.

Robert Siddles
Fund Manager
Jupiter Asset Management Limited
Investment Adviser
26 September 2018

Strategic Report continued

Twenty Largest Equity Holdings as at 30 June 2018

30 June 2018	30 June 2017	Company Description	Sector	30 June 2018 Valuation %	30 June 2018 Valuation £'000	30 June 2017 Valuation £'000
1	1	**Ollie's Bargain Outlet Holdings** Ollie's Bargain Outlet Holdings operates a regional chain of retail stores that offers brand name products at discounted and closeout prices. It benefits from retail bankruptcies caused by Amazon's growth as this provides more unsold inventory. Insiders own 15%.	Consumer Discretionary	5.2	8,516	5,576
2	36	**Chefs' Warehouse** The Chefs' Warehouse is the leading distributor of specialised food to upmarket restaurants in the US. It is exploiting its advantages in systems and service to gain market share. Insiders own 25% of the stock.	Consumer Staples	4.3	6,995	2,900
3	3	**Genesee & Wyoming 'A'** Genesee & Wyoming operates short line railroads in the US and other railroads internationally. It achieves industry leading safety levels and uses its free cash flow to grow by acquisition.	Producer Durables	3.8	6,221	4,467
4	14	**American Vanguard** American Vanguard acquires niche agricultural chemicals that help farmers deal with bio resistance and other problems. Business conditions are temporarily depressed and the stock offers recovery potential.	Materials & Processing	3.7	5,956	3,691
5	–	**MSC Industrial Direct 'A'** MSC Industrial Direct is the leading distributor to the metal working industry: its 'Big Book' catalogue is an industry benchmark. The company is using its free cash flow to supplement growth with acquisitions. The family members of the Founder Sid Jacobson own 22%.	Producer Durables	3.6	5,772	–
6	38	**Covanta Holding** Covanta Holding is the largest waste to energy operator in the US. The company owns hard to duplicate assets that produce predictable cash flow. It is expanding via a partnership in the UK and Eire, and is increasing its throughput of premium-priced specialised waste in the US. Insiders including the Chairman Sam Zell own 12%.	Producer Durables	3.3	5,401	2,801
7	7	**Ensign Group** The Ensign Group operates nursing facilities. The company's Chairman and co-founder Roy Christensen has been a serial entrepreneur in the industry since the 1960s. The company acquires and then improves struggling nursing facilities and has an impressive history of growth.	Healthcare	3.3	5,332	3,960
8	21	**Alleghany** Alleghany is a specialised insurance underwriter and reinsurer with a strong underwriting discipline. It has a good record of growing book value per share.	Financial Services	3.2	5,203	3,275
9	8	**America's Car-Mart** America's Car-Mart sells and finances used cars. Its stores are located in small towns in the Sun Belt. The ability to offer its own credit gives it a competitive edge and it has considerable scope for growth.	Consumer Discretionary	3.2	5,125	3,930

Strategic Report continued

Twenty Largest Equity Holdings as at 30 June 2018 continued

30 June 2018	30 June 2017	Company Description	Sector	30 June 2018 Valuation %	30 June 2018 Valuation £'000	30 June 2017 Valuation £'000
10	11	**Old Dominion Freight Line** Old Dominion Freight Line is a less than truckload or regional trucker. It is gaining market share as a result of its industry leading on-time performance and superior systems. Insiders own 18%.	Producer Durables	3.1	4,977	3,886
11	52	**DMC Global** DMC Global produces explosively welded metals for use in demanding applications as well as explosive systems for the perforation of drill pipes during fracking. Its new perforation product is particularly safe to use and is gaining market share in the US.	Materials & Processing	2.8	4,566	1,623
12	–	**Pacific Premier Bancorp** Pacific Premier Bancorp lends to small and medium-sized businesses in southern California. The current management team turned the company around in 2000. It is a disciplined credit underwriter and concentrates on several specialised areas of lending. Organic growth is augmented by acquisitions. Insiders own 10%.	Financial Services	2.8	4,565	–
13	13	**Lions Gate Entertainment** Lions Gate Entertainment is a TV and film production company which via its merger with Starz now includes specialised cable TV networks. The merger promises de-leveraging, more consistent results and a platform for further expansion. Insiders own 28%.	Consumer Discretionary	2.8	4,534	3,714
14	–	**Gray Television** Gray Television owns TV broadcast stations in 57 mostly smaller city markets. Its stations are ranked #1 or #2 in their markets allowing it to negotiate good deals with distributors. It has very strong free cash flow and is able to capitalise on industry pressures to make acquisitions at good prices. Insiders own 46%.	Consumer Discretionary	2.6	4,261	–
15	10	**Parsley Energy** Parsley Energy focuses on unconventional oil and gas in the Permian Basin, the richest resource for fracking in the US. It owns one of the best portfolios of development properties in the Midland Basin, the most prolific part of the Permian. It was founded by Brian Sheffield the grandson of Joe Parsley (the co-founder of Parker & Parsley). Insiders own 18%.	Energy	2.5	4,098	2,745
16	–	**Brookdale Senior Living** Brookdale Senior Living is the largest operator of senior living communities in the US. New management is seeking to turn the company around. The balance sheet has been cleaned up and the company is focusing on improving occupancy after a period of decline that followed its 2014 acquisition of Emeritus.	Healthcare	2.4	3,833	–
17	22	**Bottomline Technologies** Bottomline Technologies is a fintech company specialising in the automation of corporate payments for corporations and banks. It has a very high level of recurring revenues.	Technology	2.3	3,731	3,249

Strategic Report continued

Twenty Largest Equity Holdings as at 30 June 2018 continued

30 June 2018	30 June 2017	Company Description	Sector	30 June 2018 Valuation %	30 June 2018 Valuation £'000	30 June 2017 Valuation £'000
18	39	**Addus Homecare** Addus Homecare is the leading provider of social care and medical services to so-called "dual eligibles", those that qualify for both Medicare and Medicaid, i.e. the elderly poor. This group consumes a large share of health care spending and helping them to live at home can provide significant savings. The company is consolidating a highly fragmented industry. Insiders own 34%.	Healthcare	2.2	3,654	2,761
19	37	**Virtusa** Virtusa provides IT consulting and outsourcing services with a particular focus on outsourcing corporate applications, a growing market. The specialised software used by for example many financial institutions is burdensome to maintain and outsourcing is an attractive alternative. Insiders own 10%.	Technology	2.2	3,632	2,884
20	32	**Tejon Ranch** Tejon Ranch owns 270,000 acres of land north of Los Angeles and is in the process of developing around 30,000 acres. The shares are very cheap compared to the potential development value. Insiders including the Tisches own 27%.	Financial Services	2.2	3,621	3,055

The value of the twenty largest equity holdings represents £100.0 million (2017: £79.2 million) and 61.5% (2017: 45.5%) of the Company's total investments.

Strategic Report continued

List of Investments as at 30 June 2018

Listed Investments*	Value £'000	Percentage of portfolio
CONSUMER DISCRETIONARY 17.6% (2017: 22.2%)		
America's Car-Mart	5,125	3.1
Gray Television	4,261	2.6
Lions Gate Entertainment 'A'	4,534	2.8
The Michaels Companies	3,516	2.2
Ollie's Bargain Outlet Holdings	8,516	5.3
Reading International 'A'	2,584	1.6
	28,536	**17.6**
CONSUMER STAPLES 6.4% (2017: 5.9%)		
The Chefs' Warehouse	6,995	4.3
Sanderson Farms	3,388	2.1
	10,383	**6.4**
ENERGY 3.7% (2017: 5.2%)		
Parsley Energy 'A'	4,098	2.5
RPC	1,980	1.2
	6,078	**3.7**
FINANCIAL SERVICES 23.1% (2017: 18.1%)		
Alleghany	5,203	3.2
B. Riley Financial	3,053	1.9
CatchMark Timber Trust, 'A'	2,570	1.6
CoBiz Financial	3,064	1.9
Franklin Financial Network	3,389	2.1
Hallmark Financial Services	2,354	1.5
Home BancShares	2,912	1.8
INTL FCStone	2,859	1.7
Pacific Premier Bancorp	4,565	2.8
State Bank Financial	1,129	0.7
Tejon Ranch	3,621	2.2
Towne Bank	2,871	1.7
	37,590	**23.1**
HEALTHCARE 9.8% (2017: 16.7%)		
Addus HomeCare	3,654	2.2
Brookdale Senior Living	3,833	2.4
Civitas Solutions	3,021	1.9
The Ensign Group	5,332	3.3
	15,840	**9.8**
MATERIALS & PROCESSING 8.3% (2017: 3.0%)		
American Vanguard	5,956	3.6
DMC Global	4,566	2.8
GMS	3,034	1.9
	13,556	**8.3**
PRODUCER DURABLES 19.4% (2017: 14.7%)		
Allegiant Travel	2,681	1.6
Covanta Holding	5,401	3.3
Genesee & Wyoming 'A'	6,222	3.8
MSC Industrial Direct 'A'	5,772	3.6
Navigator Holdings	3,096	1.9
Old Dominion Freight Line	4,977	3.1
Wabtec	3,428	2.1
	31,577	**19.4**

Strategic Report continued

List of Investments as at 30 June 2018 continued

Listed Investments*	Value £'000	Percentage of portfolio
TECHNOLOGY 10.2% (2017: 12.0%)		
Acxiom	3,317	2.1
Bottomline Technologies DE	3,731	2.3
NETGEAR	3,225	2.0
Reis	2,635	1.6
Virtusa	3,632	2.2
	16,540	**10.2**
UTILITIES 1.5% (2017: 2.2%)		
ATN International	2,428	1.5
	2,428	**1.5**
TOTAL INVESTMENTS	**162,528**	**100.0**

The number of companies in the portfolio is 42 (2017: 58).

* Category headings correspond to those used by Frank Russell.

Strategic Report continued

Strategic Review

The Strategic Report has been prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The Strategic Report seeks to provide shareholders with the relevant information to enable them to assess the performance of the Directors of the Company during the period under review.

Business and Status

During the year the Company carried on business as an investment trust with its principal activity being portfolio investment. The Company has been approved by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the eligibility conditions of sections 1158 and 1159 of the Corporation Tax Act 2010 ('CTA 2010') and the ongoing requirements for approved companies as detailed in Chapter 3 of Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011. In the opinion of the Directors, the Company has conducted its affairs in the appropriate manner to retain its status as an investment trust.

The Company is an investment company within the meaning of section 833 of the Companies Act 2006.

The Company is not a close company within the meaning of the provisions of the CTA 2010 and has no employees.

The Company was incorporated in England & Wales on 15 January 1993.

Reviews of the Company's activities are included in the Chairman's Statement and Investment Adviser's Review on pages 5 to 8.

There has been no significant change in the activities of the Company during the year to 30 June 2018 and the Directors anticipate that the Company will continue to operate in the same manner during the current financial year.

Investment Objective

The Company's investment objective is to achieve long-term capital growth by investing in a diversified portfolio of primarily quoted US smaller and medium-sized companies.

Strategy

The Board recognises that by its nature the US smaller companies sector can be a risky asset class in which to invest. The sector is highly diversified with a great many companies from which to choose. Many companies are relatively immature, whether financially or operationally or in terms of management or market position. They tend to be highly geared to growth and are particularly vulnerable to market and other changes. Against this background, the Company has adopted a disciplined and relatively conservative investment style that focuses on companies with a strong franchise, free cash flow, insider ownership by management and whose shares are considered by the Investment Adviser to be cheap at the time of investment. Whilst shares in these companies will not always be the best performing, the Directors believe that this is an excellent approach to long-term investment in this sector.

Investment Policy

The investment policy of the Company is to invest in quoted US smaller and medium-sized companies and its objective is achieved through diversification of holdings across a variety of economic/industrial sectors. A full list of investments by sector is included on pages 12 and 13.

No more than 10% of the total assets of the Company may be invested in other listed investment companies (including investment trusts) except in such other investment companies which themselves have stated that they will invest no more than 15% of their total assets in other listed investment companies, in which case the limit is 15%.

Benchmark Index

The Company's benchmark index is the sterling adjusted Russell 2000 Index.

Gearing

Gearing is defined as the ratio of a company's debt less cash held compared to its equity capital, expressed as a percentage. The effect of gearing is that, in rising markets, the Company tends to benefit from any growth of the Company's investment portfolio above the cost of payment of the prior ranking entitlements of any lenders and other creditors. Conversely, in falling markets the Company suffers more if the Company's investment portfolio underperforms the cost of those prior entitlements.

In order to improve the potential for capital returns to shareholders the Company has, with effect from 29 September 2017, negotiated a flexible loan facility with Scotiabank (Ireland) Designated Activity Company for up to £20 million (with an option to increase to £30 million if desired). It is intended that the use of this facility should be a clear differentiator for the Company relative to the open-ended Jupiter US Small & MidCap Fund, which is prevented by the applicable FCA rules from applying any gearing to its portfolio.

Further details of the loan facility with Scotiabank (Ireland) Designated Activity Company can be found in Note 12 to the Accounts on page 43.

Key Performance Indicators

At their quarterly Board meetings the Directors consider a number of performance indicators to help assess the Company's success in achieving its objectives. The key performance indicators used to measure the performance of the Company over time are as follows:

- Net Asset Value changes;
- The premium or discount of share price to Net Asset Value over time;
- A comparison of the absolute and relative performance of the Ordinary share price and the Net Asset Value per share relative to the return on the Company's Benchmark Index and of our peers; and
- Ordinary share price movement.

