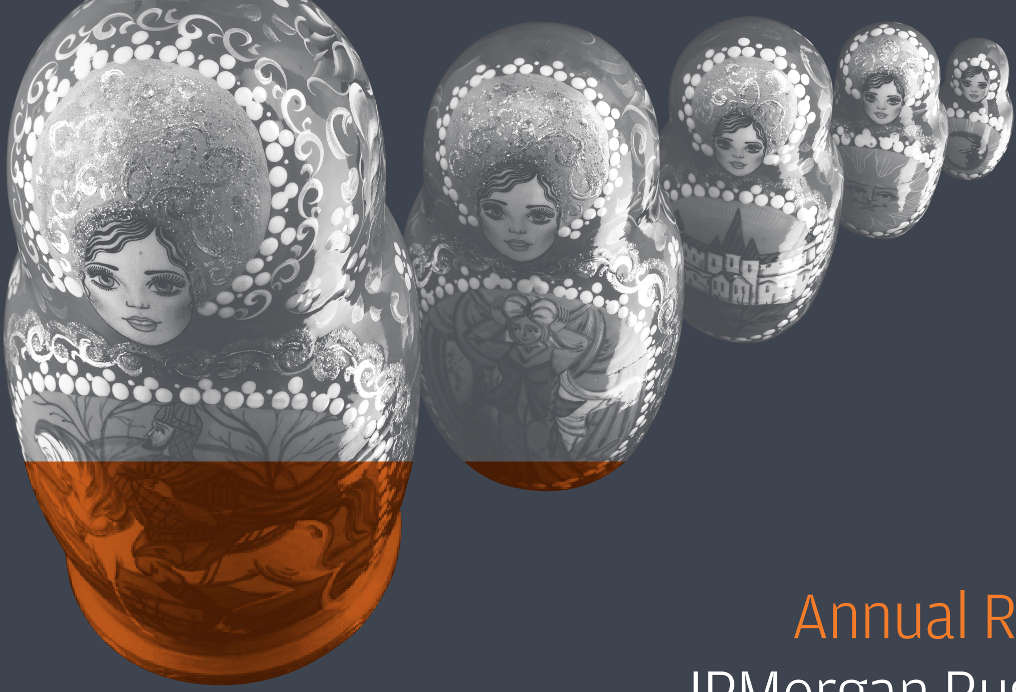


Annual Report 2013

JPMorgan Russian Securities plc

Annual Report & Accounts for the year ended 31st October 2013

J.P.Morgan Asset Management

Features

Contents

Objective

To provide capital growth from investment in Russian securities.

Investment Policies

- To maintain a diversified portfolio of investments in quoted Russian securities and Russian pre-IPO stocks (up to 10% of the gross assets of the Company) or other companies which operate principally in Russia.
- To use gearing when appropriate to increase potential returns to shareholders.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

Further details on investment policies and risk management are given in the Strategic Report on pages 18 to 21.

Benchmark

The MSCI Russian 10/40 Equity Indices Index in sterling terms.

Capital Structure

At 31st October 2013, the Company's share capital comprised 52,667,112 ordinary shares of 1p each.

Continuation Vote

A resolution that the Company continue as an investment trust will be put to Shareholders at the Annual General Meeting in 2017 and every five years thereafter.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM' or 'the Manager') to manage its assets.

FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares issued by JPMorgan Russian Investment Trust plc 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 shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Financial Results

Total returns (includes dividends reinvested)

+12.5%
Return to shareholders[1]
(2012: -6.2%)

+13.7%
Return on net assets[2]
(2012: -1.6%)

+7.1%
Benchmark[3]
(2012: -5.8%)

15.30p
Proposed ordinary dividend[4]
(2012: nil)

Long Term Performance

for periods ended 31st October 2013

	3 year performance	5 year performance	10 year performance
Return to shareholders[1]	-12.1%	117.8%	308.0%
Return on net assets[2]	-7.3%	147.5%	305.6%
Benchmark return[3]	-2.0%	112.4%	329.6%

A glossary of terms and definitions is provided on page 61.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

[3]Source: MSCI/CSFB. The Benchmark is the MSCI Russian 10/40 Equity Indices Index in sterling terms. Prior to 1st November 2006, the benchmark was the CSFB Russian ROS Index in sterling terms.

[4]Payable subject to the passing of a Resolution at the 2014 AGM.

Chairman's Statement

Emerging markets continued to lag the developed world during the year under review. Although the Russian market made an attempt to depart from the performance trend of other emerging markets with a rally that commenced in January, it did not last long, and, following a sell-off in mid April, Russia was back in line with its peers by June. Against this background, the Company's benchmark, the MCSI Russian 10/40 Equity Indices Index, returned 7.1% over the year. I am pleased to report that both the Company's return to shareholders and the net asset value total return outperformed the benchmark index by a significant margin, returning 12.5% and 13.7% respectively. Given the continued volatility in the Russian market, it is gratifying to see that the investment manager's investment decisions continue to make a positive contribution and have led to this degree of outperformance. As implied by the lower increase in the return to shareholders compared to the Company's NAV, the discount at which the Company's shares trade relative to the net asset value widened slightly over the period. At year end the discount to NAV was 11.3% compared with 10.3% the previous year.

The Company's risk control measures have been in place for two years and have helped to reduce the volatility of the Company's returns versus its benchmark. Although the risk profile of the Company is now lower the investment managers took advantage of the divergence in performance between different sectors and single stocks to generate additional NAV return of 6.6 percentage points against the benchmark. We now have a two year track record showing that these investment guidelines are a sensible risk mitigation approach and will continue to allow the investment management team to outperform the benchmark while operating with a high degree of conviction.

Revised Reporting Requirements

There have been a number of changes in reporting requirements for companies with financial years beginning on or after 1st October 2012. Shareholders will note in particular the addition of a Strategic Report and changes to the structure and voting in respect of the Directors' Remuneration Report.

The Strategic Report is designed to replace and enhance reporting previously included in the Business Review section of the Directors' Report. Its purpose is to inform shareholders and help them assess how the Directors have performed their duty to promote the success of the Company during the year under review. There have also been consequential changes in the contents of the remainder of the Report.

Change in Accounting Policy, Revenue and Earnings

Historically, the Company has allocated indirect expenses wholly to the revenue account. As I highlighted in my half-year statement the Board took the decision earlier in the year to allocate to the capital account 80% of management fees and finance costs to reflect the Board's expectation that the majority of long-term returns from investing in the Company will be derived from capital gains rather than income. This change took retrospective effect from 1st November 2012. Although this change has no impact on the Company's cash flows, a consequence is that earnings per share have increased. Along with this increase and the significant improvement in the payment of dividends by Russian companies over the last two years, the Board is pleased to confirm that it will be able to provide an income distribution to shareholders this year, subject to approval by shareholders as detailed below.

Dividends

Revenue for the year, after taxation, was £9,657,000 and the revenue return per share, calculated on the average number of shares in issue, was 18.14 pence. Historically, the Company has been prohibited from paying a dividend as a deficit existed on the revenue reserve. However, following recent regulatory changes, the Company is now required to distribute its net income. In order to maintain its investment trust status, and based upon the revenue generated by the portfolio this year, the Board proposes a dividend of 15.30 pence, to be paid on 14th March 2014 to ordinary shareholders on the register at the close of business on 14th February 2014. If approved by shareholders, this distribution will amount to a total of £8,058,000, of which £7,511,000 will be distributed from revenue reserves and a further £547,000 will be distributed from capital profits. To permit the Company to utilise its capital profits for dividend distributions, the Company is required to adopt new articles of association at the forthcoming Annual General Meeting and I draw shareholders' attention to Resolution 13 and the information on page 23 for this purpose.

Shareholders should note that although the Company is taking powers to permit the distribution of capital profits as dividends, this is solely to ensure that the Company is able to comply with the income retention tests detailed in Section 1158 of The Corporation Tax Act 2010, whereby it must not retain more than 15% of its total income. The requirement to distribute from capital profits has come about due to an unintended clash of recent regulation arising from company and tax law. The budget in 2013 confirmed the Government's intention to pass secondary legislation to amend this anomaly; however, such legislation is currently not in place.

The Company's objective remains that of capital growth and the payment of dividends to investors, although welcomed by the Board, will in turn depend on Russian companies making sustained dividend distributions to their shareholders. The Board reviews income expectations throughout the year and early estimates suggest a possible decrease in the portfolio's earnings for the 2014 financial year compared with 2013.

Discount Control

During the year the Company repurchased 1,160,000 shares for cancellation at an average discount to net asset value of 12.1%. The Board's objective remains to use the share repurchase authority to assist in managing any imbalance between supply and demand for the Company's shares, thereby reducing the volatility of the discount. The Board operates a policy under which the Company intends, subject to market conditions, to buy shares at discounts above 8% to achieve this. Over the course of the

Chairman's Statement continued

reporting year and given the continued volatility in the Russian market, the Board has, on occasion, refrained from implementing share buybacks when the discount has widened beyond 8%, as there has been no certainty that such actions would assist in stabilising the discount. The Board continues to monitor discount movements. The Board will only repurchase shares at a discount to their prevailing net asset value, and issue shares when they trade at a premium to their net asset value, so as not to prejudice existing shareholders. The Board will seek authority to renew the Company's share issuance and buyback powers at the forthcoming Annual General Meeting.

Board of Directors

In compliance with corporate governance best practice, all Directors will be standing for re-election at the forthcoming Annual General Meeting. Further to the Company's annual evaluation of the Directors, the Chairman, the Board and its Committees, the Board recommends to shareholders that all Directors be re-elected.

Investment Manager

The Board has reviewed the investment management, company secretarial and marketing services provided to the Company by JPMorgan Asset Management (UK) Limited ('JPMAM'). This annual review included their performance record, management processes, investment style, resources and risk control mechanisms. The Board was satisfied with the results of the review and therefore in the opinion of the Directors, the continuing appointment of JPMAM for the provision of these services, on the terms agreed, is in the best interests of shareholders as a whole.

Vitaly Kazakov, part of the investment management team for your company, has recently advised JPMAM of his decision to stand down as joint investment manager to pursue other interests. Vitaly has been part of the team since 2006 and the Board would like to thank him for his services to the Company over the years. We wish him well for the future. Oleg Biryulyov, who is fully supported by JPMAM's emerging markets team, continues in his position as lead manager. The Company will be confirming the appointment of an additional named investment manager in the coming months.

AIFM Directive

The AIFMD is a European Union Directive which creates a European wide framework for the regulation of managers of all 'alternative investment funds', including investment trusts. The Directive's declared aim is to provide additional protection for investors. The AIFMD came into force in the UK on 22nd July 2013 with a transition period of one year. For investment trusts, which are already able to demonstrate higher levels of governance and transparency than open-ended funds, the Directive would appear unlikely to introduce greater protection for shareholders, but the Company is obliged to comply with its standards by 22nd July 2014. Compliance with the AIFMD will have an impact on some of the Company's operations, as well as the contractual arrangements between the Company and its Manager. The Company will enter into arrangements with an affiliate of JPMAM to act as its 'Alternative Investment Fund Manager', at no additional cost to the Company. The overall impact of complying with the AIFMD will be a change to the Company's contractual arrangements and increased administrative requirements at a minimal additional cost. The Company is proposing to make amendments to its articles of association in response to the AIFMD Regulations coming into force and I again draw shareholders' attention to Resolution 13. The principal changes proposed are purely administrative and are set out on pages 23 and 24.

Annual General Meeting and General Meeting

The Company's Annual General Meeting will be held on Wednesday, 5th March 2014 at 12.00 noon, at Holborn Bars, 138-142 Holborn, London EC1N 2NQ. In addition to the formal part of the meeting, there will be a presentation from Oleg Biryulyov, who will be available to answer questions on the portfolio and performance. There will also be an opportunity to meet the Board, the investment manager and representatives of JPMAM. I look forward to seeing as many of you as possible at this meeting. Shareholders are asked to submit in writing any detailed or technical questions that they wish to raise at the AGM in advance to the Company Secretary at Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ. Alternatively you can lodge questions on the Company's website at www.jpmrussian.co.uk.

Outlook

Our investment manager believes that the Russian economy will remain sluggish in 2014 with little growth in internal investment expected. The much needed economic reforms I referred to in last year's statement are being introduced at a slow pace and so the market expects 2014 to be a year of gradual transition for the Russian economy and equity market. Nonetheless, the Russian market remains cheap relative to other emerging markets (at the end of January 2014 the forward P/E for the Russian market was 2.9x compared with 9.3x for all emerging markets). Dividend yields remain attractive relative to history and to bond markets. In this environment, our investment manager believes there are good opportunities to invest in mid and small cap opportunities with high growth potential at attractive entry points that should benefit long-term investors.

Lysander Tennant
Chairman

5th February 2014

Investment Manager's Report

Oleg I. Biryulyov

Market Review

2013 was a classic recovery year for both the Company and the Russian equity market, with the MSCI Russian 10/40 Equities Index returning 7.1%. Given the volatile nature of the Russian market we would classify this as a moderate increase. However, for the second year in a row, developed markets, and in particular the USA, significantly outperformed all major global emerging markets (GEM), including the Russian indices. In terms of performance in the Russian market, sector diversity was significant and the variance in stock returns was large enough to make a difference for active fund managers, as demonstrated by our strong NAV performance during the period.

