Jupiter US Smaller Companies PLC

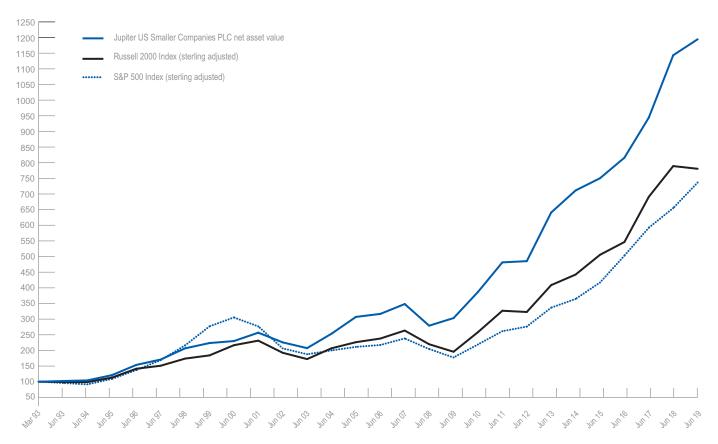
Annual Report & Accounts

for the year ended 30 June 2019



Jupiter US Smaller Companies PLC ('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

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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

The Investment Adviser 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 investment opportunities. 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



Strategic Report

Financial Highlights for the year ended 30 June 2019

Ordinary Share Performance

	30 June 2019	30 June 2018	% change
Net asset value (pence)▲	1,152.66	1,103.43	+4.5
Middle market price (pence)	1,045.00	1,030.00	+1.5
Russell 2000 Index (sterling adjusted)	1,230.90	1,244.47	-1.1
Discount to net asset value (%)▲	(9.3)	(6.7)	_
Ongoing charges ratio (%)▲	0.93	1.02	_

Ten year record

		Year-	
	Net	on-year	
	Asset	change in	Year-
	Value	Net Asset	on-year
	per	Value per	change in
Net	Ordinary	Ordinary	Benchmark
Assets	Share	Share	Index*
£'000	р	%	%
77,298	373.3	_	_
96,201	464.6	+24.5	+26.5
99,248	468.3	+0.8	-1.2
147,688	618.4	+32.1	+26.6
164,957	686.3	+11.0	+8.3
174,033	724.1	+5.5	+14.3
174,163	787.3	+8.7	+8.1
181,687	911.1	+15.7	+26.5
163,339	1,103.4	+21.1	+14.2
161,520	1,152.7	+4.5	-1.1
	Assets £'000 77,298 96,201 99,248 147,688 164,957 174,033 174,163 181,687 163,339	Asset Value per Net Ordinary Assets £'000 p 77,298 373.3 96,201 464.6 99,248 468.3 147,688 618.4 164,957 686.3 174,033 724.1 174,163 787.3 181,687 911.1 163,339 1,103.4	Asset Change in Net Asset Value Per Value Per Value Per Ordinary Ordinary Assets Share £'000 p % 77,298 373.3 — 96,201 464.6 +24.5 99,248 468.3 +0.8 147,688 618.4 +32.1 164,957 686.3 +11.0 174,033 724.1 +5.5 174,163 787.3 +8.7 181,687 911.1 +15.7 163,339 1,103.4 +21.1

^{*} Russell 2000 Index (sterling adjusted).

A For definitions of the above Alternative Performance Measures, please refer to the Glossary of Terms on page 54.

Strategic Report continued

Chairman's Statement

Dear fellow shareholder

Although it was a difficult year for the US smaller companies market, I am pleased to report that the Net Asset Value ("NAV") per share of your Company increased by 4.5% in the twelve months to 30 June 2019. This compares to a fall of 1.1% for the Company's benchmark, the sterling adjusted Russell 2000 Index. Since Robert Siddles was appointed as fund manager on 1 January 2001, the NAV per share has risen 407% compared to 280% for the benchmark and since the Company's incorporation on 11 March 1993, the NAV per share has increased 1153% compared with a gain of 781% for the benchmark.

The Company takes a conservative approach to investment that can provide superior performance in weaker markets and this happened in the financial year under review. The fund manager continued to apply the improvements to portfolio construction required by the Board that were implemented in the previous year.

Market review

During the year under review, in dollar terms, the Russell 2000 Index of smaller companies lost 4.7% lagging the Standard & Poor's Composite Index which rose 8.2%. The more technology-oriented NASDAQ Composite Index also increased, gaining 6.6%.

Sterling investors gained modestly from the strength of the US dollar, which increased by 3.7% 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, reaching new highs but then peaked at the end of August. This was followed by a 27% fall in the following months, reaching a low on Christmas Eve. The causes of this severe correction seemed to be concerns about economic growth, trade tensions with China and rising interest rates. Wage inflation began to accelerate in 2018, reaching a rate of over 3%, a level that would normally cause concern at the Federal Reserve (the 'Fed'). Slower US economic growth was confirmed by the usually reliable ISM Manufacturing indicator (purchasing managers index) which began to decline but by late December the market began to advance again. President Trump publicly criticised Fed policy, which was followed by dovish comments from the Fed and there were some signs of progress in trade talks. All this reignited a stock market rally and the Russell 2000 Index rose 24% from its low to 30 June 2019, erasing most of its earlier losses.

During the second half of the year, the market was helped by economic trends which were interpreted as meaning that the Fed would not raise rates. As a result, the manufacturing sector slowed further and wage inflation stopped rising.

The best performing sectors were utilities (helped by a rallying bond market), technology and producer durables. The laggards were energy, consumer staples, and materials and processing. Value stocks in general continued to suffer in what has now been a 13-year trend of lagging the market (your fund manager uses a value style of investing).

Discount and premium management

The Board remains committed to its stated policy of using share-buybacks 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.

The share-buyback program contributed 0.4% to performance in the year under review.

During the year, the Company bought back 790,018 shares. At 30 June 2019 there were 4,210,612 shares held in Treasury.

The price of the shares rose by 1.5% to 1,045p over the year. The discount to NAV per share was 9.3% at the end of the period compared to 6.7% on 30 June 2018.

Gearing

During the second half of the period the Company increased its loan facility with Scotia Bank from \$10m to \$15m to facilitate management of the portfolio and allowing the manager to take advantage of new opportunities as they arise. The maximum potential gearing is set at 20% of the Company's assets. As at 30 June 2019 the Company had net borrowings of 1.2% of assets and at 30 September 2019 it was 4.6%.

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. In my view one needs to balance the recommendation 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.

All the current directors will offer themselves for re-election at the Annual General Meeting ('AGM') with the exception of Mr Bachop who is suffering from ill health. The Board would like to thank Mr Bachop for his valued contribution to the Company over the last 20 years.

Review of external auditors

In accordance with current legislation the Company has to change its present auditors by 2020. To meet the timetable, on behalf of the Board, the Audit Committee invited tenders from prospective audit firms. Following this process the Board will propose to shareholders at the forthcoming AGM that haysmacintyre LLP are appointed as auditors. The firm is London-based with 33 partners and received the 2017 'Audit Team of the Year' award at the British Accountancy Awards. Investment companies are a sector in which the firm specialises and is familiar with Jupiter's processes.