Information on these Key Performance Indicators and how the Company has performed against them can be found on page 4 and within the Chairman's Statement.

In addition, a history of the Net Asset Value, Ordinary share price and Benchmark Index are shown on the monthly factsheets which can be viewed on the Investment Adviser's website **www.jupiteram.com/JUS** and which are available on request from the Company Secretary.

Discount to Net Asset Value

The Directors review the level of the discount or premium between the middle market price of the Company's Ordinary shares and their Net Asset Value on a regular basis. The Directors have taken the

Strategic Report continued

Strategic Review continued

opportunity to issue shares when there is sufficient demand. Such issues are always at a price which is in excess of the NAV. No shares were issued during the year under review.

The Board will continue to apply its policy of buying back shares at appropriate times with a view to limiting any discount in the longer term to less than 10%. The Directors had powers granted to them at the last Annual General Meeting ('AGM') held on 21 November 2017 to purchase Ordinary shares and either cancel or hold them in treasury as a method of controlling the discount to Net Asset Value and enhancing shareholder value. This authority was subsequently renewed by shareholders at a General Meeting held on 9 May 2018.

The Company repurchased 5,139,109 Ordinary shares during the year under review at an average discount of 8.8%.

Under the Listing Rules, the maximum price that may currently be paid by the Company on the repurchase of any Ordinary shares is 105% of the average of the middle market quotations for the Ordinary shares for the five business days immediately preceding the date of repurchase. The minimum price will be the nominal value of the Ordinary shares. The Board is proposing that its authority to repurchase up to approximately 14.99% of its issued share capital be renewed at the AGM. The new authority to repurchase will last until the conclusion of the AGM of the Company in 2019 (unless renewed earlier). Any repurchase made will be at the discretion of the Board in light of prevailing market conditions and within guidelines set from time to time by the Board, the Companies Act, the Listing Rules and the Market Abuse Regulation.

Treasury Shares

In accordance with the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the 'Regulations') which came into force on 1 December 2003 any Ordinary shares repurchased, pursuant to the above authority, may be held in treasury. These Ordinary shares may subsequently be cancelled or sold for cash. This would give the Company the ability to reissue shares quickly and cost effectively and provide the Company with additional flexibility in the management of its capital.

As at 30 June 2018 there were 3,420,594 Ordinary shares held in Treasury.

Management

The Company has no employees and most of its day to day responsibilities are delegated to Jupiter Asset Management Limited ('JAM'), which acts as the Company's Investment Adviser and Company Secretary. Further details of the Company's arrangement with JAM and the Alternative Investment Fund Manager ('AIFM'), Jupiter Unit Trust Managers Limited ('JUTM'), can be found in Note 20 to the Accounts on page 48.

J.P. Morgan Europe Limited ('JPMEL') acts as the Company's Depositary and the Company has entered into an outsourcing arrangement with J.P. Morgan Chase Bank N.A. ('JPMCB') as Custodian and for the provision of accounting and administrative services.

Although JAM is named as the Company Secretary, JPMEL provides administrative support to the Company Secretary as part of its formal mandate to provide broader fund administration services to the Company.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code as issued by the Financial Reporting Council ('FRC') in April 2016, the Board has assessed the viability of the Company over the next three years. The Company's investment objective is to achieve long-term capital growth and the Board regards the Company's shares as a long-term investment. Three years is considered a reasonable period for investment in equities and is appropriate for the composition of the Company's portfolio. As part of its assessment, the Board has noted that shareholders will be required to vote on the continuation of the Company at the 2020 AGM. The Board is of the opinion that this is an appropriate timeframe as it will provide shareholders with assurances on the viability of the Company post the date of the continuation vote.

In carrying out its assessment, the Board has also considered the Company's business model including its investment objective and investment policy as well as the principal risks and uncertainties that may affect the Company as detailed below.

The Board has noted that:

- The Company holds a liquid portfolio invested predominantly in US listed equities; and
- No significant increase to ongoing charges or operational expenses is anticipated.

The Board has therefore concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three years.

Principal Risks and Uncertainties

The Board has undertaken a robust review of the principal risks and uncertainties that may affect the Company and its business which are described below:

Investment policy and process – Inappropriate investment policies and processes may result in under performance against the prescribed Benchmark Index and the Company's peer group. The Board manages these risks by ensuring a diversification of investments and regularly reviewing the portfolio asset allocation and investment process.

Investment Strategy and Share Price Movement – The Company is exposed to the effect of variations in the price of its investments. A fall in the value of its portfolio will have an adverse effect on shareholders' funds. It is not the aim of the Board to eliminate entirely the risk of capital loss, rather it is its aim to seek capital growth. The Board reviews the Company's investment strategy and the risk of adverse share price movements at its quarterly board meetings taking into account the economic climate, market conditions and other factors that may have an effect on the sectors in which the Company invests.

Liquidity Risk – The Company may invest in securities that have a very limited market which will affect the ability of the Investment Adviser to dispose of securities when it is no longer felt that they offer the potential for future returns. Likewise the Company's shares may experience liquidity problems when shareholders are unable to realise their investment in the Company because there is a lack of demand for the Company's shares. At its quarterly meetings the Board considers the current liquidity in the Company's investments when setting restrictions on the Company's exposure. The Board also reviews, on a quarterly basis, the Company's buy back programme and in doing so is mindful of the liquidity in the Company's shares.

Gearing Risk – The Company's gearing can impact the Company's performance by accelerating the decline in value of the Company's net assets at a time when the Company's portfolio is declining. Conversely

Strategic Report continued

Strategic Review continued

gearing can have the effect of accelerating the increase in the value of the Company's net assets at a time when the Company's portfolio is rising. The Company's level of gearing is under constant review by the Board who take into account the economic environment and market conditions when reviewing the level.

Discount to Net Asset Value – A discount in the price at which the Company's shares trade to Net Asset Value would mean that shareholders would be unable to realise the true underlying value of their investment. The Directors had powers granted to them at the last Annual General Meeting to purchase Ordinary shares as a method of controlling the discount to Net Asset Value and enhancing shareholder value.

Regulatory Risk – The Company operates in a complex regulatory environment and faces a number of regulatory risks. A breach of section 1158 of the CTA 2010 could result in the Company being subject to capital gains tax on portfolio movements. Breaches of other regulations such as the UKLA Listing rules, could lead to a number of detrimental outcomes and reputational damage. Breaches of controls by service providers such as the Investment Adviser could also lead to reputational damage or loss. The Board relies on the services of its Company Secretary, JAM, and its professional advisers to ensure compliance with, amongst other regulations, the Companies Act 2006, the UKLA Listing Rules, the FCA's Disclosure and Transparency Rules and the Alternative Investment Fund Managers Directive. The Investment Adviser is contractually obliged to ensure that its conduct of business confirms to applicable laws and regulations.

Credit and Counterparty Risk – The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss. Further details of the management of this risk can be found in Note 13 to the Accounts on page 46.

Loss of Key Personnel – The day-to-day management of the Company has been delegated to the Investment Adviser. Loss of the Investment Adviser's key staff members could affect investment return. The Board is aware that JAM recognises the importance of its employees to the success of its business. Its remuneration policy is designed to be market competitive in order to motivate and retain staff and succession planning is regularly reviewed. The Board also believes that suitable alternative experienced personnel could be employed to manage the Company's portfolio in the event of an emergency.

Operational – Failure of the core accounting systems, or a disastrous disruption to the Investment Adviser's business or that of the administration provider, JPMCB, could lead to an inability to provide accurate reporting and monitoring. Details of how the Board monitors the services provided by JAM and its associates are included within the Internal Controls section of the Report of the Directors on page 19.

Financial – Inadequate financial controls could result in misappropriation of assets, loss of income and debtor receipts and inaccurate reporting of Net Asset Value per share. The Board annually reviews the Investment Adviser's report on its internal controls and procedures.

Directors

Details of the Directors of the Company and their biographies are set out on page 17.

The Company's policy on Board diversity is included in the Corporate Governance section of the Report of the Directors on page 25.

As at 30 June 2018 the Board comprises one female and four male Directors.

Employees, Environmental, Social and Human Rights issues

The Company has no employees as the Board has delegated the day to day management and administration functions to JUTM, JAM and other third parties. There are therefore no disclosures to be made in respect of employees.

The Board has noted its Investment Adviser's policy on Environmental, Social and Human Rights issues as detailed below:

The Investment Adviser considers various factors when evaluating potential investments. While an investee company's policy towards its environmental and social responsibility, including with regard to human rights, is considered as part of the overall assessment of risk and suitability for the portfolio, the Investment Adviser does not necessarily decide to, or not to, make an investment on environmental and social grounds alone.

All of the Company's activities are outsourced to third parties.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations as its day to day management and administration functions have been outsourced to third parties and it neither owns physical assets or property nor has employees of its own. It therefore does not have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report on Directors' Reports) Regulations 2013.

For and on behalf of the Board

Gordon Grender
Chairman
26 September 2018

Report of the Directors & Governance

Directors

Gordon Grender *Chairman of the Board*	Chairman, a Director of the Company since its inception in 1993, he became Chairman in October 1998. He has been actively involved in fund management in North American stock markets since 1974. He has been the investment adviser to GAM North American Growth Fund since its inception in 1985.
Norman Bachop	Senior Independent Director, appointed to the Board in February 1999 and as Senior Independent Director on 14 June 2007. He was with Mercury Asset Management PLC and its predecessor companies for 30 years, 21 of which were spent managing US equities.
Peter Barton† *Chairman of the Audit & Management Engagement Committee*	Chairman of the Audit & Management Engagement Committee, appointed to the Board in February 1998. He is a solicitor and investment banker. Following a career of over 20 years as a corporate lawyer, he acquired extensive financial services experience as an investment banker with Lehman Brothers for nine years, followed by four years with Robert Fleming & Co and then nine years as a director of Alliance & Leicester plc, of which he was deputy chairman. He is also a director of easyGroup Holdings Ltd. He has previously chaired or been a director of a number of other financial services, real estate and other businesses.
Lisa Booth†	Appointed to the Board in September 2015. Ms Booth is a solicitor specialising in corporate and commercial law who has many years' experience in private practice in London and overseas. She specialises in corporate finance and investment and, in 2003 she co-founded a law firm in the City of London. Over the next ten years she developed and managed a practice focusing on private equity and investment fund transactions. She currently works as a consultant for several law firms and businesses, including a recently established fund management advisory firm based in Berlin.
Clive Parritt†	Appointed to the Board in January 2007. He is a chartered accountant with over 30 years' experience of providing strategic, financial and commercial advice to medium sized businesses. He is chairman of BG Training Limited and a non-executive director of London and Associated Properties PLC. He was president of the Institute of Chartered Accountants in England & Wales in 2011 to 2012. Until April 2016 he was Group Finance Director of Audiotonix Limited (an international manufacturer of audio mixing consoles) and, until 2001, he was chairman of Baker Tilly (now RSM), having been its national managing partner for ten years until June 1996. He has previously chaired or been a director of a number of investment trusts, VCTs and media businesses.

† Members of the Audit & Management Engagement Committee.

Report of the Directors & Governance continued

Report of the Directors

The Directors present the Annual Report and Accounts of the Company for the year ended 30 June 2018.

Results and Dividends

The Company's Net Asset Value per Ordinary share increased by 21.1% in the year ended 30 June 2018, compared to an increase of 14.2% in the sterling adjusted Russell 2000 Index. Results and reserve movements for the year are set out in the Income Statement on page 35 and the Notes to the Accounts on pages 38 to 48.

The Net Assets of the Company as at 30 June 2018 were £163.3 million (2017: £181.7 million). The Company has an accumulated net revenue loss and therefore no distributable revenue is available for payment of dividends.

Capital Structure

As at 30 June 2018 the Company's issued share capital consisted of 18,223,413 Ordinary shares of 25p each of which 3,420,594 were held in Treasury. As a result the total voting rights as at 30 June 2018 was 14,802,819. All Ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement to which the Company is party that affects its control following a takeover bid.

Details of the capital structure can be found in Note 14 to the Accounts on page 47. To the extent that they exist, the revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the Ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro rata to their holdings of Ordinary shares.

Notifiable Interests in the Company's Voting Rights

In accordance with the Disclosure and Transparency Rules as issued by the Financial Conduct Authority ('FCA'), the Company has been notified of the following substantial interests in its Ordinary shares.

Ordinary shares

	30 June 2018	
	Number of Shares	% of total voting rights
Investec Wealth & Investment Limited	1,981,479	13.99
Smith & Williamson Holdings Limited	753,633	5.09

The Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises control over the Company.

Directors

The Directors of the Company and their biographies can be found on page 17. All Directors held office throughout the year under review.

Repurchase of Shares

Authority to Repurchase Shares

At the AGM held on 21 November 2017 shareholders renewed the authority to buy back the Company's Ordinary shares for cancellation or holding in Treasury. This authority was subsequently renewed by shareholders at a General Meeting held on 9 May 2018. The Board are seeking to renew the Company's buy-back powers at the forthcoming AGM. It is believed that these provisions provide a valuable tool in the management of the Company's share value against Net Asset Value. The current authority allows the Company to purchase up to 14.99 per cent. of the issued Ordinary shares. Purchases would be made at the discretion of the Board and within guidelines set from time to time. Under the Listing Rules and the buy-back and stabilisation regulation the maximum price for such a buy-back cannot be more than the higher of (i) 105 per cent. of the average middle market price for the five days immediately preceding the date of repurchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid.