It is pleasing to report that the Russian market became the highest yielding dividend market amongst the GEM universe in 2013. With a yield of close to 4%, the Company has received approximately £13 million of dividends. The investment multiple offered at the end of January by the market is 2.9x P/E based on 2014 consensus estimates from Bloomberg for the unconstrained MSCI Russian Index. This rating looks relatively attractive against its historical median of 7.3x over the last seven years and the equivalent ratings for the MSCI GEM Index of 9.3x and 13x respectively. We believe that the Russian market may experience the benefits of a positive re-rating, particularly taking into account the level of dividend yield. An update on the portfolio's dividend expectations for 2014 will be provided in my half-year report.

Performance

Overall we are satisfied that we have delivered a strong NAV return for shareholders this year compared with the benchmark. The Company's NAV returned 13.7%, representing a healthy outperformance against the Company's benchmark which returned 7.1%.

The biggest contributor to performance came from our underweight position in the Utilities sector. News on a tariff freeze pushed share prices down significantly during the year and not owning Inter Rao UES and Federal Grid Co was very beneficial for relative returns. I continue to be very cautious on the sector.

In terms of specific stocks, the two main contributors to performance over the period were Uralkali and Sistema. We sold Uralkali before its dramatic sell-off. We hold stocks which comply with our strict corporate governance checklist. Once Uralkali fell foul of our criteria, we sold the position and thus avoided a major shareholder conflict and subsequent sell-off. Sistema was a pure valuation call and by increasing the active position in this holding we were able to take advantage of market mispricing.

The major disappointment of last year was not investing in NASDAQ related stocks. We did not invest in stocks such as QIWI (a payment terminals operator); YANDEX (the Russian alternative to Google) and Mail.ru (the Russian alternative to Facebook – a social network and mail portal). We regret not participating in these stocks, however, we were not prepared to pay the premium for NASDAQ valuations. We continue to search for attractive opportunities in this sector. One recent new investment in the portfolio from the information technology sector is IBS Group (IT developer and integrator).

Performance attribution for the year ended 31st October 2013

	%	%
Contributions to total returns		
Benchmark		**+7.1**
Asset allocation	+6.7	
Stock selection	+1.3	
Gearing/net cash	–0.3	
Investment manager contribution		**+7.7**
Portfolio total return		**+14.8**
Management fee/ other expenses	–1.4	
Portfolio total return, net of fees and expenses		**+13.4**
Share buybacks	+0.3	
Return on net assets		**+13.7**
Effect of movement in discount over the year		**–1.2**
Return to Ordinary shareholders		**+12.5**

Source: FactSet, JPMAM and Morningstar.
All figures are on a total return basis.

Performance attribution analyses how the Company achieved its recorded performance relative to its benchmark index.

A glossary of terms and definitions is provided on page 61.

The Economy

Of late, the economy in Russia has been going through a general slowdown and it is likely to continue on this track in the near future. The GDP growth trend is likely to be 1.3% p.a. for the next two to three years, subject to the stability of oil prices. We believe there are two major factors which could enhance the growth rate for Russia: the implementation of much needed reforms and the acceleration of fixed capital formation. The list of reforms required is steadily growing year on year as progress on their debate, development and implementation remains stagnant. Ultimately the country needs to invest further in the upgrade of its infrastructure (roads, housing, railways, ports, airports, industrial sites and utilities). Investments in fixed capital formation need to accelerate to 30+% of GDP p.a. from the current level of less than 20%. To put these figures into perspective, China's fixed capital formation investment currently runs at 40+% of GDP p.a.

Key Market Issues and Portfolio Positioning

In this section, I will cover the key issues in the Russian market and how the portfolio is currently positioned or is likely to be positioned to benefit from anticipated market movements. Although infrastructure upgrades in Russia are slow, the infrastructure story remains strong and we are exposed to it via holdings in the portfolio in Mostotrest (the largest private construction Company in Russia), Etalon (a leading housing developer) and Global Ports (a private port operator). We continue to look for additional stocks within this sector. There are also steps towards deregulation of the construction sector and the approval process for land zoning and housing planning. These are welcome developments, which are captured via the infrastructure companies named above.

There are delays in the privatisation agenda, partially because the state does not want to sell assets at a discount to their fair value in the current negative climate for such deals. The state also wants to implement a new dividend policy of stricter compliance to higher limits for payout ratios as well as implementing restructuring programmes to improve the value of these assets before any sale. One privatisation deal that did take place was in relation to a diamond company called Alrosa. The Company did not take part in the transaction due to its relatively high valuation. It was a good deal for the seller, the Russian state. Delays with other privatisation transactions had a negative impact on the expansion of the equity market, although improvements in dividend policy are a very welcome trend for the valuation of already listed state controlled companies such as Gazprom. During the year there were several initial public offerings, including QIWI, LUXOFT and Megafon. Such offerings indicating a gradual broadening of the market.

We see positive progress on the monetary policy front as the Central Bank of Russia (CBR) continues to make steady progress in the areas of combating inflation expectations, increasing flexibility of exchange rate convertibility and adding consistency and structure in banking supervision and regulation. It is encouraging that the new chairman of the CBR has a clear agenda for her term at the helm.

Investment Manager's Report continued

Consolidation of the Russian banking sector is very positive for the profitability and growth of key players, such as Sberbank of Russia, which is one of the key holdings in the Company. There is also an attempt to upgrade and revamp the Federal Securities Market Commission, which will become part of the CBR. As a result the CBR will have greater control over market infrastructure and the regulation and supervision of market participants. There is a road map for the introduction of a single depositary for equity trading as well as the consolidation and the upgrade of trading rules and regulation for exchanges. All these steps will improve trading volumes and transparency and general activity on the local securities market. We have exposure to this theme via our position in MICEX – Moscow International Currency Exchange.

Real income growth is likely to stay above the GDP growth trend due to the very tight labour market in Russia. This has implications for us within the consumer demand sector, such as the retailers. The portfolio's positions in Magnit, DIXY and O'Key continue to do well and have accordingly remained in the portfolio. The consumer trend will also affect food producers such as Cherkizovo & Rosagro, as import substitution and food sector consolidation remains a long term story for investors in Russia. The portfolio has exposure to the growth of car ownership in Russia through the position in Sollers, an assembler of foreign brand cars. Sollers' major partner, Ford, strongly believes that Russia could become a major European car market within the next 10 years.

We are concerned that the Russian government will continue to use energy tariff regulation as a tool for the micro management and subsidisation of social policies. As such we are very skeptical about investment returns available for minority shareholders in the utilities sector and so we currently avoid those companies in our portfolio.

In the case of reforms, we as investors, focus on areas which can directly impact equity markets. An adjustment was made to the long-term policies regarding pension reform, which was of particular interest over the review period. This reduces the outlook for the potential growth of a second pillar system. We are disappointed with the fact that the state has in effect temporarily 'nationalised' the balances of individual pension saving accounts. This will limit the participation of pension funds in equity markets and the growth of independent pension funds.

Outlook

We believe that drastic reforms are off the agenda unless the economic situation starts to deteriorate beyond repair. This is foreseeable with the current macro background and current commodity prices. At the same time, slow evolutionary adjustments may be the path selected by Mr Putin and his circle for the near future. Social expenses and tariff regulation will be used by the state as a prime tool to support the President's approval ratings. It is a negative for budget discipline and the utilities sector but positive for the consumption story. As a result, there is little change for our investment outlook.

The Ruble is an oil based currency, so it is likely to be the wild card in our calculations. The inflation differential with the UK is likely to be 3-4% (5-6% inflation in Russia vs. 2-3% in UK), so we would expect that the Ruble would normally depreciate against the British pound by a similar amount, however it was not always the case historically. Therefore, we would prefer to use the oil price as the main guide and anticipate that the CBR will try to extend a period of currency adjustments in any direction, although it is more likely to provide grounds for slow downward currency adjustment in line with the inflation differentiation. Overall the above exercise suggests that we might see a 10+% potential return from the Russian market over the medium term.

We expect slow improvements within the economic environment globally, so slow growth is likely to stay with us for some time, and the low cost of capital will not increase drastically overnight. However, the normalisation process is gathering momentum across all major economies. The Russian market continues to be driven by global commodity and risk trade dimensions, although the local story of dividends and earnings growth will start to play a bigger role.

Management team

Finally, Vitaly Kazakov, who has assisted with the management of the Company's portfolio since 2006, has recently left JPMAM to pursue other employment opportunities. An announcement will be made by the Company concerning his replacement in due course. In the meantime and as is always the case, I am supported by JPMAM's emerging markets team, which has continued to be strengthened this year in terms of our internal in-house research capabilities. Accordingly my direct support team now consists of six dedicated sector analysts covering Banking, Metals & Mining, Energy, Telecoms, Industrials and Consumer Staples. I would like to thank Vitaly for his support over the years and wish him well for the future.

Conclusion

The Russian market offers good relative and absolute value for the equity investor. Investing in this market is never an easy ride as Russia is still a classic emerging market with weak institutions, a small and not very powerful or deep domestic investor base, controversial corporate governance practices and ongoing high volatility. However, as long as the risk return balance is in favour of the investor, one should seriously consider this as an addition to global equity portfolios. A long term approach can help smooth the extremes of the market volatility. Looking off the beaten track for investment opportunities and non-consensual names is the prime strategy for a closed-ended structure such as this Company, and with our disciplined investment approach it should deliver compelling positive returns over the long term.

Oleg I. Biryulyov
Investment Manager

5th February 2014

Summary of Results

	2013	2012	
Total returns for the year ended 31st October			
Return to shareholders[1]	**+12.5%**	-6.2%	
Return on net assets[2]	**+13.7%**	-1.6%	
Benchmark[3]	**+7.1%**	-5.8%	
			% change
Net asset value, share price and discount at 31st October			
Shareholders' funds (£'000)	**332,403**	298,835	+11.2
Net asset value per share	**631.1p**	555.2p	+13.7
Share price	**560.0p**	498.0p	+12.5
Exchange rate (US$: £1)	**1.61**	1.61	0.0
Exchange rate (Ruble : £1)	**51.48**	50.44	+2.1
Share price discount to net asset value per share	**11.3%**	10.3%	
Shares in issue	**52,667,112**	53,827,112	
Revenue for the year ended 31st October			
Gross revenue return (£'000)	**12,902**	8,589	
Net revenue return on ordinary activities after taxation (£'000)	**9,657**	2,754	
Revenue return per share	**18.14p**	5.03p	
Proposed dividend per share[4]	**15.30p**	–	
Gearing/(net cash) at 31st October[5]	**(2.3)%**	(2.1)%	
Ongoing Charges[6]	**1.44%**	1.51%	

A glossary of terms and definitions is provided on page 61.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

[3]Source: MSCI/CSFB. The benchmark is the MSCI Russian 10/40 Equity Indices Index in sterling terms.

[4]2013: Dividend proposed is subject to Shareholder approval of Resolution 13 at the 2014 Annual General Meeting.

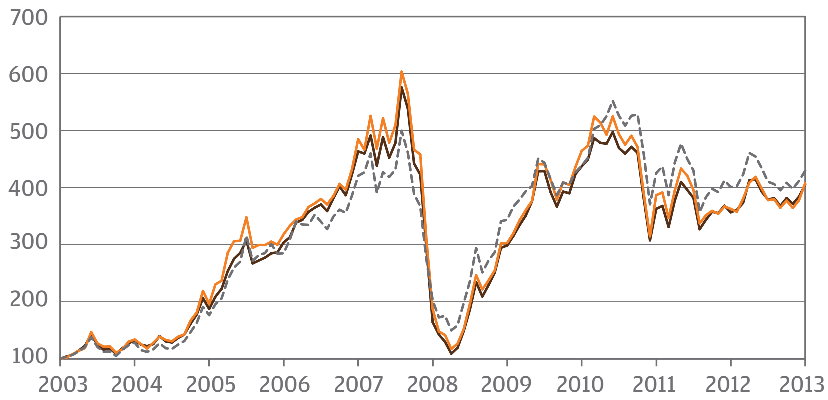
[5]Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding liquidity funds and bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position. The figure for 2012 has been restated to include net current assets.

[6]Ongoing Charges represents the management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the daily net assets during the year. The Ongoing Charges are calculated in accordance with guidance issued by the Association of Investment Companies (the 'AIC') in May 2012.

Performance

Ten Year Performance

Figures have been rebased to 100 at 31st October 2003



Source: Morningstar/MSCI.

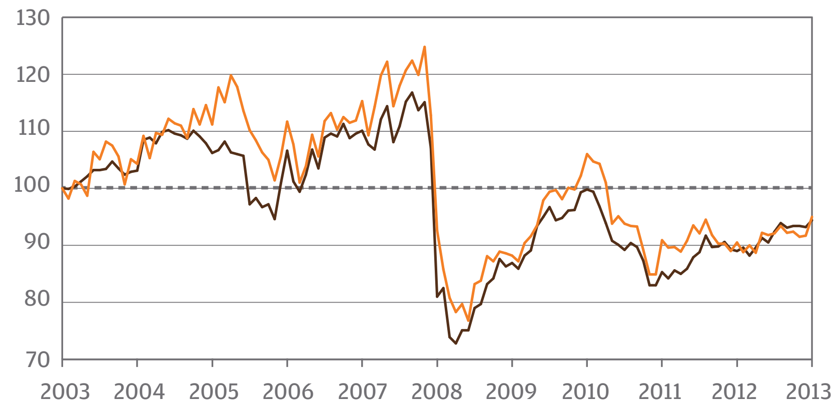
JPMorgan Russian Securities – share price.