Annual General Meeting

The AGM will be held at 11.30 a.m. on Tuesday, 26 November 2019 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.

Outlook

It is difficult to be certain of the market outlook at this stage of such a long economic cycle: slowing economic growth is an overriding concern. Against this, the bond market rally helps to support stock market valuations, investor sentiment is not overly-bullish and there are prospects for interest rate cuts.

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 8 October 2019

Strategic Report continued

Investment Adviser's Review

The market was more difficult this year than last. In the first half of the year there was a large correction and in the second value stocks underperformed. However, the sell-off provided several new investment opportunities for the Company: the investment approach used by the manager seeks to exploit the market when it overreacts to bad news on individual stocks.

Investment performance was good compared to the benchmark: the Russell 2000 Index in sterling terms fell 1.1% but growth in NAV per share was 5.6% better. This was a result of good stock selection particularly in the health care and consumer discretionary sectors.

We continued to apply the enhancements to the investment process introduced two years ago that aim to increase the contribution from good stock selection. The proportion of the portfolio in the top ten holdings increased from 36% a year ago to 40% at the end of the period and the number of holdings in the portfolio was 40 compared to 42 a year ago.

Investment approach

There has been no change to the Company's investment philosophy or the way in which the manager chooses stocks. The Company takes a conservative investment approach that aims to preserve capital rather than to chase growth aggressively. It focuses on taking a long-term view of companies' business prospects and buying shares of growing companies when they are out of favour with substantial appreciation potential. At the same time, it avoids the most popular growth stocks that are expensively priced.

Performance

Seven stocks contributed 1% or more to performance and five of these were top ten holdings. The largest contributor was The Ensign Group (nursing homes) whose strategy of buying and improving struggling nursing homes is working well. DMC Global (drill pipe perforation tools) benefited from further market share gains from its time-saving new products for the fracking industry. The position was sold towards the end of the period because competitors introduced their own new products and weakening oil prices threaten growth. America's Car-Mart (financing and sale of used cars) gained from the end of easy credit. This meant that new car lenders became less competitive and the company saw the return of customers with better credit ratings. LiveRamp, previously Acxiom (online consumer identification services) rose after it sold its Acxiom Marketing Solutions business to Interpublic Group for the unexpectedly high price of \$2.2bn, which was almost equal to the company's then market capitalisation. The stock was sold because the remaining business operates in a highly competitive industry, is loss-making and does not fit the manager's conservative investment approach. Ollie's Bargain Outlet (off-price retailer) continued to exploit Amazon's success and the favourable environment for retail liquidations. Genesee & Wyoming (short line railroads) appreciated on news that the company was investigating strategic options. It subsequently announced on 1 July its sale to private equity groups GIC Pte Ltd and Brookfield Infrastructure Partners LP. The stock was added to the portfolio in 2002 and has appreciated by more than eleven times

As ever in small company investing, there were disappointments. Three stocks detracted from performance by more than one percent. The worst detractor was Lions Gate Entertainment A (film and television production and programme distribution) where the cost of expanding its international "over the top" distribution (i.e. internet delivery of programming) is proving to be more than we expected. GTT Communications (data connectivity services for enterprises)

had a disappointing year as investors reacted badly to the lack of organic growth following the acquisition of London-based Interoute Communications. The size of the reaction was magnified by the company's high level of debt. Since the year end, the Company's holdings in Lions Gate Entertainment A and GTT Communications have been sold. American Vanguard (agri-chemicals) suffered from the US agricultural recession and unprecedented floods in the Midwest. The latter is probably a one-off event, and grain prices are beginning to pick up with a boost for farmers' incomes. The company continues its strategy of acquiring and improving niche agri-chemical brands.

There were two takeovers in the period: Civitas Solutions (day care for adults with intellectual disabilities) was sold to private equity firm Centerbridge Partners LP at a 27% premium to the 30-day average share price. Following a strategic review REIS (commercial property database services) was acquired by Moody's at a 32% premium.

Portfolio

The Company's conservative investment approach produces two main kinds of value stocks, cheap "Buffett compounders" and recovery stocks. The first are reliable growth stocks that should be able to grow over long periods whereas the second are more short-term investments where a temporarily depressed industry has improvement potential. The market correction and concerns about economic growth provided the opportunity to add stocks with recovery potential and examples were LCI Industries (assemblies for recreational vehicles or "RVs"), Univar (chemicals distribution) and United Rentals (equipment rentals). The manager was also on the lookout for compounders that could contribute growth even if economic growth slowed. Three examples were Construction Partners A (road repair services), ICU Medical (connectors for intravenous therapy) and Limoneira (the leading vertically integrated supplier of fresh lemons).

LCI Industries has a good record of growth from its focus on "towables" (i.e. caravans), the RV of choice for Millennials, and acquiring smaller assembly manufacturers. Its products range from doors to slide-outs and are sold to RV manufacturers. It is a low capital intensity business and produces a high level of free cash flow that supports its merger & acquisitions ('M&A') strategy. The stock was depressed by economic concerns as well as a build-up of inventory at RV dealers. As excess inventories clear, LCI's expansion supplemented by moves into other leisure vehicles and international sales should benefit the shares.

Construction Partners was founded by management who have been in the road repair business for decades and it has a high level of insider ownership. It is based in Dothan, Alabama and benefits from the superior economic growth of the south east. Its approach is to own asphalt plants in the markets in which it operates, giving it a cost advantage. The company tracks competitors' contract wins to identify when they are working at full capacity in order to pinpoint less competitive contract bids when they arise. It also acquires smaller players where owners are approaching retirement. Insiders' control of the company helps make it the acquirer of choice because this ensures a safe home for a business that may have been built up over a working lifetime. It is now a top ten holding

There were sales of recovery stocks where circumstances had improved, such as last year's acquisitions of Gray Television (television station operator in small cities) and Sanderson Farms (niche producer of large chickens). In addition, stocks were sold where business prospects were deteriorating and examples of these were The Michaels Companies (hobby crafts retailer), RPC (pressure pumping services) and Wabtec (technology products for rail and transit industries).

Strategic Report continued

Investment Adviser's Review continued

Gray Television is in a strong position to exploit the complex economic relationship between US TV networks, broadcasters, and distributors. When a larger player like Gray acquires small tv station groups it has greater negotiating power to increase retransmission fees (the fees paid to broadcasters by distributors such as cable companies), which improves the economics of M&A. The benefits to shareholders from this approach came much sooner than expected when it acquired similarly-sized Raycom Media. Since there remain concerns about declining tv advertising we sold the position.

The Michaels Companies was sold because of a deteriorating same store sales trend caused by store expansion by competitor Hobby Lobby in what is a slow growing (though resilient) retail category. In addition, the company had been slower than we hoped in expanding e-commerce, it seemed to be losing sales of profitable custom framing and its inclination to buy-back shares rather than reduce debt limits its strategic options.

Outlook

The US economy is expanding more slowly than earlier in the year. This reduces prospects for corporate profits growth for US smaller companies as a whole, which are predominantly domestically-focused. The Fed's move from tightening to easing interest rates is, however, a positive for equities with the caveat that since the US Presidential Election is just over a year away, other factors such as renewed trade concerns could come to the fore.