Directors' Remuneration and Interests

The Directors' Remuneration Report and Policy on pages 28 and 29 provides information on the remuneration and shareholdings of the Directors.

Conflicts of Interest

Each Director has a statutory duty to avoid a situation where they have or may have a direct or indirect interest which conflicts or might conflict with the interests of the Company, unless, in terms of the Articles of Association, the relevant conflict or potential conflict has been authorised by the Board. The Directors have declared all potential conflicts of interest with the Company. The Register of potential conflicts of interests is kept at the Registered Office of the Company. It is reviewed regularly by the Board and all Directors will advise the Company Secretary as soon as they become aware of any potential conflicts of interest. Directors who have potential conflicts of interest will not take part in any discussions which relate to any of their potential conflicts.

Directors' and Officers' Liability Insurance and Indemnification

During the year under review the Company purchased and maintained liability insurance for its Directors and Officers as permitted by Section 233 of the Companies Act 2006.

As permitted by the Articles of Association, the Company has entered into deeds of indemnity in favour of each of its Directors. The deeds cover any liabilities that may arise to a third party, as defined by Section 234 of the Companies Act 2006.

Directors' and Company Secretary's Indemnification

The Company has indemnified its Directors and Company Secretary in respect of their duties as Directors and officers of the Company, certain civil claims brought by third parties and associated legal costs to the extent that they are permitted by the Companies (Audit, Investigations and Community Enterprise) Act 2004.

Report of the Directors & Governance continued

Report of the Directors continued

Management of the Company

JUTM was appointed as AIFM to the Company on 22 July 2014. JUTM subsequently delegated the portfolio management of the Company to JAM. JUTM and JAM are wholly owned subsidiaries of Jupiter Fund Management plc. Further details of the Company's arrangement with JUTM and JAM can be found in Note 20 to the Accounts on page 48.

The Directors have reviewed the performance and terms of appointment of JUTM as the Company's AIFM and of JAM as the delegated Investment Adviser. A summary of the terms of the appointment including the notice of termination period and annual fee is set out in Note 4 to the Accounts on page 40. The Directors believe that it is in the best interests of all shareholders for the Company to continue the appointment of the Investment Adviser on its existing terms of appointment having reviewed the company secretarial, accounting, fund management and other services provided by Jupiter, and having regard to the Company's performance against its Benchmark Index during the year under review. The Directors are of the view that the portfolio should remain under the Investment Adviser's stewardship.

Leverage

In accordance with the requirements under the Alternative Investments Fund Managers Directive ('AIFMD'), the leverage employed by the Company as at 30 June 2018 was 1:07 as determined using the Gross method, and 1:1 as determined using the Commitment method.

Average leverage on a gross exposure basis is calculated by taking the sum of the notional values of the derivatives used by the Company, without netting, and is expressed as a ratio of the Company's net asset value. Average leverage on a commitment basis is calculated by netting the sum of the notional values of the derivatives and expressing it as a ratio of the Company's net asset value.

Disclosed in the table below is the level of leverage employed by the Company.

Maximum limit	Gross exposure Average leverage employed during the year to 30 June 2018	Maximum limit	Commitment exposure Average leverage employed during the year to 30 June 2018
2:1	1:07	2:1	1:1

Going Concern

The Accounts have been prepared on a going concern basis. The Directors consider that this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In considering this, the Directors took into account the Company's investment objective, risk management policies and capital management policies, the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments and the ability of the Company to meet all of its liabilities and ongoing expenses. The Directors continue to adopt the going concern basis of accounting in preparing the financial statements while recognising that the Articles of the Company require a continuation vote at every third AGM.

ISA Qualification

The Company currently manages its affairs so as to be a qualifying investment trust under the Individual Savings Account ('ISA') rules. As a result, under current UK legislation, the Ordinary shares qualify for investment via the stocks and shares component of an ISA up to the full annual subscription limit currently £20,000 (2018/19 in each tax year). It is the present intention that the Company will conduct its affairs so as to continue to qualify for ISA products.

Bribery Prevention Policy

The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence. The Board takes very seriously its responsibility to prevent, through JAM on its behalf, any bribery. To aid the prevention of bribery JAM has adopted a Bribery Prevention Policy. JAM will advise any changes to the policy to the Board.

Internal Controls

The Board is responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to meet the particular requirements of the Company and to manage rather than eliminate the risks of failure to achieve its objectives. The systems by their very nature can provide reasonable but not absolute assurance against material misstatement or loss. There is an ongoing process which accords with the Financial Reporting Council's guidance on Internal Control and Related Financial and Business Reporting as issued in September 2014. The Board has undertaken a robust review of the effectiveness of the Company's internal control systems including the financial, operational and compliance controls and risk management. These systems have been in place for the year under review and to the date of signing the Accounts.

The Company receives services from JAM and JPMCB relating to its investment advice, global custody and certain administration activities and from JPMEL as Depositary to the Company. Documented contractual arrangements are in place with these companies which define the areas where the Company has delegated authority to them. The Directors have considered the report on the internal control objectives and procedures of JAM together with the opinion of the service auditor for that report. That report details the measures and the testing of the measures which are in place to ensure the proper recording, valuation, physical security and protection from theft of the Company's investments and assets and the controls which have been established to ensure compliance with all regulatory, statutory and fiscal obligations of the Company.

The Directors have also had regard to the procedures for safeguarding the integrity of the computer systems operated by JAM and J.P. Morgan and the key business disaster recovery plans. By way of the procedures described above the Board reviews the procedures in place to manage the risks to the Company on an annual basis.

The Company does not have an internal audit function. The Audit & Management Engagement Committee considers whether there is a need for an internal audit function on an annual basis. As most of the Company's functions are delegated to third parties the Board does not consider it necessary for the Company to establish its own internal audit function.

Report of the Directors & Governance continued

Report of the Directors continued

UK Stewardship Code and the Exercise of Voting Powers

The Investment Adviser is responsible for voting the shares it holds on the Company's behalf. The Investment Adviser supports the UK Stewardship Code as issued by the Financial Reporting Council, which sets out the responsibilities of institutional shareholders in respect of monitoring and engaging with investee companies. The Investment Adviser's UK voting policies are consistent with the UK Stewardship Code. The Investment Adviser's Corporate Governance & Voting Policy can be found at **www.jupiteram.com/JUS**.

The Board and the Investment Adviser believe that shareholders have an important role in encouraging a higher level of corporate performance and therefore adopt a positive approach to corporate governance. The Investment Adviser aims to act in the best interests of all its stakeholders by engaging with companies that they invest in, and by exercising its voting rights with care. Not only is this commensurate with good market practice, but it also goes hand in hand with ensuring the responsible investment of its clients' funds. Equally, companies are asked to present their plans for maintaining social and environmental sustainability within their business.

The Board and the Investment Adviser believe that institutional investors should exercise their corporate governance rights including voting at general meetings.

In order to assist in the assessment of corporate governance and sustainability issues and contribute to a balanced view, the Investment Adviser subscribes to external corporate governance and sustainability research providers but does not necessarily follow their voting recommendations. Contentious issues are identified and, where necessary (and where timescales permit) are discussed with corporate governance and/or sustainability analysts and portfolio managers, and companies. The Investment Adviser ensures that resolutions are voted in accordance with this practice and timely voting decisions made.

From time to time resolutions will be brought to annual general meetings of investee companies by third parties encouraging companies to address specific environmental and/or social concerns. In such instances Jupiter's corporate governance and sustainability analysts will discuss their views with the portfolio manager and the Company if appropriate. The Investment Adviser will then vote for what it considers to be in the best financial interests of shareholders of the Company, whilst having regard for any specific sustainability concerns unless otherwise directed.

Common Reporting Standards

With effect from 1 January 2016 The Organisation for Economic Co-operation and Development ('OECD') introduced new Regulations for Automatic Exchange of Financial Account Information (the Common Reporting Standard, 'CRS'). HMRC enacted the CRS in the UK through The International Tax Compliance Regulations 2015.

These Regulations require all Financial Institutions to share certain information on overseas shareholders with HMRC; this scope includes an obligation for Investment Trust Companies which had previously had no such reportable accounts under the UK FATCA regulations. Accordingly, the Company will be required to provide information to HMRC on the tax residencies of a number of non-UK based certificated shareholders and corporate entities on an annual basis. HMRC will in turn exchange this information with tax authorities in the country in which the shareholder may be resident for taxation purposes. HMRC has advised that the Company will not be required to provide such information on uncertified holdings held through CREST. The Company has engaged Computershare to provide such information on certificated holdings to HMRC on an ongoing basis. This information for the year ended 31 December 2017 was submitted to HMRC in advance of the annual deadline of 31 May.

AIFMD Remuneration Code

Under the requirements of the Alternative Investment Fund Managers Directive ('AIFMD'), JUTM (part of the Jupiter Group, which comprises Jupiter Fund Management plc and all of its subsidiaries ('Jupiter')) is required to comply with certain disclosure and reporting obligations for funds that are considered to be Alternative Investment Funds ('AIFs'). This includes the 'Company'.

Jupiter operates a Group-wide remuneration policy, which applies to all employees across the Group. All employees are incentivised in a similar way and are rewarded according to personal performance and Jupiter's success. Details of the remuneration policy, including the applicable financial and non-financial criteria, are set out in the detailed remuneration policy disclosures available via the following link:
https://www.jupiteram.com/Global/en/Investor-Relations/Governance/Risk-management

Remuneration decisions are governed by Jupiter's Remuneration Committee (the 'Committee'), which meets on a regular basis to consider remuneration matters across the Group. In order to avoid conflicts of interest, the Committee comprises independent non-executive directors, and no individual is involved in any decisions regarding their own remuneration.

JUTM does not directly employ any individuals and therefore the total amount of remuneration paid by it is nil. All staff are employed and paid by other entities of Jupiter. In the interests of transparency, Jupiter has apportioned the total employee remuneration paid to all 499 Jupiter staff in respect of JUTM's AIFMD duties performed for the AIFs on a 'number of funds' basis. It has estimated that the total amount of employee remuneration paid in respect of duties for the Company is £809,460, of which £429,559 is fixed remuneration and £379,901 is variable remuneration.

The aggregate total remuneration paid to AIFMD Identified Staff that is attributable to duties for the Company is £275,884 of which £117,316 is paid to Senior Management and £158,568 is paid to other staff. It should be noted that the aforementioned Identified Staff also provide services to other companies within Jupiter and its clients. They are included because their professional activities are considered to have a material impact on the risk profile of the Company.

Shareholder Relations

All shareholders have the opportunity to attend and vote at the AGM during which the Directors and Investment Adviser will be available to answer questions regarding the Company. The Notice of Meeting sets out the business of the AGM and any item not of an entirely routine nature is explained in the Report of the Directors or Notes accompanying the Notice. Separate resolutions are proposed for each substantive issue. Information about proxy votes is available to shareholders attending the AGM and published thereafter on the Investment Adviser's website.

The Company reports to shareholders twice a year by way of the Half Yearly Financial Report and Annual Report & Accounts. In addition, Net Asset Values are published on a daily basis and factsheets are published monthly on the Investment Adviser's website **www.jupiteram.com/JUS**.

Report of the Directors & Governance continued

Report of the Directors continued

The Board has developed the following procedure for ensuring that each Director develops an understanding of the views of shareholders. Regular contact with major shareholders is undertaken by the Company's corporate brokers and the corporate finance executive of the Investment Adviser. Any issues raised by major shareholders are then reported to the Board. The Board also receives details of all material correspondence with shareholders and the Chairman and individual Directors are willing to meet shareholders to discuss any particular items of concern regarding the performance of the Company. The Chairman, Directors and representatives of the Investment Adviser are also available to answer any questions which may be raised by a shareholder at the Company's AGM.

Statement in Respect of the Annual Report & Accounts

Having taken all available information into consideration, the Board has concluded that the Annual Report & Accounts for the year ended 30 June 2018, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 30.

Annual General Meeting

This year's AGM will be held at the offices of Jupiter Asset Management Limited, The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ on 20 November 2018 at 10:30 a.m.

In addition to the ordinary business to be conducted at the meeting, the following resolutions in respect of special business will be proposed:

Resolution 10: Authority to allot (ordinary resolution)
Resolution 10 seeks authority for the Directors to allot Ordinary shares up to an aggregate nominal amount of approximately £367,257. This authority will represent 10% of the Company's issued share capital as at the date of this document. This authority will expire at the conclusion of the Company's AGM in 2019 (unless renewed earlier) and it is the intention of the Directors to seek renewal of this authority at that AGM. The Board will only use this authority where it believes that it is in the best interests of the Company to issue shares for cash.