JPMorgan Russian Securities – net asset value per share.

Benchmark.

Performance Relative to Benchmark

Figures have been rebased to 100 at 31st October 2003



Source: Morningstar.

JPMorgan Russian Securities – share price.

JPMorgan Russian Securities – net asset value per share.

The benchmark is represented by the grey dotted horizontal line.

Financial Record

Year ended 31st October	2003[1]	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net assets (£'m)	89.7	116.0	164.3	265.0	403.5	142.7	260.0	376.1	311.1	298.8	**332.4**
Net asset value per share (p)	156.9	206.5	292.5	473.1	721.4	255.1	464.9	680.3	564.4	555.2	**631.1**
Share price (p)	138.0	183.5	269.0	436.8	665.5	257.0	416.0	637.5	531.0	498.0	**560.0**
(Discount)/premium (%)	(12.0)	(11.1)	(8.0)	(7.7)	(7.7)	0.7	(10.5)	(6.3)	(5.9)	(10.3)	**(11.3)**
Gearing/(net cash)[2] (%)	10.8	6.3	3.6	2.8	5.1	(7.0)	0.5	(3.0)	(2.1)	(2.1)	**(2.3)**
Ongoing Charges[3] (%)	1.80	1.86	1.69	1.89	1.78	2.53	1.85	1.71	1.82	1.51	**1.44**
Year ended 31st October											
Gross revenue (£'000)	2,493	2,119	2,841	4,388	7,469	9,632	950	6,034	7,550	8,589	**12,902**
Revenue/(loss) per share (p)	0.97	(0.18)	(1.55)	(1.34)	(1.32)	0.95	(4.11)	(0.69)	(0.63)	5.03	**17.91**
Dividends per share (p)[4]	0.90	–	–	–	–	–	–	–	–	–	**15.30**
Returns rebased to 100 at 31st October 2003											
Return to shareholders[5]	100.0	133.7	196.1	318.4	485.0	187.3	303.1	464.4	386.8	362.8	**408.0**
Return on net assets[5]	100.0	132.2	187.3	303.9	463.5	163.9	298.7	437.4	362.8	356.8	**405.6**
Benchmark return[6]	100.0	128.2	176.4	285.1	420.8	202.3	343.7	438.3	425.5	401.0	**429.6**

A glossary of terms and definitions is provided on page 61.

[1]Period from the first day of trading on 20th December 2002 to 31st October 2003.

[2]Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding liquidity funds and bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position. The figure for 2012 has been restated to include net current assets.

[3]Ongoing Charges represents the management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the daily net assets during the year. The Ongoing Charges are calculated in accordance with guidance issued by the Association of Investment Companies (the 'AIC') in May 2012 and replaces the Total Expense Ratio published on previous years. The comparative figure represents the expenses calculated as above, expressed as a percentage of the average month-end net asset values during the year, in line with TER Methodology.

[4]2013: Dividend proposed is subject to Shareholder approval of Resolution 13 at the 2014 Annual General Meeting.

[5]Source: Morningstar.

[6]Source: MSCI/CSFB. The benchmark is the MSCI Russian 10/40 Equity Indices Index in sterling terms. Prior to 1st November 2006, the benchmark was the CSFB Russian ROS Index in sterling terms.

Ten Largest Equity Investments

at 31st October

Company	Sector	2013 Valuation £'000	2013 %[1]	2012 Valuation £'000	2012 %[2]
Lukoil ADR	Energy	**40,328**	**12.1**	34,725	11.6
Sberbank Rossii[3]	Financials	**36,470**	**11.0**	30,224	10.1
Magnit	Consumer Staples	**24,272**	**7.3**	11,296	3.8
Novatek GDR	Energy	**22,759**	**6.9**	9,840	3.3
Mobile Telesystems[4]	Telecommunication Services	**15,390**	**4.6**	17,778	6.0
MMC Norilsk Nickel ADR	Materials	**14,906**	**4.5**	11,108	3.7
Tatneft[5]	Energy	**14,598**	**4.4**	10,900	3.6
Gazprom ADR	Energy	**14,228**	**4.3**	11,924	4.0
Dixy	Consumer Discretionary	**12,416**	**3.7**	12,788	4.3
Sistema[6,7]	Telecommunication Services	**10,600**	**3.2**	7,907	2.7
Total[8]		**205,967**	**62.0**		

[1]Based on total assets less current liabilities of £332.4m.

[2]Based on total assets less current liabilities of £298.8m.

[3]Includes ADR valued at £23,043,000.

[4]Includes ADR valued at £10,267,000.

[5]Includes ADS valued at £6,401,000 and preference shares valued at £8,197,000.

[6]Includes GDR valued at £3,517,000.

[7]Not included in the ten largest equity investments at 31st October 2012.

[8]At 31st October 2012, the value of ten largest equity investments amounted to £161.5m representing 54.1% of total assets less current liabilities.

Sector Analysis

	31st October 2013			31st October 2012		
	Portfolio %[1]	Benchmark %	Active Position %	Portfolio %[1]	Benchmark %	Active Position %
Energy	**38.4**	**42.4**	**(4.0)**	32.0	41.2	(9.2)
Financials	**15.1**	**15.3**	**(0.2)**	13.1	15.0	(1.9)
Consumer Staples	**13.2**	**9.3**	**3.9**	16.6	4.7	11.9
Telecommunications Services	**11.7**	**13.8**	**(2.1)**	10.6	12.9	(2.3)
Consumer Discretionary	**8.4**	**–**	**8.4**	5.6	–	5.6
Materials	**7.8**	**12.2**	**(4.4)**	14.5	15.1	(0.6)
Industrials	**2.2**	**–**	**2.2**	3.7	–	3.7
Health Care	**1.6**	**–**	**1.6**	2.3	–	2.3
Utilities	**–**	**7.0**	**(7.0)**	1.2	11.1	(9.9)
Liquidity Fund	**1.2**	**–**	**1.2**	0.7	–	0.7
Net current assets/(liabilities)	**0.4**	**–**	**0.4**	(0.3)	–	(0.3)
Total	**100.0**	**100.0**		100.0	100.0	

[1]Based on total assets less current liabilities of £332.4m (2012: £298.8m).

List of Investments

at 31st October 2013

Company	Valuation £'000
Energy	
Lukoil ADR	40,328
Novatek GDR	22,759
Tatneft[1]	14,598
Gazprom ADR	14,228
Alliance Oil	10,008
Surgutneftegaz[2]	8,805
Eurasia Drilling GDR	7,714
Volga Gas	4,159
Global Ports Investments GDR	3,160
TMK GDR	1,821
Total Energy	**127,580**
Financials	
Sberbank Rossii[3]	36,470
TCS[4]	6,578
Bank Saint Petersburg	3,502
Moscow Exchange	3,083
Hals-Development GDR	732
Total Financials	**50,365**
Consumer Staples	
Magnit	24,272
Cherkizovo GDR	7,084
Okey	5,799
Oriflame Cosmetics SDR	3,837
ROS Agro GDR	2,738
Total Consumer Staples	**43,730**
Telecommunication Services	
Mobile Telesystems[5]	15,390
Sistema[6]	10,600
Megafon GDR	9,740
Rostelekom[2]	3,190
Telecommunication Services	**38,920**

Company	Valuation £'000
Consumer Discretionary	
Dixy[8]	12,416
Sollers	8,101
Etalon GDR[9]	7,352
Consumer Discretionary	**27,869**
Materials	
MMC Norilsk Nickel ADR	14,906
OAO Severstal GDR	4,133
Magnitogorsk Iron & Steel	2,606
Phosagro GDR	1,774
Mechel[7]	1,621
Highland Gold Mining	943
Total Materials	**25,983**
Industrials	
Mostotrest	7,378
Total Industrials	**7,378**
Health Care	
Veropharm	4,641
Pharmacy Chain 36.6	734
Total Health Care	**5,375**
Liquidity Fund	
JPM US Dollar Liquidity Fund	4,015
Total Liquidity Fund	**4,015**
Total Investment Portfolio	**331,215**

[1]Includes ADS valued at £6,401,000 and preference shares valued at £8,197,000.

[2]Comprises preference shares entirely.

[3]Includes ADR valued at £23,043,000.

[4]Includes ADR valued at £2,859,000.

[5]Includes ADR valued at £10,267,000.

[6]Includes GDR valued at £3,517,000.

[7]Includes ADR valued at £330,000 and preference shares valued at £1,291,000.

[8]For 2013, the sector index was reclassified from consumer staples to consumer discretionary.

[9]For 2013, the sector index was reclassified from financials to consumer discretionary.

Board of Directors

Lysander Tennant (Chairman)†

A Director since 2002.

Last reappointed to the Board: 2013.

He is an employee at Tamar Energy, a renewable energy business focusing on anaerobic digestion. He was formerly a fund manager at BZW Investment Management Limited, and portfolio manager at American Express Asset Management Limited investing in Russian securities.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 5,700.

Alexander Easton*†

A Director since 2010.

Last reappointed to the Board: 2013.

He was formerly the head of European equities at UBS Investment Bank and managing director responsible for UBS Brunswick (Russia).

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 10,000.

Robert Jeens (Audit Committee Chairman)*†

A Director since 2011.

Last reappointed to the Board: 2013.

Following 12 years with Touche Ross & Co where he was an audit partner, Mr Jeens moved to Kleinwort Benson Group plc, becoming Finance Director in 1992, before becoming Group Finance Director of Woolwich plc for three years until 1999. He is currently a Director and Deputy Chairman of RCM Technology Trust PLC, and a Director of TR European Growth Trust PLC and Henderson Group plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 10,000.

George Nianias*†

A Director since 2008.

Last reappointed to the Board: 2013.

He is the founder and Group Chairman of Denholm Hall Group Limited. He has also been financial adviser to several eastern European cities including Krakow, St. Petersburg and Moscow.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: Nil.

Gill Nott (Nomination Committee Chairman)*†

A Director since 2011.

Last reappointed to the Board: 2013.

Mrs Nott spent the majority of the first 27 years of her career working in the energy sector. In 1994 she became CEO of ProShare. Due to her work in the retail savings sector, she spent six years on the Board of the FSA from 1998 to 2004. Mrs Nott has held a portfolio of non-executive positions, particularly in the closed-end fund sector, over the last 15 years. She is currently chairman of Witan Pacific Investment Trust plc and a non-executive director of Martin Currie Global Portfolio Trust plc and BlackRock Smaller Companies Investment Trust plc. Mrs Nott retired from her role as Deputy Chairman of the Association of Investment Companies in January 2014.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 3,000.

* Member of the Audit Committee.

† Member of the Nomination Committee.

Strategic Report

Business Model

Introduction

JPMorgan Russian Securities plc is an investment trust and has a premium listing on the London Stock Exchange. Its objective is to provide shareholders with capital growth, primarily from investing in equities quoted on the Russian Stock Market. In seeking to achieve this objective the Company employs J.P. Morgan Asset Management (UK) Limited ('JPMAM' or the 'Manager') to actively manage the Company's assets. The Board has determined investment policies and related guidelines and limits, as described below. It aims to outperform the MSCI Russian 10/40 Equity Indices Index, with net dividends reinvested, expressed in sterling terms.

The Company is subject to UK and European legislation and regulations including UK company law, Financial Reporting Standards, Listing, Prospectus and Disclosure Transparency Rules, taxation law and the Company's own Articles of Association. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HMRC as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010) for the year ended 31st October 2012. The Directors have no reason to believe that approval will not continue to be obtained. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 2 to 5, and in the Investment Manager's Report on pages 6 to 9.

Investment Policies and Risk Management

In order to achieve its objective and manage risk, the Company invests in a diversified portfolio of quoted Russian securities and Russian pre-IPO stocks or other companies which operate principally in Russia. The number of investments in the portfolio will normally range between 30 and 60. The investment portfolio is managed by a Russian fund manager, currently based in London, and fully supported by a global emerging markets team, including sector specialists. The Board also discusses in depth the economy and political developments of Russia at Board meetings and considers the possible implications for the investment portfolio.

Investment Limits and Restrictions

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions.

- No more than 10% of the Company's gross assets are to be invested in pre-IPO stocks.
- The Company will not normally invest in unlisted securities, apart from pre-IPO stocks.
- The Company will not normally invest in derivatives.
- The Company will utilise liquidity and borrowings in a range of 10% net cash to 15% geared in typical market conditions. There is currently no loan facility in place.
- No more than 15% of gross assets are to be invested in other UK listed investment companies (including investment trusts).

Compliance with the Board's investment restrictions and guidelines is monitored continuously by the Manager and is reported to the Board on a monthly basis.

These limits and restrictions may be varied by the Board at any time at its discretion.

Active Fund Management Rationale

JPMAM believes that, along with other emerging markets, the Russian market is inefficient and that this is demonstrated by the high and variable volatility of many market sectors and individual companies. Although corporate disclosure and transparency is improving, there still remain areas where the inefficiencies in this region can be exploited offering opportunities to experienced, well-informed investors.