The portfolio holds many exciting and undervalued entrepreneurial companies with excellent long-term growth prospects where insiders have substantial "skin in the game". These should benefit shareholders in the future.

Robert Siddles

Fund Manager Jupiter Asset Management Limited Investment Adviser 8 October 2019

Strategic Report continued

Twenty Largest Equity Holdings as at 30 June 2019

		30 June 2019 Valuation		30 June 201 Valuation	
Company	Sector	£'000	%	£'000	%
The 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 16% of the stock.	Consumer Staples	8,929	5.5	6,995	4.3
The Ensign Group The Ensign Group operates nursing facilities. The company's Chairman Emeritus 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.	Health Care	8,794	5.4	5,332	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	7,935	4.8	6,221	3.8
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	7,393	4.5	5,125	3.1
Alleghany Alleghany is an insurance underwriter and reinsurer with a strong underwriting discipline. It has a good record of growing book value per share.	Financial Services	6,385	3.9	5,203	3.2
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 11%.	Producer Durables	6,082	3.7	5,401	3.3
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 21%.	Producer Durables	5,243	3.2	5,772	3.6
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 11%.	Producer Durables	5,173	3.2	4,977	3.1
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 15%.	Health Care	4,956	3.0	3,654	2.2

Strategic Report continued

Twenty Largest Equity Holdings as at 30 June 2019 continued

	30 June 20 Valuatior			30 June 20 Valuation	
Company	Sector	£'000	%	£'000	%
Construction Partners 'A' Construction Partners provides road repair services in the south east. Its vertical integration into asphalt plants gives it a cost advantage and it is expanding by acquisition. Insiders own 79%.	Materials & Processing	4,692	2.9	-	-
GMS GMS is the leading US distributor of interior building products, a market that it is consolidating via acquisitions. Insiders own 23%.	Materials & Processing	4,325	2.6	3,034	1.9
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 7%.	Technology	4,277	2.6	3,632	2.2
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. Insiders own 13%.	Materials & Processing	4,141	2.5	5,956	3.6
LCI Industries LCI Industries is the leading supplier of assemblies for "towable" recreational vehicles (caravans). Millennials enjoy the outdoors and have been buying towables in growing numbers.	Consumer Discretionary	3,956	2.4	-	_
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.	Financial Services	3,839	2.3	4,565	2.8
Home BancShares Home BancShares is based in Arkansas but also operates in Florida and Alabama. Management have been particularly astute at making acquisitions that increase book value per share. Insiders own 8%.	Financial Services	3,521	2.2	2,912	1.8
INTL FCStone INT FCStone is a financial services provider focusing on commodities that also offers consulting services. It was founded by South African bankers who brought a zero-tolerance approach to trading losses. It aims to compound growth in book value per share. Insiders own 16%.	Financial Services	3,519	2.2	2,859	1.7
Hallmark Financial Services Hallmark Financial Services is a property casualty insurer. New management have been working to improve underwriting and its reserve position is improving. Insiders own 29%.	Financial Services	3,507	2.1	2,354	1.5
GreenSky 'A' GreenSky is the leading provider of point of sale lending technology, a growing area. Insiders own 67%.	Technology	3,496	2.1	-	_

- Strategic Report continued
- Twenty Largest Equity Holdings as at 30 June 2019 continued

			30 June 2019 Valuation		30 June 2018 Valuation	
Company	Sector	£'000	%	£'000	%	
United Rentals United Rentals is a leading equipment rental provider for the construction, energy and industrial markets. The industry benefits from a trend towards renting as against owning and should also get a boost from a long overdue increase in infrastructure spending.	Producer Durables	3,486	2.0	-	_	

The value of the twenty largest equity holdings represents £103.6 million (2018: £100.0 million) and 63.1% (2018: 61.5%) of the Company's total investments.

Strategic Report continued

List of Investments as at 30 June 2019

Listed Investments*	Value £'000	Percentage of portfolio
CONSUMER DISCRETIONARY 11.9% (2018: 17.6%)		•
America's Car-Mart	7,393	4.5
LCI Industries	3,956	2.4
Ollie's Bargain Outlet	3,423	2.1
Reading International 'A'	2,352	1.5
Lions Gate Entertainment 'A'	2,322	1.4
	19,446	11.9
CONSUMER STAPLES 7.4% (2018: 6.4%)		
The Chefs' Warehouse	8,929	5.5
Limoneira	3,156	1.9
	12,085	7.4
ENERGY 2.0% (2018: 3.7%) Parsley Energy 'A'	3,278	2.0
Tabley Energy A	3,278	2.0
FINANCIAL SERVICES 22.1% (2018: 23.1%)	3,210	2.0
Alleghany	6,385	3.9
Pacific Premier Bancorp	3,839	2.3
Home BancShares	3,521	2.2
INTL FCStone	3,519	2.2
Hallmark Financial Services	3,507	2.1
Colliers International Group	3,425	2.1
B. Riley Financial	3,135	1.9
Franklin Financial Network	3,119	1.9
BOK Financial	3,097	1.9
Tejon Ranch	2,561	1.6
	36,108	22.1
HEALTH CARE 14.2% (2018: 9.8%)	9.704	E 4
The Ensign Group Addus HomeCare	8,794 4,956	5.4 3.0
ICU Medical	3,375	2.1
Brookdale Senior Living	3,149	1.9
Healthcare Services Group	2,975	1.8
	23,249	14.2
MATERIALS & PROCESSING 10.0% (2018: 8.3%)		
Construction Partners 'A'	4,692	2.9
GMS	4,325	2.6
American Vanguard	4,141	2.5
Univar	3,208	2.0
	16,366	10.0
PRODUCER DURABLES 20.5% (2018: 19.4%)		
Genesee & Wyoming 'A'	7,935	4.8
Covanta Holding	6,082	3.7
MSC Industrial Direct 'A'	5,243	3.2
Old Dominion Freight Line	5,173	3.2
United Rentals	3,486	2.1
Allegiant Travel	3,317	2.0
Navigator Holdings	2,376	1.5
	33,612	20.5

Strategic Report continued

List of Investments as at 30 June 2019 continued

	Value	Percentage
Listed Investments*	£'000	of portfolio
TECHNOLOGY 8.8% (2018: 10.2%)		
Virtusa	4,277	2.6
GreenSky 'A'	3,496	2.1
Bottomline Technologies (DE)	3,438	2.1
TechTarget	3,281	2.0
	14,492	8.8
UTILITIES 3.1% (2018: 1.5%)		
ATN International	2,756	1.7
GTT Communications	2,320	1.4
	5,076	3.1
Total Investments	163,712	100.0
	· · · · · · · · · · · · · · · · · · ·	

The number of companies in the portfolio is 40 (2018: 42).

^{*} Category headings correspond to those used by Russell 2000 Index.

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 7.

There has been no significant change in the activities of the Company during the year to 30 June 2019 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 11 and 12.

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 2018, negotiated a flexible loan facility with Scotiabank Europe for up to £20 million (with an option to increase to £30 million if desired).

Further details of the loan facility with Scotiabank Europe can be found in Note 13 to the Accounts on page 44.

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;
- · 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 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.