Resolution 11: Disapplication of Pre-emption rights (special resolution)
The Directors may only allot Ordinary shares for cash (other than by way of an offer to all existing shareholders pro rata to their shareholdings) if they are authorised to do so by shareholders at a general meeting. The Companies Act 2006 requires that, unless shareholders have given specific authority for the waiver of their statutory pre-emption rights, the new Ordinary shares must be offered first to existing Ordinary shareholders in proportion to their existing shareholdings. In certain circumstances, it may be in the best interests of the Company to allot new Ordinary shares (or to grant rights over shares) for cash without first offering them to existing Ordinary shareholders in proportion to their holdings. Accordingly, the Directors are seeking authority to issue up to 10% of the issued Ordinary shares on this basis.

The authority will expire at the conclusion of the AGM of the Company in 2019 (unless renewed earlier) and it is the intention of the Directors to seek renewal of this authority at that AGM. Any allotment of new Ordinary shares pursuant to the authority conferred by this Resolution will dilute the voting power of shareholdings of existing shareholders.

Resolution 12: Authority to buy back shares (special resolution)
The Company is seeking shareholder approval to repurchase up to 14.99% of the shares in issue at a price that is not less than the nominal value of each share. The authority being sought will last until the date of the next AGM.

The decision as to whether or not to repurchase any shares will be at the discretion of the Board and any shares repurchased under the authority will be cancelled or held in Treasury. The Company will only fund any purchases by utilising existing cash resources or out of distributable profits as defined by the Companies Act 2006.

Any purchase of shares by the Company will be made in accordance with the Articles of Association and the Listing Rules in force at the time. No purchase of shares will be made at a price in excess of their estimated NAV.

Resolution 13: Notice of General Meetings (special resolution)
Resolution 13 is required to reflect the Shareholders' Rights Directive (the 'Directive'). The Directive has increased the notice period for General Meetings of the Company to 21 days. If Resolution 13 is passed the Company will be able to call all General Meetings (other than Annual General Meetings) on 14 clear days' notice. In order to be able to do so shareholders must have approved the calling of meetings on 14 clear days' notice. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a General Meeting on 14 clear days' notice. This shorter notice period will only be used where, in the opinion of the Directors, it is merited by the purpose of the meeting.

Recommendation

The Board considers that the passing of the resolutions being put to the Company's AGM would be in the best interests of the Company and its shareholders as a whole. It therefore recommends that shareholders vote in favour of Resolutions 1 to 13, as set out in the Notice of Annual General Meeting.

By Order of the Board
Jupiter Asset Management Limited
Company Secretary
26 September 2018

Report of the Directors & Governance continued

Corporate Governance

Corporate Governance Compliance Statement

This statement, together with the Statement of Directors' Responsibilities on page 30 and the statement of Internal Controls on page 19, indicates how the principles of the UK Corporate Governance Code (the 'Code') issued by the Financial Reporting Council (the 'FRC') in September 2014 and the AIC Code of Corporate Governance (the 'AIC Code') issued by the Association of Investment Companies in July 2016, have been applied to the affairs of the Company. The FRC has confirmed that investment companies which report against the AIC Code and which follow the AIC Guide on Corporate Governance will meet their obligations in relation to the UK Corporate Governance Code and paragraph 9.8.6 of the Listing Rules.

The Board considers that the Company has complied with the provisions of the Code throughout the accounting year under review, in so far as they are relevant to the business of an investment trust.

The undernoted table provides an explanation of how the Company has complied with the AIC Code during the year.

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code
1	**The Chairman should be independent.**	Gordon Grender is Chairman of the Board of Directors ('the Board'). The Chairman is independent of the Investment Adviser. The Chairman has no conflicts of interest between his interests and those of shareholders – the Chairman is also a shareholder. Potential conflicts are reported to the rest of the Board who consider such conflicts and where appropriate approve them. All Directors are required to disclose the existence of conflicts of interest at each Board meeting. The Chairman is not, and has never been, an employee of the Investment Adviser nor a professional adviser to the Investment Adviser or the Company. The Chairman does not serve as a director of any other investment companies managed by Jupiter.
2	**A majority of the board should be independent of the manager.**	All of the Directors' appointments are non-executive and, having considered the performance and independence of each Director, including the length of service of each Director, the Board has determined that each Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect their judgement or impair their independence. The Board does not believe that length of service has a bearing on independence and the nature of the Company's business is such that an individual director's experience and continuity of board membership can enhance the effectiveness of the Board significantly as a whole. The Company has five Directors, all of whom are independent of the Investment Adviser and who make objective decisions in the interests of shareholders. None of the independent Directors has past or present connections with the Investment Adviser.
3	**Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.**	The Board has as a matter of good practice adopted the AIC Code recommendation that directors who have service for more than nine years should seek annual re-election. In addition, although the Company is not in the FTSE 350, as a matter of good corporate governance, a decision has been taken for all Directors to be subject to annual re-election. The Board evaluates the performance of each of its members prior to proposing re-election.
4	**The board should have a policy on tenure, which is disclosed in the annual report.**	The Board has adopted a tenure policy whereby no Director is appointed for a specified period of time. Each Director will be subject to the election/re-election provisions as set out in the Company's Articles of Association, which provide that a Director appointed during the year is required to retire and seek election by shareholders at the next annual general meeting. Directors are required to submit themselves for re-election at least once every three years and Directors who have served for more than nine years will be subject to annual re-election, provided that the Board remains satisfied that the relevant Director's continuing appointment is in the best interests of the Company and their independence is not impaired by their length of service. As a matter of good corporate governance, the decision has been taken for all Directors to be subject to annual re-election.
5	**There should be full disclosure of information about the board.**	The Board's biographies are outlined on page 17. Details of the Board's committees are provided on page 25.

Report of the Directors & Governance continued

Corporate Governance continued

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code
6	**The board should aim to have a balance of skills, experience, length of service and knowledge of the company.**	Biographical details are disclosed in the Annual Report and there is also a note on conflicts of interest in the Report of the Directors. A Conflicts of Interest register is maintained to record all actual and potential conflicts. An annual review is carried out and any gaps are identified through this process, with appropriate actions to deal with any gaps agreed by the Board. Disclosures are made in the Annual Report.
7	**The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.**	An annual evaluation of the Board is carried out through an assessment process, led by the Chairman. The performance of the Chairman is evaluated by the other directors under the leadership of the Senior Independent Director (Norman Bachop).
8	**Directors' remuneration should reflect their duties, responsibilities and the value of their time spent.**	Directors are currently remunerated to reflect their duties. At the 2017 AGM, a remuneration policy was proposed to shareholders that will remain in place for a maximum of three years. A review of Directors' remuneration will be carried out on an annual basis in accordance with the Directors' Remuneration Policy. Further details on the Directors' remuneration is contained in the Directors' Remuneration Report on pages 28 and 29.
9	**The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.**	Nomination Committee matters are covered by the Board. The Chairman will take the lead in the appointment of new directors and, where applicable, appropriate disclosures will be made in the Annual Report. Neither an external search consultancy or open advertising has been used in the appointment of a non-executive director. If the Board was required to deal with the appointment of a successor to the chairmanship, the Chairman would not take the lead in that process.
10	**Directors should be offered relevant training and induction.**	New directors are supplied with an induction pack containing key information and governance documents relating to the Company when they are appointed. A summary of their responsibilities as a director will be set out in their appointment letter. The Investment Adviser and Company Secretary will meet with any new director as required. Directors can attend any courses/ seminars which are relevant to their role as a non executive director of an investment company.
11	**The chairman (and the board) should be brought into the process of structuring a new launch at an early stage.**	Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company.
12	**Boards and managers should operate in a supportive, co-operative and open environment.**	The Directors and key members of the Investment Adviser's team interact at regular formal board meetings. This provides the opportunity for the Directors to both challenge and assimilate information. Between meetings, the Investment Adviser continuously updates the Directors on developments and responds to any queries raised by Directors as they arise.
13	**The primary focus at regular board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.**	At each quarterly meeting, the Board is presented with standing agenda items, which includes investment performance and associated matters such as NAV and share price performance, asset allocation, marketing/investor relations, peer group information and industry issues.
14	**Boards should give sufficient attention to overall strategy.**	The Board will always act in the best interests of shareholders. The Board considers any issues affecting the Company's ability to continue, at least annually, as part of its review of the going concern of the Company.

Report of the Directors & Governance continued

Corporate Governance continued

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code
15	**The board should regularly review both the performance of, and contractual arrangements with, the manager (or executives of a self-managed company).**	The Audit & Management Engagement Committee reviews the overall performance of the Investment Adviser annually and considers both the appropriateness of the Investment Adviser's appointment and the contractual arrangements.
16	**The board should agree policies with the manager covering key operational issues.**	Certain matters, including strategy, investment and dividend policies, gearing and corporate governance procedures, are reserved for the approval of the Board. Under the terms of an investment management agreement, the Board has delegated the management of the investment portfolio to the Investment Adviser. The management agreement sets out the matters over which the Investment Adviser has authority and the limits above which Board approval must be sought. Voting at investee companies meetings has been delegated to the Investment Adviser whose voting policy regarding compliance with the UK Stewardship Code has been published. All resolutions are voted, in accordance with this policy.
17	**Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.**	The performance of the Company's share price and the discount to NAV is monitored continuously and shares will be bought back depending on market conditions at the time where the Directors believe it to be in the best interests of shareholders. The Company has stated its aim to maintain a share price discount to NAV of less than 10 per cent, but keeps the share price discount policy under continuous review. The Company has actively bought back shares during the course of the financial year.
18	**The board should monitor and evaluate other service providers.**	The Board reviews the main service providers at least annually: Investment Adviser, Administrator, Registrar, Bankers/ Custodian, AIFM and Depositary. Consideration is given to the service levels of the Company's auditors and lawyers, based on ad-hoc engagements. A review of service providers' performance was last considered in February 2018.
19	**The board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the board's views to shareholders.**	Major shareholders are monitored and reported to the Board at each meeting. The Company's Annual Report & Accounts provides the Board with an opportunity to report on the performance and outlook for the Company and to update shareholders on developments. Annual General Meetings provide the Investment Adviser with a forum to deliver detailed presentations and for shareholders to raise any questions to the Directors. Contact details for all the parties are included in the Annual Report. Any correspondence received from shareholders is shared with the Chairman as appropriate.
20	**The board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesperson.**	The Board is responsible for approving the content and timing of any communiciations regarding major corporate issues. These communciations are usually in the form of stock exchange announcements, press releases or circulars to shareholders. The Board will seek the advice and guidance of the Investment Adviser in drafting these documents.
21	**The board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.**	The Company's Annual Report is drafted to provide shareholders with sufficient information to understand the nature of their investment in the Company. The Annual Report is updated each year in response to changes in best practice and to improve the quality of the information available to shareholders. Details of the top twenty holdings in the portfolio is disclosed annually and can be found on pages 9 and 11. Under the AIC Code the Company must provide confirmation regarding the prospects of the Company over a period of not less than 3 years. The Company's Viability Statement can be found on page 15.

Report of the Directors & Governance continued

Corporate Governance continued

The Board

Role of the Board

The Board receives monthly reports and meets at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its review. At these meetings the Board monitors the investment performance of the Company. The Directors also review the Company's activities every quarter to ensure that it adheres to its investment policy or, if appropriate, to make any changes to that policy.

Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Company Secretary, which is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board has adopted a schedule of items specifically reserved for its decision.

A procedure has been adopted for the Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

Composition

As at 30 June 2018 the Board comprised five non-executive Directors, comprising four males and one female, all of whom are independent of the Investment Adviser. Gordon Grender is the Chairman. The Company has no executive directors and no employees. Norman Bachop is the Senior Independent Director. The Directors' biographies can be found on page 17.

Tenure

The Board does not consider it appropriate that Directors should be appointed for a specific term.

Diversity

It is seen as a prerequisite that each member of the Board must have the skills, experience and character that will enable them to contribute to the effectiveness of the Board and the success of the Company. Subject to that overriding principle, diversity of experience and approach, including gender diversity, amongst Board members is of great value, and it is the Board's policy to give careful consideration to overall Board balance and diversity in making new appointments to the Board.

Re-election

It is the Company's policy for all Directors to stand for election annually. The Board is recommending that all Directors be re-elected at the forthcoming AGM.

Training

Although no formal training in Corporate Governance is given to Directors, the Directors are kept up-to-date on Corporate Governance issues through bulletins and training materials provided from time to time by the Company Secretary. The Board may obtain training on Corporate Governance on an individual basis.

Performance Evaluation

The Board undertakes a formal and rigorous annual appraisal in relation to their oversight and monitoring of the performance of the Investment Adviser and other key service providers. The Board also undertakes an annual oral evaluation of its own performance and that of its committees and individual directors.

Board Committees

Audit & Management Engagement Committee

The Board has established an Audit & Management Engagement Committee which comprises a majority of independent directors of the Company as per the Association of Investment Companies Code of Corporate Governance. Peter Barton, Clive Parritt and Lisa Booth form the Committee, with Peter Barton acting as chairman. The report of the Audit & Management Engagement Committee can be found on pages 26 and 27.

With effect from 20 November 2018, Peter Barton will resign as chair and a member of the Audit & Management Engagement Committee and will be replaced by Lisa Booth as chair of this committee.

The Terms of Reference of the Committee are published on the Company's **website www.jupiteram.com/JUS**.

Other Committees

The Board has not established Remuneration or Nomination Committees. The functions of these Committees are performed by the Board. As all the Directors are non-executive there is no requirement for separate Remuneration or Nomination Committees. Directors' fees are considered by the Board as a whole within the limits as set out in the Articles of Association and in accordance with the Remuneration Policy approved by shareholders. The appointment of directors is considered by the entire Board on an ad-hoc basis with consideration given to candidates' expertise and maintaining an appropriate Board balance and composition.