JPMAM's investment process which has been specifically designed for emerging markets and which has been refined over 15 years of active management experience in the region.

Highlights of the investment strategy are:

- Inefficient, immature emerging markets reward active investment management not indexation.
- Identifying growth companies that are well managed to maximise shareholder returns brings outperformance through fundamental bottom-up research.
- Valuation disciplines avoid overpaying for growth.
- JPMAM believes that assets are best managed by specialists from the markets and regions in which they have expertise and they have therefore established a strong presence around the region. Company visits and local knowledge are also key.

JPMAM has a long established presence in the region, having managed money in Russia since 1994. JPMAM's Emerging Markets team is responsible for managing all emerging market equity. The 36 team members are located in four offices, managing US$50 billion for clients globally.

Performance

In the year ended 31st October 2013, the Company produced a total return to shareholders of +12.5% and a total return on net assets of +13.7%. This compares with the return on the Company's benchmark of +7.1%. As at 31st October 2013, the value of the Company's investment portfolio was £331.2 million. The Investment Manager's Report on pages 6 to 9 includes a review of developments during the year.

Total Return, Revenue and Dividend

Gross return for the year totalled £46,004,000 (2012: £203,000) and net return after deducting management fee, administrative expenses, finance costs and taxation, amounted to £39,744,000 (2012: £5,632,000 loss). Net revenue return after taxation for the year amounted to £9,657,000 (2012: £2,754,000).

Recent amendments to Part 23 of the Companies Act 2006 include the removal of the prohibition of the distribution of realised capital profits. This amendment coupled with a similar amendment to the criteria for qualification as an investment trust under section 1158 Corporation Tax Act 2010 means that the Company has distributable reserves and is required to make a distribution from these reserves in order to continue to qualify as an investment trust for tax purposes.

Pending amendment of the Company's Articles of Association, the Directors recommend a final dividend of 15.30 pence per share payable on 14th March 2014 to holders on the register at the close of business on 14th February 2014. If approved, this distribution will amount to a total of £8,058,000, of which £7,511,000 will be distributed from revenue reserves and a further £547,000 will be distributed from the capital reserves.

Key Performance Indicators ('KPIs')

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

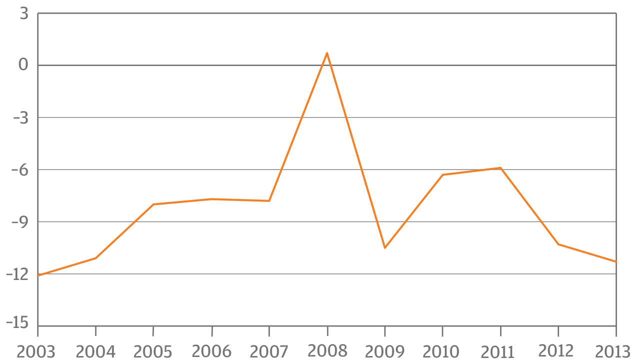
- **Performance against the benchmark**
  The principle objective is to achieve capital growth. However, the Board also monitors performance against a benchmark index. Please refer to page 11 for details of the Company's performance against the MSCI Russian 10/40 Equity Indices in sterling terms.

- **Performance against the Company's peers**
  The Board also monitors the performance relative to a broad range of competitor funds.

- **Performance attribution**
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. Please refer to page 7 for the Company's performance attribution for the year ended 31st October 2013.

- **Share price discount/premium to net asset value ('NAV') per share**
  The Board has adopted a share repurchase policy which seeks to address imbalances in the supply of and demand for the Company's shares in the market and thereby reduce the volatility and absolute level of the discount to NAV per share at which the Company's shares trade. In the year ended 31st October 2013, the shares traded at a daily discount of between 7.5% and 13.9%.

Discount/Premium Performance



Source: Datastream.

JPMorgan Russian Securities – share price discount/premium to NAV (month end data points).

- **Ongoing Charges**
  The Ongoing Charges represent the Company's management fee and all other operating expenses excluding finance costs, expressed as a percentage of the

Strategic Report continued

average of the daily net assets during the year. The Ongoing Charges for the year ended 31st October 2013 were 1.44% (2012: 1.51%). The Board reviews each year an analysis which shows a comparison of the Company's Ongoing Charges and its main expenses with those of its peers. The Board considers that the Company's Ongoing Charges compare favourably with those of its peers.

Share Capital

During the year, the Company made market purchases of 1,160,000 of its own shares, nominal value £11,000, for cancellation, representing 2.16% of the shares outstanding at the beginning of the year. The consideration paid for these shares amounted to £6,176,000. The reason for the purchases was to seek to reduce the volatility and absolute level of the share price discount to net asset value per share. Since the year end the Company has repurchased a further 135,000 ordinary shares, nominal value £1,350, for cancellation, representing 0.25% of the shares outstanding at the beginning of the year.

A resolution to renew the authority to repurchase shares at a discount to NAV is due to be put to shareholders at the forthcoming Annual General Meeting.

The Company did not issue any new shares during the year.

Principal Risks

With the assistance of the Manager the Board has drawn up a risk matrix, which identifies the key risks to the Company. These key risks fall broadly under the following categories:

- Investing in Russia: Investors should note that there are significant risks inherent in investing in Russian securities not typically associated with investing in securities of companies in more developed countries. The value of Russian securities, and therefore the net asset value of the Company, may be affected by uncertainties such as economic, political or diplomatic developments, social and religious instability, taxation and interest rates, currency repatriation restrictions, crime and corruption and developments in the law or regulations in Russia and, in particular, the risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership.
- Share Price Discount to Net Asset Value ('NAV') per Share: If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. Although it is common for an investment trust's shares to trade at a discount, the Board monitors the Company's discount level and seeks, where deemed prudent, to address imbalances in the supply and demand of the Company's shares through a programme of share buybacks.
- Investment and Strategy: An inappropriate investment strategy, for example asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies. The Board manages these risks by diversification of investments through its investment restrictions and guidelines, which are monitored and reported on by the Manager. JPMAM provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the investment managers, who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile.
- Loss of Investment Team or Investment Manager: The sudden departure of the investment manager or several members of wider investment management team could result in a short term deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team based approach, as well as special efforts to retain key personnel.
- Change of Corporate Control of the Manager: The Board holds regular meetings with senior representatives of JPMAM in order to obtain assurance that the Manager continues to demonstrate a high degree of commitment to its investment trusts business through the provision of significant resources.
- Market: The Company's assets consist of listed securities and it is therefore exposed to movements in the prices of individual securities and the market generally. The Board considers asset allocation and stock selection on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by JPMAM.
- Regulatory and Legal: Breach of regulatory rules could lead to suspension of the Company's Stock Exchange listing, financial penalties, or a qualified audit report. Loss of investment trust status could lead to the Company being subject to tax on capital gains. The Directors seek to comply

with all relevant regulation and legislation and rely on the services of its Company Secretary, JPMAM, and its professional advisors to monitor compliance with all relevant requirements.

- Operational: Disruption to, or failure of, JPMAM's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by JPMAM and its associates and the key elements designed to provide effective internal control are included within the Internal Control section of the Corporate Governance report on pages 27 and 28.
- Going concern: Pursuant to the Sharman Report, Boards are now advised to consider going concern as a potential risk, whether or not there is an apparent issue arising in relation thereto. Going concern is considered rigorously on an ongoing basis and the Board's statement on going concern is detailed on page 22.
- Financial: The financial risks faced by the Company include market price risk, interest rate risk, foreign currency risk, liquidity risk and credit risk. Further details are disclosed in note 20 on pages 50 to 56.
- Political and Economic: Changes in financial or tax legislation, including in the European Union, may adversely affect the Company. The Manager makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. In addition, the Company is subject to administrative risks, such as the imposition of restrictions on the free movement of capital.

Gender Representation

At 31st October 2013, there were four male Directors and one female Director on the Board. The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company.

Employees, Social, Community and Human Rights Issues

The Company is managed by JPMAM, has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Board notes the JPMAM policy statements in respect of Social, Community, Environmental and Human Rights issues, as outlined below.

Social, Community, Environmental and Human Rights

JPMAM believes that companies should act in a socially responsible manner. Although our priority at all times is the best economic interests of our clients, we recognise that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists within JPMAM's environmental, social and governance ('ESG') team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their industry.

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our detailed approach to how we implement the principles is available on request.

Future Developments

The future development of the Company is much dependent upon the success of the Company's investment strategy in the light of economic and equity market developments. The investment manager discusses the outlook in his report on pages 8 and 9.

By order of the Board
Alison Vincent, ACIS for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary

5th February 2014

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31st October 2013.

A number of disclosures previously incorporated in the Directors' Report are now included in the Strategic Report. These include: *Strategy of the Company; Structure of the Company; Investment Policies and Risk Management; Performance; Total Return, Revenue and Dividends; KPIs; Tender Offers and Share Capital; Principal Risks; Gender Representation; Employee, Social, Community and Human Rights Issues; and Future Developments.*

Management of the Company

JPMAM is a wholly-owned subsidiary of JPMorgan Chase & Co which, through other subsidiaries, also provides accounting, banking, dealing and custodian services to the Company.

The Board has evaluated the performance of the Manager and confirms that it is satisfied that the continuing appointment of the Manager is in the interests of shareholders as a whole. In arriving at this view, the Board considered the investment strategy and process of the Manager, noting performance relative to the benchmark over the long term, and the other services that the Company receives from JPMAM.

Management Agreement

JPMAM is employed under a contract which can be terminated on 90 days' notice, without penalty. The Manager may also terminate the contract on 90 days' notice if in its sole opinion there has been a loss of confidence between the Manager and the Company so as to make the relationship unworkable. If the Company wishes to terminate the contract on less than 90 days' notice, the balance of the 90 days' remuneration is payable by way of compensation.

The Manager is remunerated at a rate of 1.2% per annum of the Company's net assets, payable monthly in arrears.

Investments on which JPMAM earns a separate management fee are excluded from the Company's net assets for the purpose of calculating the management fee. No performance fee is payable.

Going Concern

In assessing the Company's ability to continue as a going concern the Directors have considered the Company's investment objective (see page 18), risk management policies (see pages 50 to 56), capital management (see note 21), the nature of the portfolio and expenditure projections, and believe that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts.

A resolution that the Company continue as an investment trust will be put to shareholders at the annual general meeting in 2017 and every five years thereafter.

Directors

The Directors of the Company who held office at the end of the year as detailed on pages 16 and 17.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 30. No changes have been reported to the Directors' shareholdings since the year end.

In accordance with corporate governance best practice, all Directors will retire by rotation at the forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment. The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its committees, confirms that each Director continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that they be reappointed.

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, the Directors have the benefit of a deed of indemnity which is a qualifying third party indemnity, as defined by Section 234 of the Companies Act 2006. The deeds of indemnity were executed on 21st January 2011 and are currently in force.

An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities arising in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

Disclosure of information to Auditors

In the case of each of the persons who are Directors of the Company at the time when this report was approved:

(a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act) of which the Company's auditors are unaware, and

(b) each of the Directors has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provision of Section 418(2) of the Companies Act 2006.

Independent Auditor

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

Annual General Meeting

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

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

(i) Authority to issue relevant securities and disapply pre-emption rights (resolutions 10 & 11)

The Directors will seek renewal of the authority to issue up to 2,626,605 new shares or shares held in Treasury other than by a pro rata issue to existing shareholders up to an aggregate nominal amount of £26,266, such amount being equivalent to approximately 5% of the current issued share capital. The full text of the resolutions is set out in the Notice of Meeting on pages 57 to 60.

It is advantageous for the Company to be able to issue new shares to investors purchasing shares through the JPMAM savings products and also to other investors when the Directors consider that it is in the best interest of shareholders to do so. Any such issues would only be made at prices greater than the NAV, thereby increasing the assets underlying each share.

(ii) Authority to repurchase the Company's shares for cancellation (resolution 12)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2013 Annual General Meeting, will expire on 5th March 2014 unless renewed at the 2014 Annual General Meeting. The Directors consider that the renewal of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

The full text of the resolution is set out in the Notice of Annual General Meeting on pages 57 to 60. Repurchases will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share as and when market conditions are appropriate.

(iii) Adoption of New Articles of Association (resolution 13)

(a) *Capital profits*

The Companies Act 2006 (Amendment of Part 23) (Investment Companies) Regulations 2012 removed the requirement that the articles of association of an investment company must prohibit the distribution of capital profits. In line with many other investment companies, the Company proposes to amend its articles of association in order to allow the flexibility to take advantage of this change in the future. The proposed articles of association therefore reflect this change and remove all references to the prohibition of the distribution of capital profits by way of dividend.

(b) *AIFMD*

The Company is also proposing to make amendments to its articles of association in response to the AIFMD Regulations coming into force. The principal changes proposed to be introduced in the articles of association, and their effect, are set out below.

- The articles of association will now provide that the NAV of the Company shall be calculated at least annually and be disclosed to Shareholders from time to time in such manner as may be determined by the Board. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFMD Regulations.
- The articles of association will now provide that the Company's annual report and accounts may be prepared either in accordance with generally acceptable accounting principles of the UK or such other international accounting standards as may be permitted under the law of the UK. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFMD Regulations.
- The AIFMD Regulations require that prior to any new or existing investor making an investment in the Company certain prescribed information is to be made available to them. Therefore, the articles of association will include language with the effect that such information shall be made available to prospective and existing Shareholders from time to time in such manner as may

Directors' Report continued

be determined by the Board (including, in certain cases, on the Company's website or by electronic notice).