Strategic Report continued

Strategic Review continued

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 20 November 2018 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.

The Company repurchased 790,018 Ordinary shares during the year under review at an average discount of 8.5%.

Under the Listing Rules, the maximum price that may 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 2020 (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 gives 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 2019 there were 4,210,612 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 21 to the Accounts on page 49.

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 four years until the required vote on the continuation of the Company at the 2023 AGM.

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. Four 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 also be required to vote on the continuation of the Company at the 2020 AGM. On the basis of ongoing feedback from shareholders the board is confident that the 2020 continuation vote will be passed. The board has 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. In particular, the Board has noted that:

- the Company holds a liquid portfolio invested predominantly in US listed equities;
- · the company maintains a relatively low level of gearing;
- the company has maintained a consistent performance and share price discount to NAV; and
- no significant increase to ongoing charges or operational expenses is anticipated.

The Board has also considered the market outlook, both for US smaller company equities and for investment trusts, and concluded that these remain an attractive opportunity for investors.

The Board has noted that there are a number of headwinds affecting the global economy: slower economic growth, US/China trade disputes, geo-political developments involving oil-producing countries and Brexit. The companies held in the Company's investment portfolio are unlikely to be wholly immune from the consequences of these headwinds. However, the Board has concluded that there is nevertheless a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next four 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

Strategic Report continued

Strategic Review continued

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 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 conforms 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 14 to the Accounts on page 47.

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 18.

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 16.

The Company's policy on Board diversity is included in the Corporate Governance section of the Report of the Directors on page 24.

As at 30 June 2019 the Board comprised 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.

Modern Slavery Act

The Modern Slavery Act 2015 requires certain companies to prepare a slavery and human trafficking statement. As the Company has no employees and does not supply goods and services, it is not required to make such a statement.

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 8 October 2019

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*	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 ^{†**} Chairman of the Audit & Management Engagement Committee	Chairman of the Audit & Management Engagement Committee, 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, both in the UK and Germany.
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 Londor 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 ter years until June 1996. He has previously chaired or been a director of a number of investment trusts, VCTs and media businesses.
	and Associated Properties PLC. He was president of the Institute in England & Wales in 2011 to 2012. Until April 2016 he was Audiotonix Limited (an international manufacturer of audio mixing he was chairman of Baker Tilly (now RSM), having been its nation years until June 1996. He has previously chaired or been a director

- * Retired as Chairman (and member) of the Audit & Management Engagement Committee on 20 November 2018.
- ** Appointed as Chairman of the Audit & Management Engagement Committee on 20 November 2018.

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 2019.

Results and Dividends

The Company's Net Asset Value per Ordinary share increased by 4.5% in the year ended 30 June 2019, compared to a fall of 1.1% 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 49.

The Net Assets of the Company as at 30 June 2019 were £161.5 million (2018: £163.3 million). No distributable revenue is available for payment of dividends.

Capital Structure

As at 30 June 2019 the Company's issued share capital consisted of 18,223,413 Ordinary shares of 25p each of which 4,210,612 were held in Treasury. As a result the total voting rights as at 30 June 2019 was 14,012,801. 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 15 to the Accounts on page 47. 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 2019		
	Number of Shares	% of total voting rights	
Investec Wealth & Investment Limited	1,351,946	9.65	
Smith & Williamson Holdings Limited	714,762	5.10	

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 16. All Directors held office throughout the year under review.

Repurchase of Shares

Authority to Repurchase Shares

At the AGM held on 20 November 2018 shareholders renewed the authority to buy back the Company's Ordinary shares for cancellation or holding in Treasury. 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 27 and 28 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 ('Jupiter'). Further details of the Company's arrangement with JUTM and JAM can be found in Note 21 to the Accounts on page 49.

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 Notes 4 and 21 to the Accounts on pages 40 and 49. 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 2019 was 1:1.14 as determined using the Gross method, and 1:1.03 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.

			Commitment
	Gross exposure		exposure
Average leverage			Average leverage
employed during			employed during
Maximum	Maximum the year to		the year to
limit	30 June 2019	limit	30 June 2019
2:1	1:1.14	2:1	1:1.03

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 (2019/20) 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 auditors 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 in which the Company invests, 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 Cooperation and Development 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 2018 was submitted to HMRC in advance of the annual deadline of 31 May.

AIFMD Remuneration Code

Under the requirements of the AIFMD, JUTM 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. 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 561 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 £754,355, of which £467,452 is fixed remuneration and £286,903 is variable remuneration

The aggregate total remuneration paid to AIFMD Identified Staff that is attributable to duties for the Company is £240,751 of which £107,183 is paid to Senior Management and £133,568 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.

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

Report of the Directors & Governance continued

Report of the Directors continued

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 2019, taken as a whole, are 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 29.

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 26 November 2019 at 11:30 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 9: Authority to allot (ordinary resolution)

Resolution 9 seeks authority for the Directors to allot Ordinary shares up to an aggregate nominal amount of approximately £338,162. This authority represents 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 2020 (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 10: 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 2020 (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, but will not alter the value of their investment.

Resolution 11: 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 12: Notice of General Meetings (special resolution)

Resolution 12 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 12 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 12, as set out in the Notice of Annual General Meeting.

By Order of the Board

Jupiter Asset Management Limited Company Secretary 8 October 2019

Report of the Directors & Governance continued

Corporate Governance

Corporate Governance Compliance Statement

This statement, together with the Statement of Directors' Responsibilities on page 29 and the statement of Internal Controls on page 18, 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 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 Board is committed to continuing compliance with the revised AIC Code issued in February 2019 and which is effective for the reporting period commencing 1 July 2019.

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	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	3	be submitted for re-election at	The Board has as a matter of good practice adopted the AIC Code recommendation that directors who have served for more than nine years should seek annual re-election. In addition, although the Company is not in the
		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		for re-election should not be assumed but be based on disclosed procedures and continued satisfactory	FTSE 350, as a matter of good corporate governance, a decision has been taken for all Directors to be subject to annual reelection.
		them. All Directors are required to disclose the existence of conflicts of interest at each Board meeting.			The Board evaluates the performance of each of its members prior to proposing re-election.
		The Chairman is not, and has never been,		performance.	
		an employee of the Investment Adviser nor a professional adviser to the Investment Adviser or the Company.	4	The board should have a policy on	The Board has adopted a tenure policy whereby no Director is appointed for a specified period of time. Each Director
		The Chairman does not serve as a director of any other investment companies managed by Jupiter.	hairman does not serve as a director tenure, which is other investment companies disclosed in the	tenure, which is disclosed in the	will be subject to the election/re-election provisions as set out in the Company's Articles of Association, which provide
2	A majority of the Directors' are non-executive and, having considered the performance and independent of 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.			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 releva Director's continuing appointment is in the	
		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.			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.
		The Company has five Directors, all of whom are independent of the Investment Adviser and who make objective decisions	5	There should be full disclosure of information about the board.	The Board's biographies are outlined on page 16. Details of the Board's committees are provided on page 24.
		in the interests of shareholders. None of the independent Directors has past or present connections with the Investment Adviser.			