Directors' Attendance at Meetings

Director	Board	Audit & Management Engagement Committee
Gordon Grender	4/4	n/a
Norman Bachop	3/4	n/a
Peter Barton	4/4	2/2
Clive Paritt	4/4	2/2
Lisa Booth	4/4	2/2

For and on behalf of the Board

Gordon Grender
Chairman
26 September 2018

Report of the Directors & Governance continued

Report of the Audit & Management Engagement Committee

Role of the Audit & Management Engagement Committee

The Audit & Management Engagement Committee meets at least twice annually to consider the financial reporting by the Company, the internal controls and relations with the Company's external Auditors. In addition, it reviews the independence and objectivity of the Auditors and the effectiveness of the audit process, the quality of the audit engagement partner and the audit team, making a recommendation to the Board with respect to the reappointment of the Auditors. It also provides an opinion as to whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

During the course of the year, representatives of the AIFM, Investment Adviser and other third party service providers are invited to attend meetings of the Committee to report on issues as required.

The Company does not have an internal audit function as most of its day to day operations are delegated to professional third parties.

The Committee also reviews the Company's compliance with the FRC Code and the AIC Code.

Composition

The Audit & Management Engagement Committee consists of three independent non-executive Directors of the Company and who are detailed under 'Directors' on page 17.

All the committee members are independent non-executive Directors. Peter Barton, the chairman of the committee, was a corporate lawyer who also gained extensive financial services experience as an investment banker and as a director of a UK listed bank. As mentioned earlier he will be replaced as Chairman by Lisa Booth.

The other committee members have relevant financial experience and include a past president of the ICAEW (Institute of Chartered Accountants in England and Wales).

The committee has direct access to PricewaterhouseCoopers LLP ('PwC'), the Heads of Internal Audit, Risk and Compliance of the Investment Adviser and to its group audit committee and reports its findings to the Board. The Board retains ultimate responsibility for all aspects relating to external financial statements and other significant published financial information.

Independent Auditors and Audit Tenure

The Company's current Auditors, PwC, have acted in this role since the launch of the Company on 15 January 1993. No tender for the audit of the Company has been undertaken since this date. As part of its review of the continuing appointment of the auditors, the Committee considers the length of tenure of the audit firm, its fees and independence from the AIFM and the Investment Adviser along with any matters raised during each audit. The fees paid to PwC in respect of audit services are disclosed in Note 5 to the notes to the Accounts. This is the fourth year for the current partner Richard McGuire and next year in accordance with rotation policies he will advise of his successor.

There are transitional arrangements in place where audit firms at 17 June 2016 have acted for entities for in excess of ten years. Under the transitional arrangements PwC would be able to act as Auditors of the Company until 30 June 2020 but subsequent to that must be replaced by a different audit firm. A tender will take place for their successor.

Significant Accounting Matters

During its review of the Company's Accounts for the year ended 30 June 2018 the Audit & Management Engagement Committee considered the following significant issues, including a robust assessment of principal risks and uncertainties in light of the Company's activities and issues communicated by the Auditors during its review, all of which were satisfactorily addressed:

Issue considered	How the issue was addressed
• Valuation of the investment portfolio and existence	• Review of reports from the Investment Adviser and Custodian
• Compliance with section 1158 of the Corporation Tax Act 2010	• Review of portfolio holdings reports and revenue forecasts to ensure compliance criteria are met
• Dividend Income	• Review of dividend receipts on valuation of accounts
• Calculation of management fees	• Consideration of methodology used to calculate management fees, matched against the criteria set out in the Investment Management Agreement
• Statement of going concern	• Review of the investment portfolio, risks and uncertainties, projected cash flow and forecast revenue

Auditor Effectiveness & Independence

Auditor effectiveness is assessed by means of the Auditors' direct engagement with the Committee at Audit & Management Engagement Committee meetings and also by reference to feedback from the AIFM, Investment Adviser and its employees who have direct dealings with the Auditor during the annual audit of the Company.

The Board concluded, on the recommendation of the Committee, that the Auditors continue to be independent of the Company and the Investment Adviser and that their re-appointment be proposed at the Annual General Meeting.

Disclosure of Information to the Auditors

The Directors are not aware of any relevant audit information of which the Company's Auditors are unaware. The Directors also confirm that they have each taken all the steps required of a company director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Non-Audit Services

The Committee ensures that "auditors" objectivity and independence are safeguarded by requiring pre-approval by the Committee for all non-audit services provided to the Company, which takes into consideration:

- confirmation from the auditors that they have adequate arrangements in place to safeguard its objectivity and independence in carrying out such work, within the meaning of the regulatory and professional requirements to which it is subject;

Report of the Directors & Governance continued

Report of the Audit & Management Engagement Committee continued

- the fees to be incurred, relative to the audit fees;
- the nature of the non-audit services; and
- whether the Auditors' skills and experience make it the most suitable supplier of such services and whether it is in a position to provide them.

The Committee has adopted a policy that all non-audit services are subject to its approval. No fee was payable to the auditors for the year under review and no services were undertaken (2017: £Nil).

Statement in Respect of the Annual Report & Accounts

Having taken all available information into consideration, and having discussed the content of the Annual Report & Accounts with the AIFM, Investment Adviser, Company Secretary and other third party service providers, the Audit & Management Engagement Committee has concluded that the Annual Report & Accounts for the year ended 30 June 2018, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board.

For and on behalf of the Committee

Peter Barton
Chairman of the Audit & Management Engagement Committee
26 September 2018

Report of the Directors & Governance continued

Directors' Remuneration Report and Policy

Introduction

The Board is pleased to present the Company's annual remuneration report for the year ended 30 June 2018 in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

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 their report on pages 31 to 34.

Statement by the Chairman

The Board's policy on remuneration is set out below. It must be noted that it is essential that fees payable to Directors should reflect the time spent on the Company's affairs, and should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience.

The Directors of the Company are non-executive and by way of remuneration receive an annual fee, payable quarterly in arrears.

During the year, Directors' fees were as follows:

Chairman of the Board	£30,000
Chairman of the Audit & Management Engagement Committee	£27,000
Director	£22,000

Details of the total emoluments paid to Directors during the year to 30 June 2018 are provided in the Annual Report on Remuneration.

The Company does not award any other remuneration or benefits to the Chairman or Directors. There are no bonus schemes, pension schemes, share option or long-term incentive schemes in place for the Directors.

Directors' Remuneration Policy

In accordance with the Large and Medium-sized Companies and Groups (accounts and Reports) (Amendment) Regulations 2013 the Remuneration Policy of the Company was approved by shareholders at the AGM held on 21 November 2017, for a maximum of three years.

The Remuneration Policy as set out below will apply until 21 November 2020 (being three years from the date of shareholder approval of the policy) unless renewed, varied or revoked by shareholders at a general meeting.

The Company's remuneration policy is that fees payable to Directors are commensurate with the amount of time Directors are expected to spend on the Company's affairs, whilst seeking to ensure that fees are set at an appropriate level so as to enable candidates of a sufficient calibre to be recruited. The Company's Articles of Association state the maximum aggregate amount of fees that can be paid to Directors in any one year. This is currently set at £150,000 per annum and shareholder approval is required for any changes to this.

Each Director is entitled to a base fee. The Chairman of the Board is paid a higher fee than the other Directors, to reflect the additional work required to be carried out in this role. The Chairman of the Audit & Management Engagement Committee also receives a higher fee on the same basis.

The Board is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its Terms of Reference. The Board did not seek external advice during the year under review.

The Board has not established a Remuneration Committee and any review of the Directors' fees is undertaken by the Board as a whole and has regard to the level of fees paid to non-executive Directors of other investment companies of equivalent size.

Directors' Service Contracts

No Director has a contract of service with the Company. Accordingly, the Directors are not entitled to any compensation in the event of termination of their appointment or loss of office, other than the payment of any outstanding fees.

It is the Company's policy for all Directors to stand for re-election annually. Any new Director appointed would be subject to election by shareholders at the next AGM following their appointment.

The terms and conditions of Directors' appointments are set out in formal letters of appointment.

Director	Date of Appointment	Due date for Re-election
Gordon Grender	1993	Annually
Norman Bachop	1999	Annually
Peter Barton	1998	Annually
Lisa Booth	2015	Annually
Clive Parritt	2007	Annually

Annual Report on Remuneration

A single figure for the total remuneration of each Director is set out in the table below for the year ended 30 June 2018 and 30 June 2017 respectively. Directors' fees were last increased on 1 July 2015.

Directors' emoluments for the year (audited)

	Fees £	Expenses £	Total fees for the year ended 30 June 2018 £	Fees £	Expenses £	Total fees for the year ended 30 June 2017 £
Gordon Grender*	30,000	–	30,000	30,000	–	30,000
Norman Bachop	22,000	–	22,000	22,000	–	22,000
Peter Barton**	27,000	–	27,000	27,000	–	27,000
Lisa Booth	22,000	771	22,771	22,000	521	22,521
Clive Parritt	22,000	–	22,000	22,000	–	22,000
Total	**123,000**	**771**	**123,771**	**123,000**	**521**	**123,521**

* *Chairman of the Board.*
** *Chairman of the Audit & Management Engagement Committee.*

No benefits were claimed in the year (2017: £nil).

Report of the Directors & Governance continued

Directors' Remuneration Report and Policy continued

Expenditure by the Company on Directors' Remuneration compared with Distributions to Shareholders

The table below compares the remuneration paid to Directors to distributions made to shareholders during the financial year under review and the prior year. In considering these figures, shareholders should take into account the Company's principal investment objective of achieving capital growth which in the years in question amounted to £27 million and £25 million respectively.

	Year end 30 June 2018 £	Year end 30 June 2017 £
Remuneration paid to Directors	123,000	123,000
Distributions to shareholders – dividends	–	–
Total value of shares repurchased	44,078,609	16,769,056

Statement of voting at the last AGM

The following sets out the votes received at the last AGM of the shareholders of the Company, held on 21 November 2017, in respect of the approval of the Directors' Remuneration Report.

Votes cast for* Number	%	Votes cast against Number	%	Total votes cast	Number of votes withheld
4,869,560	99.58	20,172	0.41	4,889,732	13,015

* *Includes discretionary votes.*

Directors' Interests

The Directors who held office at the end of the year covered by these accounts and their beneficial interests in the Ordinary shares at 30 June 2018 are shown below.

The Directors' interests in contractual arrangements with the Company are as detailed in Note 20 to the Accounts. Subject to these exceptions, no Director was a party to or had any interest in any contract or arrangement with the Company at any time during the year or subsequently.

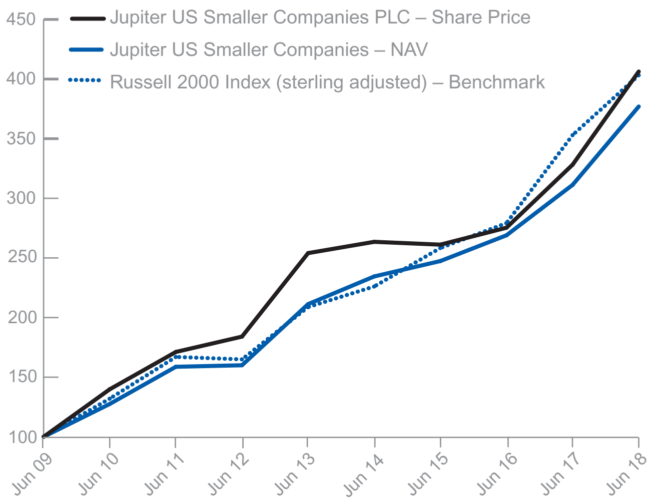
Directors' interest in Ordinary shares (audited)

	30 June 2018	30 June 2017
Gordon Grender	34,850	34,850
Norman Bachop	50,000	50,000
Peter Barton	10,500	10,500
Lisa Booth	463	463
Clive Parritt	10,000	10,000

As at 21 September 2018, the latest practicable date prior to publication of this document, no further changes had been notified.

Performance from 30 June 2009 to 30 June 2018

The graph below provides details of the Company's performance by reference to the Ordinary share prices compared against the sterling adjusted Russell 2000 Index.



**Source: Datastream*
Rebased to 100 as at 30 June 2009

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the Directors' Remuneration Report and Policy summarises, for the year ended 30 June 2018, the review undertaken and the decisions made regarding the fees paid to the Board, and the future remuneration policy of the Company which is to be approved by shareholders.

For and on behalf of the Board
Gordon Grender
Chairman
26 September 2018

Report of the Directors & Governance continued

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and the Republic of Ireland.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the return or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

(a) select suitable accounting policies and then apply them consistently;

(b) make judgments and accounting estimates that are reasonable and prudent;

(c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

(d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate 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, Report of the Directors, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations.

The work carried out by the Auditors does not include consideration of the maintenance and integrity of the website and accordingly the Auditors accept no responsibility for any changes that have occurred to the financial statements when they are presented on the website.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website **www.jupiteram.com/JUS**, which is a website maintained by Jupiter Asset Management Limited. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, who are listed on page 17 of this report, confirms to the best of their knowledge that:

(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

(b) the Strategic Report and Report of the Directors include a fair review of the development and performance of the Company, together with a description of the principal risks and uncertainties that the Company faces; and

(c) in their opinion the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position and performance, business model and strategy.