- The AIFMD Regulations require that the Company has a depositary other than in certain limited circumstances. Under the AIFMD Regulations, the depositary has strict liability for the loss of the Company's financial assets in respect of which it has safe-keeping duties. This rule applies even where the depositary has delegated the actual custody of an asset to another entity. The Company may wish to hold assets in a country where the depositary is required by local law to use a local sub-custodian to hold the relevant asset. The depositary may not wish the Company to acquire or retain such an asset, unless it can discharge its strict liability to the local sub-custodian. A discharge of strict liability in these circumstances will only be possible if the Company's 'rules or instruments of incorporation' (for example, the articles of association) permit such a discharge. The Board is cognisant that situations may arise where allowing the depositary to discharge its strict liability will be commercially necessary. An amendment to the articles of association is therefore proposed with the effect of enabling the Board, should the need arise and subject to applicable laws, to allow a depositary to discharge its strict liability for loss of certain of the Company's assets. This proposed amendment provides the Company with commercial flexibility and the Board will exercise its discretion in the usual way in determining whether or not to provide such a discharge.
- In line with early guidance from the Financial Conduct Authority, the articles of association will now provide that valuation of the Company's assets shall be performed in accordance with prevailing accounting standards.

A copy of the new articles of association are available for inspection at the registered office of the Company and at the offices of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the notice of the AGM until the conclusion of the AGM and at the place of the forthcoming AGM for at least 15 minutes before and during the meeting.

(iv) To approve a final dividend (resolution 14)

Subject to the passing of Resolution 13, the Directors will seek approval at the Annual General Meeting for a final dividend of 15.30 pence per share to be approved and paid on 14th March 2014 to Ordinary shareholders on the register at the close of business on 14th February 2014.

Recommendation

The Board considers that resolutions 10 to 14 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 28,700 shares representing approximately 0.1% of the voting rights in the Company.

Corporate Governance Statement

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities in respect of the Accounts on page 32, indicates how the Company has applied the principles of good governance of the Financial Reporting Council's UK Corporate Governance Code 2012 (the 'UK Corporate Governance Code') and the AIC's Code of Corporate Governance 2013, (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

The Board is responsible for ensuring the appropriate level of corporate governance and considers that, apart from certain matters noted below, the Company has complied with the best practice provisions of the UK Corporate Governance Code, insofar as they are relevant to the Company's business, and the AIC Code throughout the year under review.

Role of the Board

A management agreement between the Company and JPMAM sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administration, and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has previously been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements. The Board conducts a formal evaluation of the Manager every year.

The Board meets at least quarterly during the year and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, JPMAM, which is responsible to the Board for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

Board Composition

The Board, chaired by Lysander Tennant, consists of five non-executive Directors, all of whom are regarded by the Board as independent. The Chairman's independence was assessed upon his appointment and annually thereafter. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 16 and 17. There have been no changes to the Chairman's other significant commitments during the year under review.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which may be found below. The Board has considered whether a senior independent director should be appointed and has concluded that, as the Board consists entirely of non-executive directors, this is unnecessary at present. However, the Nomination Committee Chairman leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be elected by shareholders. Thereafter, Directors stand for annual re-election, following the Board's adoption of corporate governance best practice. Subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for the Director to seek an additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking re-election but, when making a recommendation, the Board will take into account the requirements of the UK Corporate Governance Code, including the need to periodically refresh the Board and its sub-Committees.

The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the AGM.

The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its Committees, confirms that Messrs Tennant, Easton, Jeens and Nianias and Mrs Nott continue to be effective and demonstrate commitment to the role. Notwithstanding the fact that Mr Tennant has served on the Board for more than nine years, his fellow Directors believe that he remains independent in character and judgement, and accordingly the Board recommends to shareholders that all the above Directors be re-elected.

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Details of membership of committees are shown with the Directors' profiles on pages 16 and 17.

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

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended
Lysander Tennant[1]	5	2	2
Alexander Easton	5	2	2
Robert Jeens	5	2	2
George Nianias	5	2	2
Gill Nott	5	2	2

[1]Attended the Interim Audit Committee meeting by invitation.

Training and Appraisal

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter regular briefings are provided on changes in regulatory requirements that affect the Company and the Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts.

Directors' Report continued

Board Committee

Nomination Committee

The Nomination Committee, chaired by Gill Nott, consists of all Directors and meets at least annually to ensure that the Board has the balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates, for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender. A variety of sources, including the use of external recruitment consultants, may be used to ensure that a wide range of candidates is considered.

The Board's policy on diversity, including gender, is to take account of the benefits of these during the appointment process. However, the Board remains committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity. Therefore, no targets have been set against which to report.

The Committee conducts an annual performance evaluation of the Board, its committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. On line questionnaires, developed by a firm of independent consultants Lintstock Limited, are completed by each Director. The evaluation of all Directors is led by the Chairman of the Nomination Committee who also meets individually with each Director. The Committee also reviews Directors' fees and makes recommendations to the Board as and when required.

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

Audit Committee

The Audit Committee, chaired by Robert Jeens, consists of all the Directors, bar the Chairman of the Board, and meets at least twice each year. The Chairman of the Board attends by invitation of the Committee. The members of the Audit Committee consider that they have recent and relevant financial expertise and the requisite skills and experience to fulfil the responsibilities of the Committee.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual accounts and the Company's compliance with the UK Corporate Governance Code. At the request of the Board, the Audit Committee provides confirmation to the Board as to how it has discharged its responsibilities so that the Board may ensure that information presented to it is fair, balanced and understandable, together with details of how it has done so.

During its review of the Company's financial statements for the year ended 31st October 2013, the Audit Committee considered the following significant issues, in particular those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1 to the accounts on page 39. The audit includes the determination of the existence and ownership of the investments.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 39.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the financial statements.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 31st October 2013, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 32.

The Audit Committee also examines the effectiveness of the Company's internal control systems, receives information from the Manager's compliance department and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. In the Directors' opinion the Auditors are independent.

The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of external auditors. Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Accounts were considered and also engage with Directors as and when required. Having reviewed the performance of the external auditors, including assessing the quality of work, timing of communications and work with JPMAM, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The current audit firm has audited the company's financial statements since the formation of the company. The Company's year ended 31st October 2013 is the third of a five year maximum term that the current audit partner has been in the role for the Company.

Terms of Reference

Both the Nomination Committee and the Audit Committee have written terms of reference which define clearly their respective responsibilities, copies of which are available for inspection on request at the Company's registered office, on the Company's website and at the Annual General Meeting.

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders quarterly each year by way of the annual report and accounts, the half year report and two interim management statements. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares.

The Company's broker, investment managers and JPMAM have regular discussions with larger shareholders. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 65.

All shareholders are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet shareholders and answer their questions. In addition, a presentation is given by the investment manager who reviews the Company's performance.

The Company's Annual Report and Accounts is published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 65.

Details of the proxy voting on each resolution will be published on the Company website shortly after the Annual General Meeting.

Section 992 Companies Act 2006

The following disclosures are made in accordance with Section 992 Companies Act 2006.

Capital Structure

The Company's capital structure is summarised on the inside front cover of this report.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of Annual General Meeting on page 60.

Notifiable Interests in the Company's Voting Rights

At the date of this report the following had declared a notifiable interest in the Company's voting rights:

Shareholders	Number of voting rights	%
City of London Investment Management Company Limited	15,172,963	28.9
Lazard Asset Management LLC	9,369,433	17.8
JPMorgan Asset Management (UK) Limited[1]	4,512,848	8.6
Advance Emerging Capital	2,882,530	5.5
Legal and General Investment Management	1,654,577	3.1

[1]Non-beneficial.

Internal Control

The UK Corporate Governance Code requires the Directors, at least annually, to review the effectiveness of the Company's system of internal control and to report to shareholders that they have done so. This encompasses a review of all controls, which the Board has identified as including business, financial, operational, compliance and risk management.

The Directors are responsible for the Company's system of internal control which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material mis-statement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by JPMAM and its associates, the Company's system of internal control mainly comprises monitoring the services provided by JPMAM and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of the approval of the Annual Report and Accounts, and it accords with the Turnbull guidance. Whilst the Company does not have an internal audit function of its own, the Board considers that it is sufficient to rely on the internal audit department of JPMAM. This

Directors' Report continued

arrangement is reviewed on an annual basis. The key elements designed to provide effective internal control are as follows:

Financial Reporting – Regular and comprehensive review by the Board of key investment and financial data, including management accounts, revenue projections, analysis of transactions and performance comparisons.

Management Agreement – Appointment of a manager and custodian regulated by the Financial Conduct Authority (FCA), whose responsibilities are clearly defined in a written agreement.

Manager's Systems – The Manager's system of internal control includes organisational agreements which clearly define the lines of responsibility, delegated authority, control procedures and systems. These are monitored by JPMAM's compliance department which regularly monitors compliance with FCA rules and reports to the Board.

Investment Strategy – Authorisation and monitoring of the Company's investment strategy and exposure limits by the Board.

The Board, either directly or through the Audit Committee, keeps under review the effectiveness of the Company's system of internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

- Reviews the terms of the management agreement and receives regular reports from JPMAM's compliance department;
- Reviews the reports on the internal controls and the operations of its custodian, JPMorgan Chase Bank, which is itself independently reviewed; and
- Reviews every six months an independent report on the internal controls and the operations of JPMAM.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of internal control for the year ended 31st October 2013, and to the date of approval of this Annual Report and Accounts.

During the course of its reviews of the system of internal control, the Board has not identified, nor been advised of any failings or weaknesses which it has determined to be significant.

Greenhouse Gas Emissions

The Company is managed by JPMAM, has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint.

JPMAM is also a signatory to Carbon Disclosure Project. JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM. The following is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board.

Corporate Governance
JPMAM believes that corporate governance is integral to our investment process. As part of our commitment to delivering superior investment performance to our clients, we expect and encourage the companies in which we invest to demonstrate the highest standards of corporate governance and best business practice. We examine the share structure and voting structure of the companies in which we invest, as well as the board balance, oversight functions and remuneration policy. These analyses then form the basis of our proxy voting and engagement activity.

Proxy Voting
JPMAM manages the voting rights of the shares entrusted to it as it would manage any other asset. It is the policy of JPMAM to vote in a prudent and diligent manner, based exclusively on our reasonable judgement of what will best serve the financial interests of our clients. So far as is practicable, we will vote at all of the meetings called by companies in which we are invested.

Stewardship/Engagement
JPMAM recognises its wider stewardship responsibilities to its clients as a major asset owner.

JPMAM endorses and complies with the FRC Stewardship Code for its UK investments and supports the principles as best practice elsewhere. We believe that regular contact with the companies in which we invest is central to our investment process and we also recognise the importance of being an 'active' owner on behalf of our clients.

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website: *http://www.jpmorganinvestmenttrusts.co.uk/Governance*. This also sets out its approach to the seven principles of the FRC Stewardship Code, its policy relating to conflicts of interest and its detailed voting record.

By order of the Board
Alison Vincent, ACIS for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary

5th February 2014

Directors’ Remuneration Report

The Board has prepared this Report in accordance with the requirements of Section 421 of the Companies Act 2006 as amended.

Directors’ Remuneration Policy Report

The Directors’ Remuneration Policy Report is subject to a triennial binding vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. The policy, subject to the vote, is set out in full below and is currently in force.

The Board’s policy for this and subsequent years is that Directors’ fees should properly reflect the time spent by the Directors on the Company’s business and should be at a level to ensure that candidates of a high calibre are recruited to the Board. The Chairman of the Board and the Chairman of the Audit Committee are paid higher fees than other Directors, reflecting the greater time commitment involved in fulfilling those roles.

The Nomination Committee, comprising all Directors, reviews fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on information provided by the Manager, JPMAM, and includes research carried out by third parties on the level of fees paid to the directors of the Company’s peers and within the investment trust industry generally. The involvement of remuneration consultants has not been deemed necessary as part of this review.

All of the Directors are non-executive. There are no performance-related elements to their fees and the Company does not operate any type of incentive, share scheme, award or pension scheme and therefore no Directors receive bonus payments or pension contributions from the Company or hold options to acquire shares in the Company. Directors are not granted exit payments and are not provided with compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses.

The Company’s Articles of Association stipulate that aggregate fees must not exceed £150,000 per annum. Any increase in this the maximum aggregate amount requires both Board and shareholder approval.

The Company has no Chief Executive Officer and no employees and therefore there was no consultation of employees, and there is no employee comparative data to provide, in relation to the setting of the remuneration policy for Directors.

The Company has not sought shareholder views on its remuneration policy. The Nomination Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and will take account of these views if appropriate.

The Directors do not have service contracts with the Company. The terms and conditions of Directors’ appointments are set out in formal letters of appointment which are available for review at the Company’s Annual General Meeting and the Company’s registered office. Details of the Board’s policy on tenure are set out on page 25.

Remuneration Policy Implementation Report

The Directors’ Remuneration Policy Implementation Report is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 31st October 2012 and no changes are proposed for the year ending 31st October 2014.