Report of the Directors & Governance continued

Corporate Governance continued

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code	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.	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.	
7	The board should undertake a formal and rigorous annual evaluation of its own performance and that of its	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.	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.	
	committees and individual directors.		12	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.	
8	Directors' remuneration should reflect their duties, responsibilities	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				
	and the value of their time spent.	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 27 and 28.	13	The primary focus at regular board meetings should be a review of	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, peop group.	
9	The independent directors should take the lead in	nt Nomination Committee matters are covered		investment performance and associated matters such	marketing/investor relations, peer group information and industry issues.	
	the appointment	The Chairman will take the lead in the appointment of new directors and, where applicable, appropriate disclosures will be made in the Annual Report.		as gearing, asset allocation, marketing/ investor		
	disclosed in the annual report.	Neither an external search consultancy or open advertising has been used in the appointment of a non-executive director.		relations, peer group information and industry issues.		
		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.	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

considered in March 2019.

Corporate Governance continued

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code	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).	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. Investment Adviser's appointment and the contractual arrangements. Investment Adviser's appointment and the contractual arrangements.		The board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for	Major shareholders are monitored and reported to the Board at each meeting. The Company's Annual Report & Account provides the Board with an opportunity to report on the performance and outlook for the Company and to update shareholders on developments. Annual General Meeting provide the Investment Adviser with a foru to deliver detailed presentations and for shareholders to raise any questions to the Directors.	
16	The board should agree policies with the manager covering key	Certain matters, including strategy, investment and dividend policies, gearing and corporate governance procedures, are reserved for the approval of the Board.		communicating the board's views to shareholders.	Contact details for all the parties are included in the Annual Report. Any correspondence received from shareholder is shared with the Chairman as appropriate	
	operational issues.	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.	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	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.	
17	of the share price discount or premium (if any)	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.	e ne 	spokesperson. The board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which	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	
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		they are exposed by holding the shares.	found on pages 8 to 10. 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 14.	

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 2019 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. The Directors' biographies can be found on page 16.

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 re-election annually. The Board is recommending that all Directors other than Norman Bachop 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. Lisa Booth and Clive Parritt form the Committee, with Lisa Booth acting as chairman. The report of the Audit & Management Engagement Committee can be found on pages 25 and 26.

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	n/a
Clive Parritt	4/4	2/2
Lisa Booth	4/4	2/2

For and on behalf of the Board

Gordon Grender

Chairman 8 October 2019

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 Code and the AIC Code.

Composition

The Audit & Management Engagement Committee consists of Lisa Booth and Clive Parritt.

Peter Barton retired as Chairman (and member) of the Audit & Management Engagement Committee following the conclusion of the AGM held on 20 November 2018 and Lisa Booth was appointed as his successor with immediate effect.

Both committee members are independent non-executive directors.

Clive Parritt is a past president of the ICAEW (Institute of Chartered Accountants in England and Wales).

The committee has direct access to the auditors, 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, PricewaterhouseCoopers LLP (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 Accounts on page 40.

As detailed on page 5 (Review of external auditors) the Audit & Management Engagement Committee invited tenders from prospective audit firms to replace PwC with effect from the 2020 audit. A proposal to appoint haysmacintyre LLP will be proposed at the 2019 AGM.

Significant Accounting Matters

During its review of the Company's Accounts for the year ended 30 June 2019 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.

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 the 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;
- · the fees to be incurred, relative to the audit fees;
- · the nature of the non-audit services; and

- Report of the Directors & Governance continued
- Report of the Audit & Management Engagement Committee continued
- whether the auditors' skills and experience make them the most suitable supplier of such services and whether they are in a position to provide them.

The Committee has adopted a policy that all non-audit services are subject to its approval. No fee for such services was payable to the auditors for the year under review and no services were undertaken (2018: £Nii).

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 2019, taken as a whole, are fair, balanced and understandable and provide 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

Lisa Booth

Chairman of the Audit & Management Engagement Committee 8 October 2019

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 2019 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 30 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 2019 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 2019 and 30 June 2018 respectively. Directors' fees were last increased on 1 July 2015.

Directors' emoluments for the year (audited)

	Total fees for the year ended				Total fees for the year ended	
	Fees £	Expenses £	30 June 2019 £	Fees £	Expenses £	30 June 2018 £
Gordon Grender*	30,000	_	30,000	30,000	_	30,000
Norman Bachop	22,000	_	22,000	22,000	_	22,000
Peter Barton	23,933	_	23,933	27,000	_	27,000
Lisa Booth**	25,033	1,006	26,039	22,000	771	22,771
Clive Parritt	22,000	_	22,000	22,000	_	22,000
Total	122,966	1,006	123,972	123,000	771	123,771

Chairman of the Board.

No benefits were claimed in the year (2018: £nil).

^{**} Chairman of the Audit & Management Engagement Committee.

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 £7 million and £27 million respectively.

	Year end	Year end
	30 June	30 June
	2019	2018
	£	£
Remuneration paid to Directors	122,966	123,000
Distributions to shareholders – dividends	-	_
Total value of shares repurchased	8,035,155	44,078,609

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 20 November 2018, in respect of the approval of the Directors' Remuneration Report.

Votes cast for*		Votes		Total	Number
		cast aga	inst	votes	of votes
Number	%	Number	%	cast	withheld
4,454,322	99.55	20,172	0.45	4,474,494	8,942

^{*} 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 2019 are shown below.

The Directors' interests in contractual arrangements with the Company are as detailed in Note 21 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.

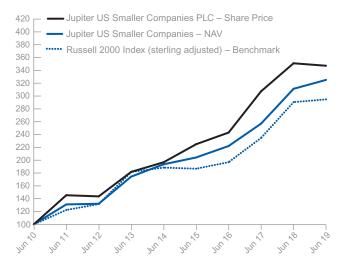
Directors' interest in Ordinary shares (audited)

	30 June 2019	30 June 2018	
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 3 October 2019, the latest practicable date prior to publication of this document, no further changes had been notified.

Performance from 30 June 2010 to 30 June 2019

The graph below provides details of the Company's performance by reference to the Ordinary shares 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 2019, 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 8 October 2019

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 16 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, are fair, balanced and understandable and provide 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 8 October 2019

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 2019 and of its profit 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);
- 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 2019; the Income Statement, the Statement of Changes in Equity for the year then ended; and the Notes to the Accounts, 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 2018 to 30 June 2019.

Our audit approach

Overview

Materiality	Overall materiality: £1.6 million (2018: £1.6 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.

Capability of the audit in detecting irregularities, including fraud Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 (see page 15 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Listing Rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase the net asset value. Audit procedures performed by the engagement team included:

- Discussions with the Manager and the Administrator, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of the controls implemented by the Company and the Administrator designed to prevent and detect irregularities;
- Assessment of the Company's compliance with the requirements of s1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;

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

- Review of financial statement disclosures to underlying supporting documentation; and
- Identifying and testing manual journal entries posted by the Administrator during the preparation of the financial statements.

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. Also, 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.

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

Valuation and existence of investments Refer to page 25 (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 £164 million.

We focussed 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.

How our audit addressed the key audit matter

We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources. No material misstatements were identified.

We tested the existence of the investment portfolio by agreeing investment holdings to an independent custodian confirmation. No material misstatements were identified.