So far as each Director is aware at the time the report is approved:

(a) There is no relevant audit information of which the Company's Auditors are unaware; and

(b) The Directors have taken all steps required of a company director to make themselves aware of any relevant audit information and to establish that the Company's Auditors have been made aware of that information.

For and on behalf of the Board
Gordon Grender
Chairman
26 September 2018

Independent Auditors' Report to the Members of Jupiter US Smaller Companies PLC

Report on the audit of the Financial Statements

Opinion

In our opinion, Jupiter US Smaller Companies PLC's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2018; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit & Management Engagement Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period from 1 July 2017 to 30 June 2018.

Our audit approach

Overview

Materiality	• Overall materiality: £1.6 million (2017: £1.8 million), based on 1% of net assets.
Audit scope	• The Company is a standalone Investment Trust Company and engages Jupiter Unit Trust Managers Limited (the "Manager") to manage its assets. • We conducted our audit of the Financial Statements using information from JP Morgan Chase Bank N.A., (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions. • We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
Key audit matters	• Valuation and existence of investments. • Dividend income.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

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. We designed audit procedures to respond to the risk, 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 or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Company's financial statements, including, but not limited to, designed audit procedures that focused on the risk of non-compliance related to section 1158 of the Corporation Tax Act 2010. Our tests included, but were not limited to, testing the Company's compliance with section 1158 in the current year as well as testing the tax disclosures in Note 7. There are inherent limitations in the audit procedures described above 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 would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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. These matters, and any comments we make on the results of our procedures thereon, were 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 these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments *Refer to page 26 (Report of the Audit & Management Engagement Committee), page 38 (accounting policies) and page 42 (Notes to the Accounts).* The investment portfolio at the year-end comprised listed equity investments valued at £163 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the Financial Statements.	We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence by agreeing the listed equity investments to an independent custodian confirmation from JP Morgan Chase Bank N.A. No material issues were identified.

Key audit matter	How our audit addressed the key audit matter
Dividend income *Refer to page 26 (Report of the Audit & Management Engagement Committee), page 39 (accounting policies) and page 40 (Notes to the Accounts).* We focused on the accuracy, completeness, and occurrence of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"). This is because incomplete or inaccurate income could have a material impact on the Company's net asset value.	We assessed the accounting policy for dividend income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that dividend income had been accounted for in accordance with this stated accounting policy. We tested dividend receipts by agreeing the dividend rates from listed equity investments to independent third party sources. We also tested that, for listed equity investments, dividends recorded had been declared in the market, and that all dividends declared in the market had been recorded. We tested occurrence by tracing a sample of dividends received to bank statements. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the validity of special dividends to independent third party sources. No material issues were identified.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

The Company's accounting is delegated to the Administrator who maintains the Company's accounting records and who has implemented controls over those accounting records.

We obtained our audit evidence primarily from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant control reports issued by the independent service auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the Financial Statements.

Independent Auditors' Report to the Members of Jupiter US Smaller Companies PLC continued

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Overall materiality	£1.6 million (2017: £1.8 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits.

We agreed with the Audit and Management Engagement Committee that we would report to them misstatements identified during our audit above £82,000 (2017: £92,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors. *(CA06)*

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 15 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 15 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. *(Listing Rules)*

Independent Auditors' Report to the Members of Jupiter US Smaller Companies PLC continued

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 30, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on page 26 describing the work of the Audit and Management Engagement Committee does not appropriately address matters communicated by us to the Audit and Management Engagement Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

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. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 30, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; 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.

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the members in 1993 to audit the financial statements for the year ended 30 June 1994 and subsequent financial periods. The period of total uninterrupted engagement is 25 years, covering the years ended 30 June 1994 to 30 June 2018.

Richard McGuire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 September 2018

Accounts

Income Statement for the year ended 30 June 2018

		2018			2017		
	Note	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Gain on investments at fair value through profit or loss	9	–	25,972	25,972	–	25,131	25,131
Foreign exchange gain		–	765	765	–	72	72
Exchange loss on loan facility		–	(121)	(121)	–	–	–
Investment income	3	1,378	–	1,378	1,314	–	1,314
Other income	3	3	–	3	–	–	–
Total income		1,381	26,616	27,997	1,314	25,203	26,517
Investment management fee	4	(1,221)	–	(1,221)	(1,508)	–	(1,508)
Other expenses	5	(427)	(3)	(430)	(387)	(3)	(390)
Total expenses		(1,648)	(3)	(1,651)	(1,895)	(3)	(1,898)
(Loss)/return before finance costs and taxation		**(267)**	**26,613**	**26,346**	**(581)**	**25,200**	**24,619**
Finance costs	6	(233)	–	(233)	–	–	–
(Loss)/return before taxation		**(500)**	**26,613**	**26,113**	**(581)**	**25,200**	**24,619**
Taxation	7	(130)	–	(130)	(222)	–	(222)
Net (loss)/return after taxation		**(630)**	**26,613**	**25,983**	**(803)**	**25,200**	**24,397**
Net (loss)/return per Ordinary Share	**8**	**(3.70p)**	**156.13p**	**152.43p**	**(3.85p)**	**120.81p**	**116.96p**

The total column of this statement is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The Notes on pages 38 to 48 form part of these Accounts.

Accounts continued

Statement of Financial Position as at 30 June 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	162,528	173,938
Current assets			
Debtors	11	132	1,645
Cash at bank		8,814	7,454
		8,946	9,099
Creditors: amounts falling due within one year	12	(8,135)	(1,350)
Net current assets		811	7,749
Net assets		**163,339**	**181,687**
Capital and reserves			
Called up share capital	14	4,555	4,985
Share premium account	15	19,550	19,550
Non-distributable reserve	16	841	841
Capital redemption reserve	17	9,628	9,198
Retained earnings	18	128,765	147,113
Total shareholders' funds		**163,339**	**181,687**
Net Asset Value per Ordinary Share	**19**	**1,103.43p**	**911.08p**

Approved by the Board of Directors and authorised for issue on 26 September 2018.

Gordon Grender
Chairman

Company Registration Number 02781968

The Notes on pages 38 to 48 form part of these Accounts.

Accounts continued

Statement of Changes in Equity for the year ended 30 June 2018

For the year ended 30 June 2018	Note	Called up Share Capital £'000	Share Premium £'000	Non-distributable Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
1 July 2017		4,985	19,550	841	9,198	147,113	181,687
Repurchase of Ordinary shares for cancellation	14	(430)	–	–	430	(14,379)	(14,379)
Repurchase of Ordinary shares to be held in Treasury	14	–	–	–	–	(29,952)	(29,952)
Net return for the year		–	–	–	–	25,983	25,983
Balance at 30 June 2018		**4,555**	**19,550**	**841**	**9,628**	**128,765**	**163,339**

For the year ended 30 June 2017	Note	Called up Share Capital £'000	Share Premium £'000	Non-distributable Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
1 July 2016		5,530	19,550	841	8,653	139,589	174,163
Repurchase of Ordinary shares for cancellation	14	(545)	–	–	545	(16,873)	(16,873)
Net return for the year		–	–	–	–	24,397	24,397
Balance at 30 June 2017		**4,985**	**19,550**	**841**	**9,198**	**147,113**	**181,687**

The Notes on pages 38 to 48 form part of these Accounts.

Accounts continued

Notes to the Accounts for the year ended 30 June 2018

1. General information

Jupiter US Smaller Companies PLC is an investment company incorporated in the United Kingdom with a premium listing on the London Stock Exchange. The Company registration number is 02781968 and the registered office is The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ.

The Company conducts its affairs so as to qualify as an investment trust under the provisions of section 1158 of the Corporation Tax Act 2010. The Company has qualified as an investment trust in respect of all relevant years up to and including the year ended 30 June 2018. Section 1158 was amended to allow the Company to seek approval of compliance in advance and for all subsequent financial years. The Company received such advanced approval subject to it continuing to meet the relevant eligible conditions and ongoing requirements. The Company intends to conduct its affairs so as to enable it to comply with the requirements. Such approval exempts the Company from UK corporation tax on gains realised in the relevant year on its portfolio of fixed asset investments.

2. Accounting policies

(a) Basis of Preparation

The financial statements for the year ended 30 June 2018 have been prepared in accordance with UK Generally Accepted Accounting Practice ('UK GAAP') including Financial Reporting Standard 102 ('FRS 102'), the financial reporting standard applicable in the UK and Republic of Ireland and with the Statement of Recommended Practice ('SORP') for Investment Trust Companies and Venture Capital Trusts issued by the Association of Investment Companies ('AIC') in November 2014 and updated in February 2018.

The Company continues to adopt the going concern basis in the preparation of the financial statements. The financial statements have been prepared in accordance with the Company's accounting policies as set out below. They are presented in accordance with the Companies Act 2006 (the 'Act') and the requirements of the SORP 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'.

The Company has taken advantage of the exemption from preparing a Cash Flow Statement under FRS 102, as it is an investment fund and the investments are substantially all highly liquid and carried at fair (market) value.

In accordance with FRS 102, the Company is required to nominate a functional reporting currency in which the Company predominantly operates. Having regard to the Company's share capital and the predominant currency in which its shareholders operate, pounds sterling is the nominated functional reporting currency of the Company.

Statement of Compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102 and the Companies Act 2006.

(b) Principal accounting policies

(i) Financial instruments

Financial instruments include fixed asset investments, derivative assets and liabilities and long-term debt instruments.

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange.

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be those for which the quoted price has been recently suspended, forward exchange contracts and certain other derivative instruments.

Level 3 – External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instruments. Included within this category are unquoted investments.

(ii) Fixed asset investments

As an investment trust, the Company measures its fixed asset investments at "fair value through profit or loss" and treats all transactions on the realisation and revaluation of investments as transactions on the capital account. Purchases are recognised on the relevant trade date, inclusive of expenses which are incidental to their acquisition. Sales are also recognised on the trade date, after deducting expenses incidental to the sales. Quoted investments are valued at bid value at the close of business on the relevant date on the exchange on which the investment is quoted.

(iii) Foreign currency

Monetary assets, monetary liabilities and equity investments denominated in a foreign currency are expressed in sterling at rates of exchange ruling at the Statement of Financial Position date. Purchases and sales of investment securities, dividend income, interest income and expenses are translated at the rates of exchange prevailing at the respective dates of such transactions.

Foreign exchange profits and losses on fixed asset investments are included within the changes in fair value in the capital account. Foreign exchange profits and losses on other currency balances are separately credited or charged to the capital account except where they relate to revenue items when they are credited or charged to the revenue account.

Accounts continued

Notes to the Accounts for the year ended 30 June 2018 continued

2. Accounting policies continued

(iv) Income

Income from equity shares is brought into the revenue account (except where, in the opinion of the Directors, its nature indicates it should be recognised within the capital account) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established.

Dividends are accounted for on the basis of income actually receivable, without adjustment for the tax credit attaching to the dividends. Dividends from overseas companies are shown gross of withholding tax.

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

(v) Expenses, including finance charges

Expenses are charged to the revenue account of the Income Statement, except as noted below:

– expenses incidental to the acquisition or disposal of fixed asset investments are included within the cost of the investments or deducted from the disposal proceeds of investments and are thus charged to the capital element of retained earnings – arising on investments sold via the capital account; and

All expenses are accounted for on an accruals basis. Finance charges are accrued using the effective interest rate method.

(vi) Taxation

Withholding tax deducted at source from income received is treated as part of the taxation charge in the income account, in instances where it cannot be recovered.

Deferred tax is provided in accordance with FRS102, on an undiscounted basis, on all timing differences that have originated but not reversed by the Statement of Financial Position date, based on the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

(vii) Capital redemption reserve

The nominal value of ordinary share capital purchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve.

Capital redemption reserve is not available for the payments of dividends.

(viii) Retained earnings

This consists of the following:

(a) Capital Reserve

The following are accounted for in this reserve:

– gains and losses on the realisation of fixed asset investments;

– increases and decreases in the valuation of fixed asset investments held at the year end;

– realised foreign exchange differences of a capital nature;

– unrealised foreign exchange differences of a capital nature;

– costs of professional advice, including related irrecoverable VAT, relating to the capital structure of the Company;

– other capital charges and credits charged or credited to this account in accordance with the above policies; and

– the costs of purchasing ordinary share capital.

(b) Revenue Return

– the income return or loss for the year is taken to the income element of this reserve.

This element of the retained earnings reserve may be used to fund the distribution of profits to investors via dividend payments only when this is in a surplus position. Currently there is an accumulated loss and therefore no distributions can be paid.

(ix) Borrowing and finance costs

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs and subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Finance costs are recognised in the Income Statement in the period in which they are incurred. All finance costs are directly charged to the revenue column of the Income Account.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements on occasion requires management to make judgements, 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.

Management do not believe that any significant accounting judgements have been applied to this set of financial statements other than the allocations between capital and revenue shown in Notes 4 and 5.