At the Annual General Meeting held on 4th March 2013, of votes cast, 99.9% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.1% voted against.

Details of voting on both the Remuneration Policy and Remuneration Policy Implementation Reports from the 2014 Annual General Meeting will be given in the annual report for the year ending 31st October 2014. Thereafter, the reporting will be annually for the advisory vote on the Remuneration Policy Implementation Report and triennially for the Remuneration Policy Report.

The law requires the Company’s Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors’ opinion is included in the Independent Auditors’ Report on pages 33 to 34.

Directors' Remuneration Report continued

Details of the implementation of the Company's remuneration policy are given below. No advice from remuneration consultants was received during the year under review.

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 31st October 2013 was £123,000. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

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

Single total figure table[1]

	Total amount of salary and fees		Total	
	2013	2012	**2013**	2012
Lysander Tennant[2]	**£31,000**	£26,881	**£31,000**	£26,881
Alex Easton	**£22,000**	£22,000	**£22,000**	£22,000
Robert Jeens[3]	**£26,000**	£25,050	**£26,000**	£25,050
George Nianias	**£22,000**	£22,000	**£22,000**	£22,000
Gill Nott	**£22,000**	£21,013	**£22,000**	£21,013
Total	**£123,000**	£116,944	**£123,000**	£116,944

[1]Audited information.

[2]Appointed Chairman on 13th April 2012.

[3]Appointed Audit Committee Chairman on 27th January 2012.

During the year under review, Directors' fees were paid at a fixed rate of £31,000 per annum for the Chairman, £26,000 per annum for the Chairman of the Audit Committee and £22,000 per annum for each other Director. With effect from 1st November 2013, fees have been increased to £35,000, £27,000 and £23,000 per annum respectively.

No amounts (2012: nil) were paid to third parties for making available the services of Directors.

Directors' Shareholdings

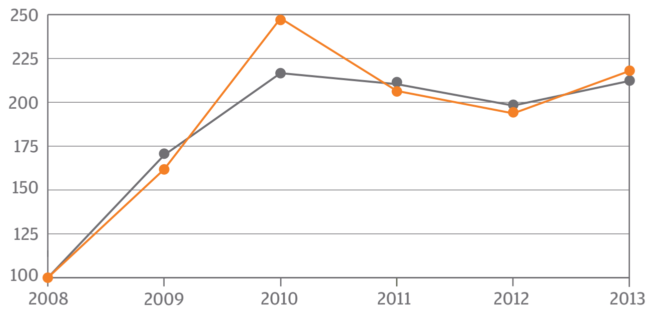
There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The Directors' beneficial shareholdings are detailed below. The Directors have no other share interests or share options in the Company and no share schemes are available.

Directors' Name	2013[1] Number of shares held	2012 Number of shares held
Lysander Tennant	**5,700**	5,700
Alex Easton	**10,000**	10,000
Robert Jeens	**10,000**	5,000
George Nianias	**nil**	nil
Gill Nott	**3,000**	3,000
Total	**28,700**	23,700

[1]Audited information.

A graph showing the Company's share price total return compared with the Company's benchmark index, is set out below. Details of the Company's performance since inception are set out on page 11.

Five Year Share Price and Benchmark Total Return Performance to 31st October 2013



Source: Morningstar/MSCI.

Share price total return.

Benchmark[1].

[1]The Benchmark is the MSCI Russian 10/40 Equity Indices Index in sterling terms.

A table showing the total remuneration for the Chairman over the five years ended 31st October 2013 is below:

Remuneration for the Chairman over the five years ended 31st October 2013

Year ended 31st October	Fees	Performance related benefits received as a percentage of maximum payable
2013	£31,000	n/a
2012	£26,881	n/a
2011	£22,000	n/a
2010	£20,000	n/a
2009	£20,000	n/a

A table showing actual expenditure by the Company on remuneration and distributions to shareholders for the year and the prior year is below:

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 31st October 2013	2012
Remuneration paid to all Directors	**£123,000**	£116,944
Distribution to shareholders – by way of share repurchases	**£6,176,000**	£6,640,000
Total distribution to shareholders	**£6,176,000**	£6,640,000

For and on behalf of the Board
Lysander Tennant
Chairman

5th February 2014

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and financial statements, and the Directors' Remuneration Report in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, the annual report and accounts provide the information necessary for shareholders to assess the Company's performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. In order to provide these confirmations, and in preparing these financial statements, the Directors must be satisfied that, taken as a whole, the annual report and accounts are fair, balanced and understandable and provide the information necessary for shareholders to assess the performance, business model and strategy of the Company; and the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

and the Directors confirm they have done so. The Board confirms it is satisfied that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the performance, business model and strategy of the Company.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations the Directors are also responsible for preparing a Strategic Report, a Directors' Report, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations.

The accounts are published on the www.jpmrussian.co.uk website, which is maintained by the Company's Manager, JPMorgan Asset Management (UK) Limited ('JPMAM'). The maintenance and integrity of the website maintained by JPMAM is, so far as it relates to the Company, the responsibility of JPMAM. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. The financial statements are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed in the Directors' Report, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law, give a fair, balanced and understandable view of the assets, liabilities, financial position and return or loss of the Company; and
- The Directors confirm that, taken as a whole, the annual report and accounts are fair, balanced and understandable and provide the information necessary for shareholders to assess the strategy and business model of the Company.

For and on behalf of the Board
Lysander Tennant
Chairman

5th February 2014

Independent Auditor's Report

To the Members of JPMorgan Russian Securities plc

We have audited the financial statements of JPMorgan Russian Securities plc for the year ended 31st October 2013 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 32, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Company's 2013 annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st October 2013 and of its net total return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our assessment of risks of material misstatement

We have identified the following risks of material misstatement that had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team:

- valuation, existence and ownership of the investment portfolio;
- calculation of the dividend distribution required to comply with s1158 of the Corporation Tax Act 2010; and
- calculation of the management fee in accordance with the basis as prescribed in the Investment Management Agreement.

Our application of materiality

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

We determined materiality for the Company to be £3.30 million which is 1% of total equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 50% of materiality, namely £1.65 million. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality level. Given the importance of the distinction between revenue and capital for the Company we have also applied a separate performance materiality of £0.48 million for the Income Statement, being 5% of the return on ordinary activities before taxation.

Independent Auditor's Report continued

We have agreed with the Audit Committee to report all audit differences in excess of £0.17 million, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our response to the risks identified above was as follows:

- we agreed the year end prices for all quoted investments to an independent source and agreed the legal title of all investment holdings to a confirmation obtained directly from the investment custodian.
- we obtained the Company's calculation of income (as defined by s1158 CTA) and re-performed the calculation of the proposed dividend to ascertain that the dividend would be sufficient to meet the requirements of s1158 CTA.
- we independently recalculated the management fee calculations for the year with reference to contractual arrangements and agreed the calculation inputs to source data.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 22, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on directors' remuneration.

Michael-John Albert (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London

5th February 2014

Income Statement

for the year ended 31st October 2013

	Notes	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Gains/(losses) on investments held at fair value through profit or loss	2	**–**	**33,247**	**33,247**	–	(7,969)	(7,969)
Net foreign currency losses		**–**	**(145)**	**(145)**	–	(417)	(417)
Income from investments	3	**12,901**	**–**	**12,901**	8,581	–	8,581
Other interest receivable and similar income	3	**1**	**–**	**1**	8	–	8
Gross return		**12,902**	**33,102**	**46,004**	8,589	(8,386)	203
Management fee	4	**(753)**	**(3,014)**	**(3,767)**	(3,715)	–	(3,715)
Other administrative expenses	5	**(849)**	**–**	**(849)**	(978)	–	(978)
Net return/(loss) on ordinary activities before finance costs and taxation		**11,300**	**30,088**	**41,388**	3,896	(8,386)	(4,490)
Finance costs	6	**–**	**(1)**	**(1)**	(5)	–	(5)
Net return/(loss) on ordinary activities before taxation		**11,300**	**30,087**	**41,387**	3,891	(8,386)	(4,495)
Taxation	7	**(1,643)**	**–**	**(1,643)**	(1,137)	–	(1,137)
Net return/(loss) on ordinary activities after taxation		**9,657**	**30,087**	**39,744**	2,754	(8,386)	(5,632)
Return/(loss) per share	9	**18.14p**	**56.52p**	**74.66p**	5.03p	(15.32)p	(10.29)p

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

The 'Total' column of this statement is the Profit and Loss Account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The Total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.

The accompanying notes on pages 39 to 56 form an integral part of these accounts.

Reconciliation of Movements in Shareholders' Funds

	Called up share capital £'000	Other reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st October 2011	551	48,482	50	266,924	(4,900)	**311,107**
Repurchase of the Company's own shares for cancellation	(13)	–	13	(6,640)	–	**(6,640)**
Net (loss)/return on ordinary activities	–	–	–	(8,386)	2,754	**(5,632)**
At 31st October 2012	538	48,482	63	251,898	(2,146)	**298,835**
Repurchase of the Company's own shares for cancellation	(11)	–	11	(6,176)	–	**(6,176)**
Net return on ordinary activities	–	–	–	30,087	9,657	**39,744**
At 31st October 2013	527	48,482	74	275,809	7,511	**332,403**

The accompanying notes on page 39 to 56 form an integral part of these accounts.

Balance Sheet

at 31st October 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investments held at fair value through profit or loss		**327,200**	297,614
Investment in liquidity fund held at fair value through profit or loss		**4,015**	2,172
Total investment portfolio	10	**331,215**	299,786
Current assets	11		
Debtors		**1,939**	1,013
Cash and short term deposits		**3,627**	4,217
		5,566	5,230
Creditors: amounts falling due within one year	12	**(4,378)**	(6,181)
Net current assets/(liabilities)		**1,188**	(951)
Total assets less current assets/(liabilities)		**332,403**	298,835
Net assets		**332,403**	298,835
Capital and reserves			
Called up share capital	13	**527**	538
Other reserve	14	**48,482**	48,482
Capital redemption reserve	14	**74**	63
Capital reserves	14	**275,809**	251,898
Revenue reserve	14	**7,511**	(2,146)
Total equity shareholders' funds		**332,403**	298,835
Net asset value per share	15	**631.1p**	555.2p

The accounts on pages 35 to 56 were approved and authorised for issue by the Directors on 5th February 2014 and were signed on their behalf by:

Lysander Tennant
Chairman

The accompanying notes on pages 39 to 56 form an integral part of these accounts.

Company registration number: 4567378.

Cash Flow Statement

for the year ended 31st October 2013

	Notes	2013 £'000	2012 £'000
Net cash inflow from operating activities	16	**5,117**	2,730
Returns on investments and servicing of finance			
Interest paid		**(1)**	(5)
Capital expenditure and financial investment			
Purchases of investments		**(156,670)**	(177,769)
Sales of investments		**159,030**	184,693
Other capital charges		**(188)**	(372)
Net cash inflow from capital expenditure and financial investment		**2,172**	6,552
Net cash inflow before financing		**7,288**	9,277
Financing			
Repurchase of the Company's own shares for cancellation		**(7,733)**	(4,745)
Net cash outflow from financing		**(7,733)**	(4,745)
(Decrease)/increase in cash for the year	17	**(445)**	4,532

The accompanying notes on pages 39 to 56 form an integral part of these accounts.

Notes to the Accounts

for the year ended 31st October 2013

1. Accounting policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in January 2009. All of the Company's operations are of a continuing nature.

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments at fair value.

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

(b) Change in accounting basis

The Board has determined that a greater proportion of the Company's long term investment returns are being generated from capital returns based on the investment portfolio and considers that a portion of the costs associated with generating these capital returns shall be attributed to the capital account. In accordance with the SORP, the Board has resolved to allocate 80% of the management fee and finance costs to capital, with the remaining 20% to revenue, with effect from 1st November 2012. The Company had previously allocated 100% of the management fee and 100% of the finance costs to revenue. The effect of this change is to increase the net revenue return after taxation by £3,014,000 and to reduce the net capital return by the same amount. Total net return after taxation is unaffected by the change. The comparative figures have not been restated.

(c) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis in accordance with a documented investment strategy and information about the portfolio is provided internally on that basis to the Board of Directors. Accordingly, upon initial recognition, the investments are designated by the Company as 'held at fair value through profit or loss'. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to acquisition which are charged to the capital column of the income statement at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets.

Gains and losses on sales of investments are included in the Income Statement and are dealt with in capital reserves within 'Gains and losses on sales of investments' and represent the excess of sales proceeds over the carrying value at the previous balance sheet date. Increases and decreases in the valuation of investments held at the year end are included in the Income Statement and are accounted for in capital reserves within 'Holding gains and losses on investments'.

All purchases and sales are dealt with on a trade date basis.

(d) Income

Dividends receivable from equity shares and distribution from liquidity funds are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is taken to capital.

Overseas dividends are shown gross of any withholding tax.

Deposit interest receivable is taken to revenue on an accruals basis.

(e) Expenses

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

- the management fee is allocated 20% to revenue and 80% to capital in line with the Board's expected long term split of revenue and capital return from the Company investment portfolio.
- expenses incidental to the purchase or sale of an investment which are charged to the capital column of the income statement. These expenses are commonly referred to as transaction costs and comprise mainly brokerage commission.