Key audit matter

Dividend income Refer to page 25 (Report of the Audit & Management Engagement Committee), page 39 (Accounting Policies) and page 40 (Notes to the Accounts).

We focused on the accuracy, occurrence and completeness of dividend income recognition as incomplete or inaccurate income is the primary driver excluding portfolio performance on the Company's net asset value and dividend cover.

We also focused on the accounting policy for 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") as incorrect application could indicate a misstatement in income recognition.

How our audit addressed the key audit matter

We assessed the accounting policy for dividend income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy.

We found that the accounting policy implemented was in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy.

We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. No material misstatements were identified.

To test for completeness, we tested, for all investment holdings in the portfolio, that all dividends declared in the market by investment holdings had been recorded.

We tested occurrence by tracing a sample of dividends received to bank statements. No material misstatements were identified.

We also 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 by determining reasons behind dividend allocations. Our procedures did not identify any material misstatements.

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 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

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

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.

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 (2018: £1.6 million).
How we determined it	1% of Net Assets.
Rationale for benchmark applied	We believe that Net Assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

We agreed with the Audit & Management Engagement Committee that we would report to them misstatements identified during our audit above £81,000 (2018: £82,000) 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

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.

Outcome

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's business and the wider economy.

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).

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

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 2019 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 14 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 14 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)

Other Code Provisions

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

- The statement given by the Directors, on page 29, 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 25 describing the work of the Audit & Management Engagement Committee does not appropriately address matters communicated by us to the Audit & 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 29, 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

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

- 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

Following the recommendation of the Directors, 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 26 years, covering the years ended 30 June 1994 to 30 June 2019.

Richard McGuire (Senior Statutory Auditor) for and on behalf of PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors London 8 October 2019

Accounts

Income Statement for the year ended 30 June 2019

			2019			2018	
		Revenue Return	Capital Return	Total	Revenue Return	Capital Return	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Gain on investments at fair value through profit or loss	10	_	7,104	7,104	_	25,972	25,972
Foreign exchange (loss)/gain		_	(428)	(428)	_	765	765
Exchange gain/(loss) on loan facility		_	270	270	_	(121)	(121)
Investment income	3	1,205	_	1,205	1,378	_	1,378
Other income	3	32	_	32	3	_	3
Total income		1,237	6,946	8,183	1,381	26,616	27,997
Investment management fee	4	(1,169)	_	(1,169)	(1,221)	_	(1,221)
Other expenses	5	(328)	_	(328)	(427)	(3)	(430)
Total expenses		(1,497)	_	(1,497)	(1,648)	(3)	(1,651)
(Loss)/return before finance costs and taxation		(260)	6,946	6,686	(267)	26,613	26,346
Finance costs	7	(328)	_	(328)	(233)	_	(233)
(Loss)/return before taxation		(588)	6,946	6,358	(500)	26,613	26,113
Taxation	8	(87)	_	(87)	(130)	_	(130)
Net (loss)/return after taxation		(675)	6,946	6,271	(630)	26,613	25,983
Net (loss)/return per ordinary share	9	(4.65p)	47.88p	43.23p	(3.70p)	156.13p	152.43p

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.

Accounts continued

Statement of Financial Position as at 30 June 2019

		2019	2018
	Note	£'000	£'000
Fixed assets			
Investments held at fair value through profit or loss	10	163,712	162,528
Current assets			
Debtors	12	112	132
Cash at bank and in hand		9,889	8,814
		10,001	8,946
Creditors: amounts falling due within one year	13	(12,193)	(8,135)
Net current (liabilities)/assets		(2,192)	811
Total assets less current liabilities		161,520	163,339
Capital and reserves			
Called up share capital	15	4,555	4,555
Share premium account	16	19,550	19,550
Non-distributable reserve	17	841	841
Capital redemption reserve	18	9,628	9,628
Retained earnings	19	126,946	128,765
Total shareholders' funds		161,520	163,339
Net asset value per ordinary share	20	1,152.66p	1,103.43p

The financial statements on pages 35 to 49 were approved by the Board of Directors and signed on its behalf on 8 October 2019.

Gordon Grender

Chairman

Company Registration Number 02781968

Accounts continued

Statement of Changes in Equity for the year ended 30 June 2019

For the year ended 30 June 2019	Note	Called up Share Capital £'000	Share Premium £'000	Reserve	Redemption Reserve	Retained Earnings* £'000	Total £'000
1 July 2018		4,555	19,550	841	9,628	128,765	163,339
Repurchase of ordinary shares to be held in treasury	19	_	_	_	_	(8,090)	(8,090)
Net return for the year		_	_	_	_	6,271	6,271
Balance at 30 June 2019		4,555	19,550	841	9,628	126,946	161,520

For the year ended 30 June 2018	Note	Called up Share Capital £'000	Share of Premium £'000	Non- listributable 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	18	(430)	_	_	430	(14,379)	(14,379)
Repurchase of ordinary shares to be held in treasury	15	_	_	_	_	(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

^{*} Dividends are only payable from the Revenue Return element of Retained Earnings.

Accounts continued

Notes to the Accounts for the year ended 30 June 2019

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 2019. 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 advance 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.

A summary of the accounting policies, all of which have been applied consistently throughout the period is set out below.

2. Accounting policies

(a) Basis of Preparation

The financial statements for the year ended 30 June 2019 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' issued in November 2014.

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 2019 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 dividends 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 2019 continued

3. Investment Income

	2019	2018
	£'000	£'000
Income from investments		
Dividends from overseas companies	1,205	1,378
	1,205	1,378
Other income		
Deposit interest	32	3
	32	3
Total income	1,237	1,381
Total income comprises		
Dividends	1,205	1,378
Interest	32	3
	1,237	1,381
Income from investments		
Listed overseas	1,205	1,378
	1,205	1,378

4. Investment management fees

		2019	2018				
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Investment management fee	1,169	-	1,169	1,221	_	1,221	
	1,169	-	1,169	1,221	-	1,221	

Details of the investment management contract are given in Note 21. With effect from 1 July 2017, JUTM and the Board agreed to terminate the performance related fee.

5. Other expenses

		2019			2018	
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Directors' remuneration	123	_	123	123	_	123
Auditors' remuneration – audit of the company	38	-	38	36	-	36
Director's and Officers' liability insurance	8	_	8	12	_	12
Printing and postage	3	_	3	18	_	18
Other expenses	156	_	156	238	3	241
	328	-	328	427	3	430

Accounts continued

Notes to the Accounts for the year ended 30 June 2019 continued

6. Ongoing charges

2019 £'000	2018 £'000
Investment management fees 1,169	1,221
Other expenses 328	427
Total expenses (excluding finance costs) 1,497	1,648
Average net assets 161,302,427	163,033,772
Ongoing charges % 0.93	1.02

7. Finance costs

	2019	2018
	£'000	£'000
Short-term loan	295	228
Non-utilisation fee	33	5
	328	233

8. Taxation

(a) Analysis of charge in year:		2019			2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Overseas tax	87	_	87	130	_	130	
Total tax (see Note 8b)	87	_	87	130	-	130	

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

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax for a company (19.00%) (2018: 19.00%). The differences are explained below:

	2019			2018	
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(588)	6,946	6,358	(500)	26,613	26,113
(112)	1,320	1,208	(95)	5,056	4,961
_	(1,320)	(1,320)	_	(5,057)	(5,057)
(235)	_	(235)	(265)	_	(265)
_	_	_	_	1	1
87	_	87	130	_	130
347	_	347	360	_	360
87	-	87	130	-	130
	£'000 (588) (112) ———————————————————————————————————	Revenue Capital £'000 £'000 (588) 6,946 (112) 1,320 - (1,320) (235) - - - 87 - 347 -	Revenue £'000 Capital £'000 Total £'000 (588) 6,946 6,358 (112) 1,320 1,208 - (1,320) (1,320) (235) - (235) - - - 87 - 87 347 - 347	Revenue £'000 Capital £'000 Total £'000 Revenue £'000 (588) 6,946 6,358 (500) (112) 1,320 1,208 (95) - (1,320) - (235) - - - - - - 87 - 87 130 347 - 347 360	Revenue £'000 Capital £'000 Total £'000 Revenue £'000 Capital £'000 (588) 6,946 6,358 (500) 26,613 (112) 1,320 1,208 (95) 5,056 - (1,320) - (5,057) (235) - (235) (265) - - - - 1 1 87 - 87 130 - 347 - 347 360 -

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.

Accounts continued

Notes to the Accounts for the year ended 30 June 2019 continued

8. Taxation continued

There is an unrecognised deferred tax asset of £2,620,000 (2018: £2,583,000) 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.

9. Net (loss)/return per ordinary share

Total return per ordinary share	43.23p	152.43p
Capital return per ordinary share	47.88p	156.13p
Revenue loss per ordinary share	(4.65p)	(3.70p)
Weighted average number of ordinary shares in issue during the year	14,506,540	17,045,300
Net return	6,271	25,983
Net capital return	6,946	26,613
Net revenue loss	(675)	(630)
	£'000	£'000
	2019	2018

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

(a) Portfolio Investments

	2019	2018
	£'000	£'000
Valuation at beginning of year	162,528	173,938
Investment holding gains at beginning of year	(46,073)	(32,094)
Cost at beginning of year	116,455	141,844
Purchases at cost	44,235	60,833
Sales at cost	(32,846)	(86,222)
Cost at end of year	127,844	116,455
Investment holding gains at end of year	35,868	46,073
Valuation at end of year	163,712	162,528
Investments listed overseas	163,712	162,528
	163,712	162,528

(b) Gains on investments

Gain on investments	7,104	25,972
Movement in investment holding gains	(10,205)	13,979
Net gain realised on sale of investments	17,309	11,993
	2019 £'000	2018 £'000

12,193

8,135

Annual Report & Accounts 2019

Accounts continued

Notes to the Accounts for the year ended 30 June 2019 continued

11. 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 on investments in the Income Statement. The total costs were as follows:

	2019	2018
	£'000	£'000
Sales	30	112
Purchases	27	113
	57	225
12. Debtors		
	2019	2018
	£'000	£'000
Dividends receivable	92	114
Prepayments and accrued income	14	15
Taxation	6	3
	112	132
13. Creditors: amounts falling due within one year		
	2019	2018
	£'000	£'000
Short-term bank loans	11,786	7,574
Investment management fee	289	303
Other creditors and accruals	114	214
Interest payable	4	44

Accounts continued

Notes to the Accounts for the year ended 30 June 2019 continued

13. Creditors: amounts falling due within one year continued

Bank Loan

The company's revolving bank loan is with Scotiabank Europe Plc, 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
16 April 2018	\$10.0 million	16 July 2018
16 July 2018	\$10.0 million	17 September 2018
27 September 2018	\$10.0 million	27 December 2018
27 December 2018	\$10.0 million	27 March 2019
18 March 2019	\$5.0 million	18 June 2019
27 March 2019	\$10.0 million	27 June 2019

The amount outstanding at 30 June 2019 is \$5.0 million (£3.9 million) and was renewed on 26 June 2019 with an all-in interest rate of 3.4%.

The amount outstanding at 30 June 2019 is \$10.0 million (£7.9 million) and was renewed on 17 June 2019 with an all-in interest rate of 3.3%.

14. 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.

Accounts continued

Notes to the Accounts for the year ended 30 June 2019 continued

14. Financial instruments continued

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:

	20	2019		2018	
		Average for		Average for	
	At 30 June	the year	At 30 June	the year	
US Dollar	1.2727	1.2943	1.3203	1.3466	
	1.2727	1.2943	1.3203	1.3466	

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 +/- 5% (2018: +/- 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:

		2019			2018	
	Impact on revenue	Impact on capital		Impact on revenue	Impact on capital	
	return	return	Total	return	return	Total
	£'000	£'000	£'000	£'000	£'000	£'000
US Dollar	(60)	8,186	8,126	(113)	16,253	16,140
	(60)	8,186	8,126	(113)	16,253	16,140

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

		2019			2018	
	Impact on revenue return	Impact on capital	Total	Impact on revenue return	Impact on capital return	Total
	£'000	return £'000	£'000	£'000	£'000	£'000
US Dollar	60	(8,186)	(8,126)	113	(16,253)	(16,140)
	60	(8,186)	(8,126)	113	(16,253)	(16,140)

(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 6.

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% (2018: 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.

Accounts continued

Notes to the Accounts for the year ended 30 June 2019 continued

14. Financial instruments continued

The impact of a 20% increase in the value of investments on the revenue return as at 30 June 2019 is a decrease of £53,000 (2018: £53,000) in the loss and on the capital return is an increase of £32,742,000 (2018: £32,506,000).

The impact of a 20% fall in the value of investments on the revenue return as at 30 June 2019 is an increase of £61,000 (2018: £61,000) in the loss and on the capital return is a decrease of £32,742,000 (2018: £32,506,000).

(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:

	2019			2018	
Cashflow			Cashflow		
interest	interest		interest	interest	
rate	rate		rate	rate	
risk	risk	Total	risk	risk	Total
£'000	£'000	£'000	£'000	£'000	£'000
9,586	-	9,586	8,509	_	8,509
303	-	303	305	_	305
9,889	_	9,889	8,814	_	8,814
	rate risk £'000 9,586 303	interest interest rate rate risk risk £'000 £'000 9,586 - 303 -	Cashflow interest rate rate risk risk risk risk risk risk risk risk	Cashflow interest interest rate rate risk risk risk risk risk risk risk risk	Cashflow interest No interest interest interest interest interest interest rate rate risk risk risk risk risk risk risk risk

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

The financial liabilities consist of:

		2019			2018	
		Non-			Non-	
	Fixed	interest		Fixed	interest	
	rate	bearing	Total	rate	bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000
US Dollar	11,786	10	11,796	7,574	44	7,618
GBP	_	397	397	_	517	517
	11,786	407	12,193	7,574	561	8,135

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 comprise mainly readily realisable securities which can be sold to meet funding requirements if necessary.

Accounts continued

Notes to the Accounts for the year ended 30 June 2019 continued

14. Financial instruments continued

(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 board reviews it on a quarterly basis. The maximum exposure to credit risk at 30 June 2019 was £10,001,000 (2018: £8,946,000). The calculation is based on the company's credit exposure as at 30 June 2019 and may not be representative of the year as a whole.