Accounts continued

Notes to the Accounts for the year ended 30 June 2018 continued

3. Investment Income

	2018 £'000	2017 £'000
Income from investments		
Dividends from overseas companies	1,378	1,314
	1,378	1,314
Other income		
Deposit interest	3	–
	3	–
Total income	**1,381**	**1,314**
Total income comprises		
Dividends	1,378	1,314
Interest	3	–
	1,381	**1,314**
Income from investments		
Listed overseas	1,378	1,314
	1,378	**1,314**

4. Investment management fee

	2018			2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,221	–	1,221	1,508	–	1,508
	1,221	**–**	**1,221**	**1,508**	**–**	**1,508**

Details of the investment management contract are given in Note 20. With effect from 1 July 2017, JUTM and the Board have agreed to terminate the performance related fee.

5. Other expenses

	2018			2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Directors' remuneration	123	–	123	123	–	123
Auditors' remuneration – audit of the Company	36	–	36	35	–	35
Director's and Officers' liability insurance	12	–	12	7	–	7
Printing and postage	18	–	18	15	–	15
Other expenses	238	3	241	207	3	210
	427	**3**	**430**	**387**	**3**	**390**

Accounts continued

Notes to the Accounts for the year ended 30 June 2018 continued

6. Finance costs

	2018 £'000	2017 £'000
Short-term loan	228	–
Non-utilisation fee	5	–
	233	**–**

7. Taxation

(a) Analysis of charge in year:

	2018			2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas tax	130	–	130	222	–	222
Total tax (see Note 7b)	**130**	**–**	**130**	**222**	**–**	**222**

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is higher than the standard rate of corporation tax for a company (19.00%) (2017: 19.75%). The differences are explained below:

	2018			2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net (loss)/return before taxation	(500)	26,613	26,113	(581)	25,200	24,619
Corporation tax at 19.00% (2017: 19.75%)	(95)	5,056	4,961	(115)	4,977	4,862
Effects of:						
Tax free capital gains on investments	–	(5,057)	(5,057)	–	(4,977)	(4,977)
Non taxable income received	(265)	–	(265)	(262)	–	(262)
Capital expenses deductible for tax purposes	–	1	1	–	–	–
Overseas withholding tax	130	–	130	222	–	222
Unutilised management expenses for the year	360	–	360	377	–	377
Total tax charge for the year	**130**	**–**	**130**	**222**	**–**	**222**

Due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

There is an unrecognised deferred tax asset of £2,583,000 (2017: £2,188,000) which relates to unutilised excess expenses. The deferred tax asset would only be recovered if the Company were to generate sufficient profits to utilise these expenses. It is considered too uncertain that this will occur and therefore no deferred tax asset has been recognised.

Accounts continued

Notes to the Accounts for the year ended 30 June 2018 continued

8. Net (loss)/return per Ordinary share

	2018 £'000	2017 £'000
Net revenue loss	(630)	(803)
Net capital return	26,613	25,200
Net return	**25,983**	**24,397**
Weighted average number of Ordinary shares in issue during the year	17,045,300	20,859,319
Revenue loss per Ordinary share	(3.70p)	(3.85p)
Capital return per Ordinary share	156.13p	120.81p
Total return per Ordinary share	**152.43p**	**116.96p**

9. Investments held as at fair value through profit or loss

(a) Portfolio Investments

	2018 £'000	2017 £'000
Valuation at beginning of year	173,938	169,432
Investment holding gains at beginning of year	(32,094)	(30,494)
Cost at beginning of year	141,844	138,938
Purchases at cost	60,833	71,146
Sales at cost	(86,222)	(68,240)
Cost at end of year	116,455	141,844
Investment holding gains at end of year	46,073	32,094
Valuation at end of year	**162,528**	**173,938**
Investments listed overseas	162,528	173,938
	162,528	**173,938**

(b) Gains on investments

	2018 £'000	2017 £'000
Net gain realised on sale of investments	11,993	23,531
Movement in investment holding gains	13,979	1,600
Gain on investments	**25,972**	**25,131**

Accounts continued

Notes to the Accounts for the year ended 30 June 2018 continued

10. Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains/(losses) on investments in the Income Statement. The total costs were as follows:

	2018 £'000	2017 £'000
Purchases	113	167
Sales	112	185
	225	**352**

11. Debtors

	2018 £'000	2017 £'000
Dividends receivable	114	112
Sales awaiting settlement	–	1,513
Taxation	3	8
Prepayments and accrued income	15	12
	132	**1,645**

12. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Short-term bank loans	7,574	–
Interest payable	44	–
Other creditors and accruals	214	327
Investment management fee	303	364
Purchases awaiting settlement	–	659
	8,135	**1,350**

Accounts continued

Notes to the Accounts for the year ended 30 June 2018 continued

12. Creditors: amounts falling due within one year continued

Bank Loan

The Company's revolving bank loan is with Scotiabank (Ireland) Designated Activity Company, with a loan facility available up to a maximum of £30 million.

During the year the Company used the loan facility as follows:

Date	Amount Borrowed	Date Renewed
11 October 2017	$10.0 million	11 January 2018
16 October 2017	$10.0 million	16 January 2018
21 November 2017	$5.0 million	21 February 2018
11 January 2018	$10.0 million	11 April 2018
16 January 2018	$10.0 million	16 April 2018
16 April 2018	$10.0 million	16 July 2018

The amount outstanding at 30 June 2018 is $10.0 million (£7.6 million) and was renewed on 16 July 2018 with an all-in interest rate of 3.072690%.

13. Financial instruments

Background

The Company's financial instruments comprise securities and other investments, cash balances and term loans, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement and debtors for accrued income. The numerical disclosures below exclude short-term debtors and creditors which are denominated in sterling and do not incur interest and therefore are not subject to foreign currency risk or interest rate risk.

The principal risks the Company faces in its portfolio management activities are:

- foreign currency risk
- market price risk (i.e. movements in the value of investment holdings caused by factors other than interest rate or currency movement)
- interest rate risk
- liquidity risk
- credit and counterparty risk

The Investment Adviser's policies for managing these risks are summarised below and have been applied throughout the year.

(a) **Foreign Currency Risk**

A substantial portion of the financial assets of the Company are denominated in currencies other than sterling with the result that the Statement of Financial Position and Income Statement can be significantly affected by currency movements.

The Company may hedge against foreign currency movements affecting the value of the investment portfolio where adverse movements are anticipated but otherwise takes account of this risk when making investment decisions.

Foreign Currency Sensitivity

The principal currency to which the Company was exposed during the year was the US dollar as all investments are quoted in that currency. The exchange rates applying against sterling at 30 June and the average rates during the year ended 30 June were as follows:

	2018		2017	
	At 30 June	Average for the year	At 30 June	Average for the year
US Dollar	1.3203	1.3466	1.2989	1.2684
	1.3203	**1.3466**	**1.2989**	**1.2684**

Accounts continued

Notes to the Accounts for the year ended 30 June 2018 continued

13. Financial instruments continued

The following tables illustrate the sensitivity of the profit after tax for the year and net assets to exchange rates for sterling against the US Dollar. It assumes the following changes in exchange rates:

£/US Dollar +/– 10% (2017: +/– 10%)

These percentages have been determined based on market volatility in exchange rates over the previous twelve months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at the date of each Statement of Financial Position.

If sterling had weakened against the currencies below this would have the following effect on revenue, capital, total return and, accordingly, net assets:

	2018			2017		
	Impact on revenue return £'000	Impact on capital return £'000	Total £'000	Impact on revenue return £'000	Impact on capital return £'000	Total £'000
US Dollar	(113)	16,253	16,140	(139)	17,394	17,255
	(113)	**16,253**	**16,140**	**(139)**	**17,394**	**17,255**

If sterling had strengthened against the currencies below this would have the following effect:

	2018			2017		
	Impact on revenue return £'000	Impact on capital return £'000	Total £'000	Impact on revenue return £'000	Impact on capital return £'000	Total £'000
US Dollar	113	(16,253)	(16,140)	139	(17,394)	(17,255)
	113	**(16,253)**	**(16,140)**	**139**	**(17,394)**	**(17,255)**

(b) Market Price Risk

By the very nature of its activities, the Company's investments are exposed to market price fluctuations. The Board reviews and agrees policies for managing this risk. The Investment Adviser assesses the exposure to market price risk when making each investment decision, and monitors the overall level of market price risk on the whole of the investment portfolio on an ongoing basis. Further information on the investment portfolio and investment policy is set out in the Investment Adviser's Review on page 7.

Other price risk sensitivity

The following illustrates the sensitivity of the profit after taxation for the year and the total equity to an increase or decrease of 20% (2017: 20%) in the fair value of the Company's equities. This level of change is considered to be reasonably possible based on observation of market conditions during the year. The sensitivity analysis is based on the Company's equities at each reporting date, with all other variables held constant.

The impact of a 20% increase in the value of investments on the revenue return as at 30 June 2018 is a decrease of £53,000 (2017: £68,000) and on the capital return is an increase of £32,506,000 (2017: £34,154,000).

The impact of a 20% fall in the value of investments on the revenue return as at 30 June 2018 is an increase of £61,000 (2017: £70,000) and on the capital return is a decrease of £32,506,000 (2017: £34,788,000).

Accounts continued

Notes to the Accounts for the year ended 30 June 2018 continued

13. Financial instruments continued

(c) Interest Rate Risk
Interest rate movements may affect:

- the fair value of investments of fixed interest securities,
- the level of income receivable from any floating interest-bearing securities and cash at bank and on deposit, and
- the interest payable on floating interest term loans.

The financial assets (excluding short-term debtors) consist of:

	2018			2017		
	Cashflow interest rate risk £'000	No interest rate risk £'000	Total £'000	Cashflow interest rate risk £'000	No interest rate risk £'000	Total £'000
US Dollar	8,509	–	8,509	7,118	–	7,118
GBP	305	–	305	336	–	336
	8,814	**–**	**8,814**	**7,454**	**–**	**7,454**

The floating interest rate risk assets consist of cash deposits at call.

The financial liabilities consist of:

	2018			2017		
	Fixed rate £'000	Non-interest bearing £'000	Total £'000	Fixed rate £'000	Non-interest bearing £'000	Total £'000
US Dollar	7,574	44	7,618	–	659	659
GBP	–	517	517	–	691	691
	7,574	**561**	**8,135**	**–**	**1,350**	**1,350**

The fixed rate liabilities consist of a short-term bank loan with Scotiabank (Ireland) Designated Activity Company.

(d) Liquidity Risk
Liquidity risk is not considered significant. All liabilities are payable within three months.

The Company's assets are comprised of mainly readily realisable securities which can be sold to meet funding requirements if necessary.

(e) Credit and Counterparty Risk
Credit risk is the exposure to loss from the failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits. The Company manages credit risk by using brokers from a database of approved brokers who have undergone rigorous due diligence tests by the Investment Adviser's Risk Management Team and by dealing through JAM with banks authorised by the Financial Conduct Authority. Any derivative positions are marked to market and exposure to counterparties is monitored on a daily basis by the Investment Adviser; the AIFM reviews it on a quarterly basis. The maximum exposure to credit risk at 30 June 2018 was £8,946,000 (2017: £9,099,000). The calculation is based on the Company's credit exposure as at 30 June 2018 and may not be representative of the year as a whole.

(f) Fair value of financial assets and financial liabilities
The financial assets and financial liabilities are carried in the Statement of Financial Position at their fair value or the statement amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals and cash at bank).

Accounts continued

Notes to the Accounts for the year ended 30 June 2018 continued

13. Financial instruments continued

Fair value hierarchy

IFRS 13 'Fair Value Measurement' requires an entity to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the instrument and not based on available observable market data.

The financial assets measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy as follows:

	2018				2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	162,528	–	–	162,528	173,938	–	–	173,938

(g) Use of derivatives

In order to enhance returns, the Company may take short positions (using contracts for difference) in respect of a small number of larger capital securities. There were no derivative positions held at the year end (2017: nil).

14. Called up share capital

	2018		2017	
	Number	£'000	Number	£'000
Ordinary shares of 25p each				
Balance brought forward	19,941,928	4,985	22,120,812	5,530
Ordinary shares repurchased for cancellation	(1,718,515)	(430)	(2,178,884)	(545)
Ordinary shares repurchased into Treasury	(3,420,594)	(855)	–	–
Closing balance of Ordinary shares	**14,802,819**	**3,700**	**19,941,928**	**4,985**
Treasury shares				
Repurchase of Ordinary shares into Treasury	3,420,594	855	–	–
Closing balance of Ordinary shares held in Treasury	**3,420,594**	**855**	**–**	**–**
Total		**4,555**		**4,985**

15. Share premium account

	2018 £'000	2017 £'000
	19,550	19,550
	19,550	**19,550**

16. Non-distributable reserve

	2018 £'000	2017 £'000
	841	841
	841	**841**

Accounts continued

Notes to the Accounts for the year ended 30 June 2018 continued

17. Capital redemption reserve

	2018 £'000	2017 £'000
	9,198	8,653
Cancellation of Ordinary shares	430	545
	9,628	**9,198**

18. Retained earnings

The table below shows the movement in the retained earnings analysed between revenue and capital items.

	Revenue return £'000	Capital return £'000	Total £'000
At 1 July 2017	(5,543)	152,656	147,113
Net (loss)/return for the year	(630)	26,613	25,983
Ordinary shares repurchased	–	(14,379)	(14,379)
Ordinary shares repurchased into Treasury	–	(29,952)	(29,952)
At 30 June 2018	**(6,173)**	**134,938**	**128,765**

The capital return includes £46,073,000 of investment holding gains (2017: £32,094,000).

19. Net Asset Value per Ordinary share

The Net Asset Value per Ordinary share is based on the net assets attributable to the equity shareholders of £163,339,000 (2017: £181,687,000) and on 14,802,819 (2017: 19,941,928) Ordinary shares, being the number of Ordinary shares in issue at the year end.

20. Related parties and transactions with the Manager

There are no transactions with the Directors other than aggregated remuneration for services as Directors as disclosed in the Directors' Remuneration Report on page 28 and as set out in Note 5 to the Accounts and the beneficial interests of the Directors in the Ordinary shares of the Company as disclosed on page 29.

JUTM is contracted to provide investment management services to the Company, subject to termination by not less than twelve months notice by either party).

Prior to 1 October 2017, the base management fee payable to JUTM was quarterly fee of 0.20% of the net assets of the Company, excluding the value of any Jupiter managed investments. However, with effect from the change in the Company's investment strategy agreed by JUTM and the Board, the base investment management fee was reduced to a quarterly fee of 0.75% pa of Net Assets. This fee was further reduced to 0.65% pa to the extent that the Company's Net Assets come to exceed £150 million and up to £250 million and will be reduced further to 0.55% pa to the extent that the Company's Net Assets come to exceed over £250 million.

The investment management fee payable to JUTM for the year 1 July 2017 to 30 June 2018 was £1,221,000 (2017: £1,508,000) with £303,000 outstanding as at 30 June 2018 (2017: £364,000).

The portfolio management of the Company is carried out by Jupiter Asset Management Limited ("JAM") under delegation from JUTM, as defined on page 19.

21. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments outstanding as at 30 June 2018 (2017: nil).

Company Information

Directors	Gordon Grender, Chairman Norman Bachop Peter Barton Lisa Booth Clive Parritt
Registered office	The Zig Zag Building 70 Victoria Street London SW1E 6SQ
Alternative Investment Fund Manager	Jupiter Unit Trust Managers Limited The Zig Zag Building 70 Victoria Street London SW1E 6SQ Authorised and regulated by the Financial Conduct Authority
Investment Adviser & Company Secretary	Jupiter Asset Management Limited The Zig Zag Building 70 Victoria Street London SW1E 6SQ
Telephone	**020 3817 1000**
Facsimile	**020 3817 1820**
Website	**www.jupiteram.com/JUS**
Email	**investmentcompanies@jupiteram.com** Authorised and regulated by the Financial Conduct Authority
Custodian	J.P. Morgan Chase Bank N.A. 25 Bank Street Canary Wharf London E14 5JP Authorised and regulated by the Financial Conduct Authority
Depositary	J.P. Morgan Europe Limited 25 Bank Street Canary Wharf London E14 5JP Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
Registrars	Computershare Investor Services PLC The Pavilions, Bridgwater Road Bristol BS99 6ZZ
Telephone	**0370 889 4089**
Facsimile	**0370 703 6101**
Website	**www.investorcentre.co.uk**
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT
Company Registration Number	02781968 Registered in England and Wales An investment company under s.833 of the Companies Act 2006

Investor Code

The Ordinary shares of the Company are traded on the London Stock Exchange.

Company Information continued

Sedol Number	
Ordinary shares	0346340
ISIN	
Ordinary shares	GB0003463402
Ticker	
Ordinary shares	JUS.L

Investor Information

Performance Updates

The Company publishes a monthly factsheet which contains key information about its performance, investment portfolio and pricing. The factsheets, together with electronic copies of the most recent full and interim reports and accounts, are available for download from **www.jupiteram.com/JUS**. Should you wish to be added to an email distribution list for future editions of the monthly factsheet, please send an email to **investmentcompanies@jupiteram.com**. For investors who do not have access to the internet, these documents are also available on request from Jupiter's Customer Services Team on 0844 620 7602.

The Company currently conducts its affairs so that its shares can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's Ordinary shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are Ordinary shares in an investment trust.

Further information about the Company is also available from third party websites such as **www.morningstar.co.uk** and **www.theaic.co.uk**.

Dividend Tax Allowance

With effect from 6 April 2016 the dividend tax credit was replaced by an annual tax-free dividend allowance. Dividend income in excess of this allowance will be taxed according to your personal income tax bracket. The Company's Registrar will continue to provide shareholders with confirmation of dividends paid; Shareholders should retain such confirmations to enable them to calculate and report total dividend income received. Shareholders should note that it is their sole responsibility to report any dividend income in excess of their annual tax-free allowance to HMRC.

Further information on changes to dividend tax allowance can be obtained from the HMRC website at:
https://www.gov.uk/government/publications/income-tax-changes-to-dividend-taxation

Changes to our Data Privacy Notice

We have updated our Privacy Notice to align with the new data privacy law in the European Union, known as the General Data Protection Regulation (**GDPR**) to which we are subject. Data protection and the security of your information always has been and remains of paramount importance to us.

Any information concerning Shareholders and other related natural persons (together the **Data Subjects**) provided to, or collected by or on behalf of, Jupiter Unit Trust Managers Limited and/or Jupiter US Smaller Companies Plc (the **Controllers**) (directly from Data Subjects or from publicly available sources) may be processed by the Controllers as joint controllers, in compliance with the GDPR.

You are not required to take any action in respect of this notice, but we encourage you to read our Privacy Notice. Our Privacy Notice can be found on our website, **www.jupiteram.com/Shared-Content/Legal-content-pages/Privacy/Investment-trusts**. In the event that you hold your shares as a nominee, we request that you promptly pass on the details of where to find our Privacy Notice to the underlying investors and/or the beneficial owners.

Managing your account online

The company's registrar, Computershare Investor Services PLC, allows you to manage your shareholding online. If you are a direct investor you can view your shareholding, change the way the registrar communicates with you and buy and sell shares. If you haven't used this service before, all you need to do is enter the name of the Company and register your account at https://www-uk.computershare.com/investor. You'll need your Investor code (IVC) printed on your share certificate in order to register.

Computershare's contact details are as follows:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
BRISTOL BS99 6ZZ
Telephone: +44 (0)370 889 4089

* Calls to this number are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 09:00 – 17:30 Monday to Friday.

Glossary of terms: Alternative Performance Measures

The European Securities and Markets Authority published its guidelines on Alternative Performance Measures ('APMs'). APMs are defined as being a 'financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable accounting framework.' The guidelines are aimed at promoting the usefulness and transparency of APMs included in regulated information and aim to improve comparability, reliability and/or comprehensibility of APMs. The following APMs are used throughout the annual report, financial statements and notes to the financial statements.

Benchmark price return index

A price return index is a type of equity performance index that tracks the capital gains of a group of stocks over time and ignores any cash distributions, such as dividends.

Discount

The amount, expressed as a percentage, by which the share price is less than the net asset value per share.

Gearing

Gearing is the borrowing of cash to buy more assets for the portfolio with the aim of making a gain on those assets larger than the cost of the loan. However, if the portfolio doesn't perform well the gain might not cover the costs. The more an investment company gears, the higher the risk.

Mid market price

The mid-market price is the mid-point between the buy and the sell prices.

NAV per share

The net asset value ('NAV') is the value of the investment company's asset less its liabilities. The NAV per share is the NAV divided by the number of shares in issue. The difference between the NAV per share and the share price is known as the discount or premium.

Ongoing charges

Ongoing charges are the total expenses including both the investment management fee and other costs but excluding performance fees, expressed as a percentage of NAV.

Premium

The amount, expressed as a percentage, by which the share price is more than the net asset value per share.

Annual General Meeting

Notice of Annual General Meeting

This Notice of Meeting is an important document. If you are in any doubt as to what action to take, you should consult an appropriate independent adviser.

Notice is hereby given that the Annual General Meeting of Jupiter US Smaller Companies PLC will be held at the offices of Jupiter Asset Management Limited, The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ on 20 November 2018 at 10:30 a.m. for the following purposes:

ORDINARY BUSINESS
To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. That the Report of the Directors and the audited Accounts of the Company for the year ended 30 June 2018 be received and adopted.
2. That the Directors' Remuneration Report for the year ended 30 June 2018 be approved.
3. That Mr G Grender be re-elected a Director of the Company.
4. That Mr N Bachop be re-elected a Director of the Company.
5. That Mr P Barton be re-elected a Director of the Company.
6. That Ms L Booth be re-elected a Director of the Company.
7. That Mr C Parritt be re-elected a Director of the Company.
8. That PricewaterhouseCoopers LLP be reappointed as Auditor of the Company.
9. That the Directors be authorised to agree the remuneration of the Auditor.

SPECIAL BUSINESS
To consider, and if thought fit, to pass Resolution 10 as an Ordinary Resolution and Resolutions 11, 12 and 13 as Special Resolutions:

Ordinary Resolution:

10. That the Directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 ('the Act'), in substitution for and to the exclusion of any outstanding authority previously conferred on the Directors under Section 551 of the Act, to allot shares in the capital of the Company ('shares') up to a maximum aggregate nominal amount of £367,257 (being 10% of the Company's issued share capital) provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such an offer or agreement as if the authority hereby conferred had not expired.

Special Resolutions:

11. That the Directors of the Company be and are hereby granted power pursuant to Section 570 and/or Section 573 of the Companies Act 2006 ('the Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash either pursuant to the authority conferred by Resolution 10 or by way of a sale of treasury shares, as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:
    (a) the allotment of equity securities up to an aggregate nominal amount of £367,257 (being 10% of the Company's issued share capital); and
    (b) in addition to the authority referred to in (a) above, in connection with an offer of equity securities by way of a rights issue or open offer to ordinary shareholders in proportion as nearly as may be practicable to their existing holdings subject to such limits or restrictions or other arrangements as the Directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws or requirements of, any territory or the requirements of any regulatory body or stock exchange or any other matter, and provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority hereby conferred had not expired.
12. That the Company be and is generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make one or more market purchases (within the meaning of Section 693 of the Act) of Ordinary shares provided that:
    (a) the maximum number of shares that may be purchased is 2,202,073 Ordinary shares, being 14.99% of the issued number of shares at the date of this document or, if lower, such number as is equal to 14.99% of the issued number of shares at the date of passing the resolution;
    (b) the minimum price which may be paid shall be each of their respective nominal values;
    (c) the maximum price (excluding the expenses of such purchase) which may be paid for each Ordinary share is the higher of:
        (i) 105% of the average middle market quotations for such Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is purchased; and
        (ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation EC 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No. 2273/2003); and
    (d) unless renewed, this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2019 save that the Company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry.
13. That a General Meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By Order of the Board
Jupiter Asset Management Limited
Company Secretary
26 September 2018

Annual General Meeting continued

Notes for the Annual General Meeting

1. A Member entitled to attend and vote may appoint a proxy or proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed which, if used, must be lodged at the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than forty-eight hours before the Meeting. Alternatively you can appoint a proxy electronically by visiting eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy or contained within the email sent to you. To appoint more than one proxy you may photocopy this form. You may appoint a person other than the Chairman as your proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the shareholders AGM (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 at 6:00 p.m. on 16 November 2018. If the meetings are adjourned then, to be so entitled, Members must be entered on the Company's Register of Members at the time which is 48 hours before the time fixed for the adjourned meetings or, if the Company gives notice of the adjourned meetings, at the time specified in that notice.

3. As at 21 September 2018 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital was 18,223,413 Ordinary shares and the total voting rights were 14,690,278.

4. The vote 'Withheld' is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Withheld' vote is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

5. The completion and return of this form will not preclude a Member from attending the meeting and voting in person.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 20 November 2018 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent ID (3RA50) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

   Any corporation which is a Member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.

8. If you have disposed of your holding in the Company this document should be passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

9. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

10. A copy of the Notices of Meetings and other information required by section 311A of the Companies Act 2006, can be found at **www.jupiteram.com/JUS**.

11. 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.

12. 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

Annual General Meeting continued

Notes for the Annual General Meeting continued

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.

13. Under Section 527 of the Act, shareholders meeting the threshold requirement set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's Accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with the auditors of the Company ceasing to hold office since the previous AGM at which the annual accounts and reports were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to cover any costs incurred in complying with Section 527 or 528 and is required to forward any statement placed on a website to the Company's auditors not later than the time when it makes the statement on the website. The business which may be dealt with at the meeting includes any statements that the Company has been required under Section 527 of the Act to publish on a website.

14. Shareholders are advised that, unless otherwise stated, any telephone number, website and email address set out in this Notice of Meeting, Form of Proxy, or Annual Report should not be used for the purpose of serving information on the Company (including the service of documents or information relating to the proceedings at the Company's AGM).

Notes

Printed by Park Communications on FSC® certified paper.

Park is an EMAS certified company and its Environmental Management System is certified to ISO14001.

100% of the inks used are vegetable oil based, 95% of press chemicals are recycled for further use and, on average 99% of any waste associated with this production will be recycled.

This document is printed on Cocoon 50% Silk, a paper containing 50% recycled fibre (25% post consumer waste and 25% preconsumer waste) and 50% virgin fibre sourced from well-managed, responsible FSC® certified forests. The pulp used in this product is bleached using an Elemental Chlorine Free (ECF) process.

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C001785

NAPM RECYCLED 50% APPROVED

50% recycled
When you have finished with this leaflet please recycle it

www.jupiteram.com/JUS