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).

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:

		2019				20	18	
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investments	163,712	_	_	163,712	162,528	_	_	162,528

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 (2018: nil).

15. Called up share capital

	2019		2018	
	Number	£'000	Number	£'000
Ordinary shares of 25p each				
Balance brought forward	14,802,819	3,700	19,941,928	4,985
Ordinary shares repurchased for cancellation	_	_	(1,718,515)	(430)
Ordinary shares repurchased into treasury	(790,018)	(198)	(3,420,594)	(855)
Closing balance of ordinary shares	14,012,801	3,502	14,802,819	3,700
Treasury shares				
Balance brought forward	3,420,594	855	_	_
Repurchase of ordinary shares into treasury	790,018	198	3,420,594	855
Closing balance of ordinary shares held in treasury	4,210,612	1,053	3,420,594	855
Total		4,555		4,555

9,628

9,628

Annual Report & Accounts 2019

Accounts continued

Notes to the Accounts for the year ended 30 June 2019 continued

16. Share premium account

Cancellation of Ordinary shares	-	430
Opening Balance	9,628	9,198
	£'000	£'000
	2019	2018
18. Capital redemption reserve		
	841	841
	841	841
	£'000	£'000
	2019	2018
17. Non-distributable reserve		
	19,550	19,550
	19,550	19,550
	£'000	£'000
	2019	2018

19. Retained earnings

As at 30 June

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 2018	(6,173)	134,938	128,765
Net (loss)/return for the year	(675)	6,946	6,271
Ordinary shares repurchased	-	(8,090)	(8,090)
At 30 June 2019	(6,848)	133,794	126,946

The capital return includes £35,868,000 of investment holding gains (2018: £46,073,000).

20. 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 £161,520,000 (2018: £163,339,000) and on 14,012,801 (2018: 14,802,819) ordinary shares, being the number of ordinary shares in issue at the year end.

Accounts continued

Notes to the Accounts for the year ended 30 June 2019 continued

21. 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 27 and as set out in Note 5 to the accounts on page 40 and the beneficial interests of the directors in the ordinary shares of the company as disclosed on page 28.

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 a 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 annual management fee was reduced to 0.75% of adjusted net assets. This fee will be further reduced to 0.65% to the extent that the company's adjusted net assets come to exceed £150 million and up to £200 million and will be reduced further to 0.55% to the extent that the company's adjusted net assets come to exceed over £200 million.

The investment management fee payable to JUTM for the year 1 July 2018 to 30 June 2019 was £1,169,000 (2018: £1,221,000) with £289,000 outstanding as at 30 June 2019 (2018: £303,000).

The portfolio management of the company is carried out by JAM under delegation from JUTM.

22. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments outstanding as at 30 June 2019 (2018: 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 Conductant 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.

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

Retail distribution of non-mainstream products

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers 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.

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/tax-on-dividends.

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 a.m. – 17:30 p.m. Monday to Friday.

Important Risk Warnings

Advice to shareholders

In recent years investment related scams have become increasingly sophisticated and difficult to spot. We are therefore warning all our shareholders to be cautious so that they can protect themselves and spot the warning signs.

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- · downplay the risks to your money
- · promise tempting returns that sound too good to be true
- · say that they are only making the offer available to you
- · ask you to not tell anyone else about it

You can avoid investment scams by:

- Rejecting unexpected offers Scammers usually cold call but contact can also come by email, post, word of mouth or at a seminar. If you have been offered an investment out of the blue, chances are it's a high risk investment or a scam.
- Checking the FCA Warning List Use the FCA Warning List to check the risks of a potential investment. You can also search to see if the firm is known to be operating without proper FCA authorisation.
- Getting impartial advice Before investing get impartial advice and don't use an adviser from the firm that contacted you.

If you are suspicious, report it

- · You can report the firm or scam to the FCA by contacting their Consumer Helpline on 0800 111 6768 or using their online reporting form.
- If you have lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk.

 $For further \ helpful \ information \ about \ investment \ scams \ and \ how \ to \ avoid \ them \ please \ visit \ {\bf www.fca.org.uk/scamsmart}.$

Glossary of Terms including Alternative Performance Measures

Alternative performance measures

The European Securities and Markets Authority ('ESMA') 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 total return index

A total return index is a type of equity performance index that tracks both the capital gains of a group of stocks over time, and assumes that any cash distributions, such as dividends, are reinvested back into the index.

Discount*

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

As at 30 June 2019 the share price was 1,045.00p and the net asset value per share (cum income) was 1,152.66p, the discount therefore being (9.3)%.

Discount management

Discount management is the process of the buy-back and issue of company shares by the company, to and from its own holding or 'treasury' with the intention of managing any imbalance between supply and demand for the company's shares and thereby the market price. The aim is to ensure that, in normal market conditions, the market price of the company's shares will not materially vary from its NAV per share. The authority to repurchase the company's shares is voted upon by the shareholders at each annual general meeting.

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.

Gearing is the ratio of the Company's net borrowings (£1,897,000) being gross borrowings (£11,786,000) less cash (£9,889,000) to its net assets (£161,520,000) expressed as a percentage (1.2%).

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 assets 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.

As at 30 June 2019, the net asset value per share was 1,152.66p.

Ongoing charges*

Ongoing charges are the total expenses including both the investment management fee and other costs, but excluding finance costs (if applicable), as a percentage of the average NAV over the financial year.

The calculation of the ongoing charges is provided in note 6 of the accounts on page 41.

Premium³

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

Treasury shares

Treasury shares are the part of the issued share capital that is held by the company. They do not rank for dividends and do not have voting rights. The company uses treasury shares for discount management purposes as described above and in more detail in the Strategic Review on page 14 and in the Report of the Directors 'Repurchase of Shares' on page 17.

* Alternative performance measure.

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 26 November 2019 at 11:30 a.m. for the following purposes:

ORDINARY BUSINESS

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

- That the Report of the Directors and the audited Accounts of the Company for the year ended 30 June 2019 be received and adopted.
- 2. That the Directors' Remuneration Report for the year ended 30 June 2019 be approved.
- 3. That Mr G Grender be re-elected a Director of the Company.
- 4. That Mr P Barton be re-elected a Director of the Company.
- 5. That Ms L Booth be re-elected a Director of the Company.
- 6. That Mr C Parritt be re-elected a Director of the Company.
- 7. That haysmacintyre be appointed as Auditors of the Company.
- That the Directors be authorised to agree the remuneration of the Auditors.

SPECIAL BUSINESS

To consider, and if thought fit, to pass Resolution 9 as an Ordinary Resolution and Resolutions 10, 11 and 12 as Special Resolutions:

Ordinary Resolution:

9. 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 £338,162 (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:

- 10. 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 £338,162 (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.
- 11. 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 2,027,620 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 2020 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.
- 12. 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 8 October 2019

Annual General Meeting continued

Notes for the Annual General Meeting continued

- 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 11:30 a.m. on 22 November 2019. If the meeting is 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 meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
- As at 30 September 2019 (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 13,526,486.
- 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.
- 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 26 November 2019 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.
- 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).