Notes to the Accounts continued

1. Accounting policies continued

(f) Finance costs

Finance costs are accounted for on an effective interest rate basis and are allocated 20% to revenue and 80% to capital in line with the Board's expected long term split of revenue and capital return from the Company investment portfolio.

(g) Financial instruments

Cash and short term deposits may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Other debtors and creditors do not carry any interest or significant price risk exposure and are accordingly stated at cost, as reduced by appropriate allowances for estimated irrecoverable amounts.

The Company has not utilised any derivative financial instruments in the current or comparative year.

(h) Foreign currency

In accordance with FRS 23: 'The effects of changes in foreign currency exchange rates' the Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the accounts are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Monetary assets and liabilities and equity investments held at fair value denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature. Gains and losses on investments arising from a change in exchange rates are included in 'Holding gains and losses on investments'.

(i) Taxation

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

Deferred taxation is accounted for in accordance with FRS 19: 'Deferred tax'.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred taxation liabilities are recognised for all taxable timing differences but deferred taxation assets are only recognised to the extent that it is more likely than not that taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date and is measured on an undiscounted basis.

(j) Value Added Tax ('VAT')

Irrecoverable VAT is included in the expense on which it has been suffered. Recoverable VAT is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

(k) Repurchase of ordinary shares for cancellation

The cost of repurchasing ordinary shares including the related stamp duty and transaction costs is charged to 'Capital reserves' and dealt with in the Reconciliation of Movement in Shareholders' Funds. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve.

	2013 £'000	2012 £'000
2. Gains/(losses) on investments held at fair value through profit or loss		
(Losses)/gains on sales of investments held at fair value through profit or loss based on historical cost	**(15,346)**	7,513
Amounts recognised as investment holding gains and losses at the previous balance sheet date in respect of investments sold during the year	**22,978**	5,753
Gains on sales of investments	**7,632**	13,266
Net movement in investment holding gains and losses	**25,795**	(20,896)
Capital charges	**(180)**	(339)
Total capital gains/(losses) on investments held at fair value through profit or loss	**33,247**	(7,969)

	2013 £'000	2012 £'000
3. Income		
Overseas dividends	**12,890**	8,574
Dividends from liquidity fund	**11**	7
	12,901	8,581
Other interest receivable and similar income		
Deposit interest	**1**	8
Total income	**12,902**	8,589

	2013			2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
4. Management fee[1]						
Management fee[2]	**753**	**3,014**	**3,767**	3,715	–	3,715

[1]Details of the change in accounting basis are given in note 1(b) on page 39.

[2]Details of the management fee are given in the Directors' Report on page 22.

Notes to the Accounts continued

	2013 £'000	2012 £'000
5. Other administrative expenses		
Administration expenses	**458**	563
Safe custody fees	**172**	179
Directors' fees[1]	**123**	142
Savings scheme costs[2]	**73**	71
Auditors' remuneration for audit services[3]	**23**	23
Total	**849**	978

[1]Full disclosure is given in the Directors' Remuneration Report on pages 29 to 31.
[2]These fees were payable to JPMAM for the marketing and administration of savings scheme products.
[3]No fees were payable to the auditors for non-audit services (2012: nil).

	2013			2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
6. Finance costs[1]						
Interest on bank loans and overdrafts	**–**	**1**	**1**	5	–	5

[1]Details of the change in accounting basis are given in note 1(b) on page 39.

7. Taxation

(a) Analysis of tax charge in the year

	2013			2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax	**1,257**	**–**	**1,257**	714	–	714
Double taxation relief	**(1,257)**	**–**	**(1,257)**	(714)	–	(714)
Overseas withholding tax	**1,643**	**–**	**1,643**	1,137	–	1,137
Current tax	**1,643**	**–**	**1,643**	1,137	–	1,137

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2012: higher) than the Company's applicable rate of corporation tax for the year of 23.41% (2012: 24.83%). The factors affecting the current tax charge for the year are as follows:

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Net return/(loss) on ordinary activities before taxation	**11,300**	**30,087**	**41,387**	3,891	(8,386)	(4,495)
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 23.41% (2012: 24.83%)	**2,645**	**7,043**	**9,688**	966	(2,083)	(1,117)
Effects of:						
Non taxable capital losses	**–**	**(7,749)**	**(7,749)**	–	2,083	2,083
Non taxable overseas dividends	**(259)**	**–**	**(259)**	(259)	–	(259)
Income taxed in different periods	**(421)**	**–**	**(421)**	9	–	9
Overseas withholding tax	**1,643**	**–**	**1,643**	1,137	–	1,137
Double taxation relief	**(1,257)**	**–**	**(1,257)**	(714)	–	(714)
Prior years' excess expenses utilised	**(2)**	**–**	**(2)**	(2)	–	(2)
Brought forward revenue losses utilised	**(706)**	**–**	**(706)**	(2)	–	(2)
Increase in excess management expenses in capital carried forward	**–**	**706**	**706**	–	–	–
Current tax charge for the year	**1,643**	**–**	**1,643**	1,137	–	1,137

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £211,000 (2012: £698,000) based on a prospective corporation tax rate of 23% (2012: 24%). The reduction in the standard rate of corporation tax was substantively enacted on 3rd July 2012 and was effective from 1st April 2013. The Government has also enacted future reductions in the main rate of corporation tax to 21% by 1st April 2014, and 20% by 1st April 2015. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

Given the Company's status as an Investment Trust Company and the intention to continue meeting the conditions required to obtain approval, the Company has not provided for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

Notes to the Accounts continued

	2013 £'000	2012 £'000
8. Dividend		
Dividends proposed for the purposes of Section 1158 of the Corporation Tax Act 2010 ('Section 1158')		
Final dividend payable of 15.30p (2012: nil)	**8,058**	–

The final dividend proposed in respect of the year ended 31st October 2013 is subject to approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the accounts for the year ending 31st October 2014.

The requirements of Section 1158 of the Income and Corporation Tax Act 2010 are considered on the basis of dividends proposed in respect of the financial year.

The revenue available for distribution by way of dividend for the year is £9,657,000 (2012: £2,754,000).

9. Return/(loss) per share

The revenue return per share is based on the revenue return attributable to the ordinary shares of £9,657,000 (2012: £2,754,000) and on the weighted average number of shares in issue during the year of 53,232,345 (2012: 54,744,578).

The capital return per share is based on the capital return attributable to the ordinary shares of £30,087,000 (2012: £8,386,000 loss) and on the weighted average number of shares in issue during the year of 53,232,345 (2012: 54,744,578).

The total return per share is based on the total return attributable to the ordinary shares of £39,744,000 (2012: £5,632,000 loss) and on the weighted average number of shares in issue during the year of 53,232,345 (2012: 54,744,578).

10. Investments

	2013 £'000	2012 £'000
Investments listed on a recognised stock exchange	**327,200**	297,614
Investment in liquidity fund	**4,015**	2,172
	331,215	299,786

	2013 £'000	2012 £'000
Opening book cost	**338,129**	335,362
Opening investment holding losses	**(38,343)**	(23,200)
Opening valuation	**299,786**	312,162
Movements in the year:		
Purchases at cost	**156,441**	180,666
Sales – proceeds	**(158,439)**	(185,412)
Gains on sales of investments	**7,632**	13,266
Net movement in investment holding gains and losses	**25,795**	(20,896)
Closing valuation	**331,215**	299,786
Closing book cost	**320,785**	338,129
Closing investment holdings gains/(losses)	**10,430**	(38,343)
Total investments held at fair value through profit or loss	**331,215**	299,786

Transaction costs on purchases during the year amounted to £303,000 (2012: £495,000) and on sales during the year amounted to £120,000 (2012: £149,000). These costs comprise mainly brokerage commission.

During the year, prior year holding gains amounting to £22,978,000 (2011: £5,753,000) have been transferred to gains and losses on sales of investments as disclosed in note 14.

11. Current assets

	2013 £'000	2012 £'000
Debtors		
Securities sold awaiting settlement	**194**	785
Dividends and interest receivable	**1,702**	177
Other debtors	**43**	51
Total	**1,939**	1,013

The Directors consider that the carrying amount of debtors approximates to their fair value. The Directors do not consider any of the amounts included in the note above to be past due or impaired as at 31st October 2013 (2012: £nil).

Cash and short term deposits

Cash and short term deposits comprises bank balances and short term deposits. The carrying amount of these represents their fair value. Cash balances in excess of a predetermined amount are placed on short term deposit at market rates of interest.

	2013 £'000	2012 £'000
12. Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	**3,907**	4,136
Amounts payable for redemption of the Company's own shares	**338**	1,895
Other creditors and accruals	**133**	150
Total	**4,378**	6,181

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

	2013 £'000	2012 £'000
13. Share capital		
Issued and fully paid		
Ordinary shares of 1p each		
Opening balance of 53,827,112 (2012: 55,124,312) shares	**538**	551
Repurchase and cancellation of 1,160,000 (2012: 1,297,200) shares	**(11)**	(13)
Closing balance of 52,667,112 (2012: 53,827,112) shares	**527**	538

During the year, the Company made market purchases of 1,160,000 of its own shares, nominal value £11,000, for cancellation, representing 2.16% of the shares outstanding at the beginning of the year. The consideration paid for these shares amounted to £6,176,000. The reason for the purchases was to seek to reduce the volatility and absolute level of the share price discount to net asset value per share.

The holders of ordinary shares carry the right to receive all the revenue profits of the Company available for distribution and from time to time determined by the Directors to be distributed by way of dividend. The holders of the ordinary shares hold all voting rights and are entitled to all the assets of the Company on a return of capital, return of assets or on a winding up.

			Capital reserves		
	Other reserve[1] £'000	Capital redemption reserve £'000	Gains and losses on sales of investments £'000	Holding gains and losses on investments £'000	Revenue reserve £'000
14. Reserves					
Opening balance	48,482	63	290,241	(38,343)	(2,146)
Foreign exchange losses on cash and short term deposits	–	–	(145)	–	–
Gains on sales of investments	–	–	7,632	–	–
Net movement in investment holding gains and losses	–	–	–	25,795	–
Transfer on disposal of investments	–	–	(22,978)	22,978	–
Repurchase of the Company's own shares for cancellation	–	11	(6,176)	–	–
Other capital charges	–	–	(180)	–	–
Finance costs charged to capital	–	–	(1)	–	–
Management fee charged to capital	–	–	(3,014)	–	–
Revenue return for the year	–	–	–	–	9,657
Closing balance	**48,482**	**74**	**265,379**	**10,430**	**7,511**

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

15. Net asset value per share

The net asset value per share is based on the net assets attributable to the ordinary shareholders of £332,403,000 (2012: £298,835,000) and on the 52,667,112 (2012: 53,827,112) shares in issue at the year end.

	2013 £'000	2012 £'000
16. Reconciliation of total return/(loss) on ordinary activities before finance costs and taxation to net cash inflow from operating activities		
Total return/(loss) on ordinary activities before finance costs and taxation	**41,388**	(4,490)
Less capital (return)/loss before finance costs and taxation	**(30,088)**	8,386
(Increase)/decrease in accrued income	**(1,525)**	25
Decrease in other debtors	**8**	–
Decrease in accrued expenses	**(9)**	(54)
Management fee charged to capital	**(3,014)**	–
Overseas withholding tax	**(1,643)**	(1,137)
Net cash inflow from operating activities	**5,117**	2,730

Notes to the Accounts continued

	At 31st October 2012 £'000	Cash flow £'000	Exchange movement £'000	At 31st October 2013 £'000
17. Analysis of changes in net funds				
Cash and short term deposits	4,217	(445)	(145)	**3,627**
Net funds	4,217	(445)	(145)	**3,627**

18. Transactions with the Manager

Details of the management contract are set out in the Directors' Report on page 22. The management fee payable to JPMAM for the year was £3,767,000 (2012: £3,715,000) of which £nil (2012: £nil) was outstanding at the year end. In addition £73,000 (2012: £71,000) was payable to JPMAM for marketing and administration of the Company's savings scheme products, of which £nil (2012: £6,000) was outstanding at the year end.

Included in note 5 on page 42 are safe custody fees amounting to £172,000 (2012: £179,000) payable to JPMorgan Chase of which £27,000 (2012: £37,000) was outstanding at the year end.

Handling charges on transactions during the year amounting to £180,000 (2012: £339,000) were payable to JPMorgan Chase of which £2,000 (2012: £9,000) was outstanding at the year end.

During the year, the Company held an investment in the JPM US Dollar Liquidity Fund. At 31st October 2013, the Company's investment in this fund was valued at £4,015,000 (2012: £2,172,000) representing 1.21% (2012: 0.73%) of the Company's investment portfolio. During the year, the Company made purchases of this fund with a total value of £66,365,000 (2012: £52,542,000) and sales with a total value of £64,339,000 (2012: £58,246,000). Income receivable from this fund in the year amounted to £11,000 (2012: £7,000) of which £nil (2011: £nil) was outstanding at the year end.

At the year end, a bank balance of £3,627,000 (2012: £4,217,000) was held with JPMorgan Chase and placed on deposit with an approved list of banks. A net amount of interest of £1,000 (2012: £8,000) was receivable by the Company during the year from JPMorgan Chase of which £nil (2012: £nil) was outstanding at the year end.

19. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments that are held at fair value comprise its investment portfolio. The Company currently holds no derivative financial instruments and its liabilities are not held at fair value.

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

Level 1 - valued using quoted prices in active markets.

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1. Quoted investments which are deemed to be less liquid due to a lower level of trading volume in the period prior to the year end, are also included in Level 2.

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Details of the valuation techniques used by the Company are given in note 1 on page 39.

The following table sets out the fair value measurements using the FRS 29 hierarchy at 31st October:

	2013			
	Level 1 £'000	**Level 2[1] £'000**	**Level 3 £'000**	**Total £'000**
Financial instruments held at fair value through profit or loss				
Equity investments	**327,200**	**–**	**–**	**327,200**
Investment in liquidity fund	**4,015**	**–**	**–**	**4,015**
Total	**331,215**	**–**	**–**	**331,215**

	2012			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	**Total £'000**
Financial instruments held at fair value through profit or loss				
Equity investments	270,579	27,035	–	297,614
Investment in liquidity fund	2,172	–	–	2,172
Total	272,751	27,035	–	299,786

There have been no transfers into or out of Level 3 during the current or comparative year.

[1]The Company's equity investments are all traded in active markets and accordingly are classified as Level 1 investments. In prior years Directors categorised up to 10% of the portfolio as Level 2 investments given that certain stocks were deemed to be less liquid. However, based upon the investment manager's experience and knowledge of selling Russian investments, the Board has reconsidered its approach this year and has determined that all investments are classified as Level 1 investments.

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

As an investment trust, the Company invests in equities and other securities for the long term so as to secure its investment objective stated on the 'Features' page inside the front cover. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends. These risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company Secretary, in close cooperation with the Board and the Manager, coordinates the Company's risk management strategy.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's financial instruments comprise the following:

- investments in Russian equity shares which are held in accordance with the Company's investment objective;
- a US$ liquidity fund; and
- debtors, creditors and cash arising directly from its operations.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (iii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks, and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling which is the Company's functional currency and the currency in which it reports. As a result, movements in exchange rates may affect the sterling value of those items.

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Foreign currency borrowing may be used to limit the Company's exposure to anticipated changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. This borrowing would be limited to currencies and amounts commensurate with the asset exposure to those currencies. Income denominated in foreign currencies is converted to sterling on receipt. The Company may use short term forward currency contracts to manage working capital requirements.

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure at 31st October are shown below. Where the Company's equity investments, which are not monetary items, are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2013 US$ £'000	2013 Ruble £'000	2013 Swedish Krona £'000	2013 EUR £'000	2013 Total £'000
Investments held at fair value through profit or loss that are monetary items	**4,015**	**–**	**–**	**–**	**4,015**
Net current assets	**1,450**	**129**	**–**	**–**	**1,579**
Foreign currency exposure on net monetary items	**5,465**	**129**	**–**	**–**	**5,594**
Equity investments held at fair value	**308,252**	**–**	**13,845**	**–**	**322,097**
Total net foreign currency exposure	**313,717**	**129**	**13,845**	**–**	**327,691**

	2012 US$ £'000	2012 Ruble £'000	2012 Swedish Krona £'000	2012 EUR £'000	2012 Total £'000
Investments held at fair value through profit or loss that are monetary items	2,172	–	–	–	2,172
Net current assets	743	95	–	1	839
Foreign currency exposure on net monetary items	2,915	95	–	1	3,011
Equity investments held at fair value	284,079	–	11,182	–	295,261
Total net foreign currency exposure	286,994	95	11,182	1	298,272

The above year end amounts are broadly representative of the exposure to foreign currency risk during the year.

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

Foreign currency sensitivity

The following tables illustrate the sensitivity of the return after taxation for the year and net assets with regard to the Company's overseas income and monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and assumes a 10% (2012: 10%) appreciation or depreciation in sterling against the US$, the ruble and the swedish krona. The Company's monetary foreign currency financial instruments are predominantly exposed to the US$ and this is deemed a reasonable illustration based on the volatility of the sterling/US$ exchange rate during the year.

Notes to the Accounts continued

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

(a) Market risk continued

(i) Currency risk continued

Foreign currency sensitivity continued

If sterling had weakened by 10% this would have had the following effect:

	2013 £'000	2012 £'000
Income statement return after taxation		
Revenue return	**1,290**	858
Capital return	**559**	301
Total return after taxation for the year	**1,849**	1,159
Net assets	**1,849**	1,159

Conversely if sterling had strengthened by 10% this would have had the following effect:

	2013 £'000	2012 £'000
Income statement return after taxation		
Revenue return	**(1,290)**	(858)
Capital return	**(559)**	(301)
Total return after taxation for the year	**(1,849)**	(1,159)
Net assets	**(1,849)**	(1,159)

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

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable from cash deposits and the liquidity fund. The Company has no direct exposure to fair value interest rate risk.

Management of interest rate risk

The Company does not normally hold significant cash balances. Short term borrowings may be used when required, however the Company currently has no loan facility in place.

Interest rate exposure

The exposure of financial assets and liabilities to floating interest rates, giving cash flow interest rate risk when rates are reset, is shown below.

	2013 £'000	2012 £'000
Exposure to floating interest rates		
JPM US Dollar Liquidity Fund	**4,015**	2,172
Cash and short term deposits	**3,627**	4,217
Total exposure	**7,642**	6,389

The target interest earned on the JPM US Dollar Liquidity Fund is the 7 day US Dollar London Interbank Bid Rate.

Interest receivable on cash balances is at a margin below LIBOR.

The exposure to floating interest rates during the year fluctuated as follows:

	2013 £'000	2012 £'000
Maximum net credit and Liquidity Fund balances	**11,008**	8,383
Minimum net credit/(debit) and Liquidity Fund balances	**490**	(36)

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2012: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date, with all other variables held constant.

	2013		2012	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Income statement – return after taxation				
Revenue return	**38**	**(38)**	32	(32)
Capital return	**–**	**–**	–	–
Total return after taxation for the year	**38**	**(38)**	32	(32)
Net assets	**38**	**(38)**	32	(32)

In the opinion of the Directors, the above sensitivity analysis may not be representative of future years.

Notes to the Accounts continued

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

(a) Market risk continued

(iii) Other price risk

Other price risk includes changes in market prices, other than those arising from interest rate risk or currency risk, which may affect the value of investments.

Management of other price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Other price risk exposure

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

	2013 £'000	2012 £'000
Equity investments held at fair value through profit or loss	**327,200**	297,614

The above data is broadly representative of the exposure to other price risk during the current and comparative year.

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 13 to 15. The equity portfolio entirely comprises Russian companies. Accordingly there is a concentration of exposure to that country. However, it should be noted that an investment may not be wholly exposed to the economic conditions in its country of domicile.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2012: 10%) in the fair value of the Company's equity investments. This level of change does not reflect the unusual market volatility over the past five years and is presented purely as an illustration. The sensitivity analysis is based on the Company's equity investments and adjusting for change in the management fee, but with all other variables held constant.

	2013		2012	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Income statement – return after taxation				
Revenue return	**(79)**	**79**	(446)	446
Capital return	**32,406**	**(32,406)**	29,761	(29,761)
Total return after taxation for the year and net assets	**32,327**	**(32,327)**	29,315	(29,315)

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk

Liquidity risk is not significant as the Company's assets comprise readily realisable securities, which can be sold to meet funding requirements if necessary. There is currently no loan facility in place.

Liquidity risk exposure

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

	2013 Three months or less £'000	2012 Three months or less £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	**3,907**	4,136
Capital shares redeemed payable	**338**	1,895
Other creditors and accruals	**133**	150
Total financial liabilities	**4,378**	6,181

(c) Credit risk

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

Management of credit risk

Portfolio dealing

The Manager's process for the exchange of securities and cash is designed to minimise the risk of losing the principal of a trade during the settlement process. The Manager continuously monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparty lists are maintained and adjusted accordingly.

Cash

Counterparties are subject to daily credit analysis by the Manager and trades can only be placed with counterparties that have a minimum credit rating of A1/P1 from Standard & Poor's and Moody's respectively.

Exposure to JPMorgan Chase

JPMorgan Chase is the custodian of the Company's assets. The custody agreement grants a general lien over the securities credited to the securities account. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading. However, no absolute guarantee can be given to investors on the protection of all the assets of the Company.

Notes to the Accounts continued

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

(c) Credit risk continued

Credit risk exposure

The amounts shown in the balance sheet under debtors and cash and short term deposits represent the maximum exposure to credit risk at the current and comparative year end.

Cash and short term deposits comprise balances held at banks that have a minimum credit rating of A1/P1 (2012: A1/P1) from Standard & Poor's and Moody's respectively.

(d) Fair values of financial assets and financial liabilities

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

21. Capital management

The Company's capital comprises the following:

	2013 £'000	2012 £'000
Equity		
Share capital	**527**	538
Reserves	**331,876**	298,297
Total capital	**332,403**	298,835

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise capital return to its equity shareholders.

	2013 £'000	2012 £'000
Investments excluding holdings in liquidity funds	**327,200**	297,614
Current assets excluding cash and short term deposits	**1,939**	1,013
Current liabilities excluding any bank loans	**(4,378)**	(6,181)
Total assets	**324,761**	292,446
Net assets	**332,403**	298,835
Gearing/(net cash)	**(2.3)%**	(2.1)%

There is currently no loan facility in place (2012: same).

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Manager's views on the market;
- the need to buy back equity shares for cancellation, which takes into account the share price discount or premium; and
- the need for issues of new shares.

Notice of Annual General Meeting

Notice is hereby given that the eleventh Annual General Meeting of JPMorgan Russian Securities plc will be held at Holborn Bars, 138-142 Holborn, London EC1N 2NQ on Wednesday, 5th March 2014 at 12.00 noon for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st October 2013.
2. To approve the Company's Remuneration Policy Report.
3. To approve the Directors' Remuneration Implementation Report for the year ended 31st October 2013.
4. To re-elect Lysander Tennant a Director of the Company.
5. To re-elect Alexander Easton a Director of the Company.
6. To re-elect Robert Jeens a Director of the Company.
7. To re-elect George Nianias a Director of the Company.
8. To re-elect Gillian Nott a Director of the Company.
9. To reappoint Ernst & Young LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

10. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £26,266, representing approximately 5% of the Company's issued ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

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

11. THAT subject to the passing of Resolution 10 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 10 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £26,266, representing approximately 5% of the issued ordinary share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 10 above, save that the Company may before such expiry make offers, or agreements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuant of such offers, or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

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

    PROVIDED ALWAYS THAT

    (i) the maximum number of ordinary shares hereby authorised to be purchased shall be 7,874,563 or if less, that number of ordinary shares which is equal to 14.99% of the Company's issued share capital as at the date of the passing of this Resolution;

    (ii) the minimum price which may be paid for an ordinary share will be 1 pence;

    (iii) the maximum price which may be paid for an ordinary share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for an ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is

Notice of Annual General Meeting continued

purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

(iv) any purchase of ordinary shares will be made in the market for cash at prices below the prevailing net asset value per ordinary share (as determined by the Directors) at the date following not more than seven days before the date of purchase;

(v) the authority hereby conferred shall expire at the Company's Annual General Meeting to be held in 2015 unless the authority is renewed at a general meeting prior to such time; and

(vi) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

Adoption of New Articles of Association – Special Resolution

13. THAT the Articles of Association, contained in the document produced to the meeting and signed by the Chairman for the purposes of identification, be approved and adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association, with effect from the conclusion of the 2014 Annual General Meeting.

To approve a final dividend – Ordinary Resolution

14. THAT, subject to the passing of Resolution 13 set out above, a final dividend of 15.30 pence per share be and is hereby approved and paid on 14th March 2014 to Ordinary shareholders on the register at the close of business on 14th February 2014.

By order of the Board
Alison Vincent ACIS, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary

5th February 2014

Notes

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

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person. If you attend the Meeting in person, your proxy appointment will automatically be terminated.
3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.
4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the meeting or adjourned meeting.
6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative(s) may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous AGM; which the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting or if it would involve the disclosure of confidential information.
10. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Notice of Annual General Meeting continued

11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmrussian.co.uk.
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of meeting to communicate with the Company for any purposes other than those expressly stated.
15. As an alternative to completing a hardcopy Form of Proxy/Voting Direction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
16. As at 4th February 2014 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 52,532,112 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 52,532,112.

Electronic appointment – CREST members

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

Glossary of Terms and Definitions

Return to Shareholders
Total return to the shareholder, on a mid-market price to mid-market price basis.

Return on Net Assets
Return on the net asset value per share, on a bid value to bid value basis.

Benchmark Return
Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested into the shares of the underlying companies at the time the shares were quoted ex-dividend. The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Share Price Discount/Premium to Net Asset Value ('NAV') per Share
If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

Gearing/(Net Cash)
Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding liquidity funds and bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position. The figure for 2012 has been restated to include net current assets.

Ongoing Charges
The Ongoing Charges represent the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of the daily net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

The method of calculating the Ongoing Charges (2011: Total Expense Ratio or 'TER') has changed. The TER represented the Company's management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the month end net assets during the year.

Active Position
The active position shows the difference between the Company's holding of an individual stock or sector compared with that stock or sector's weighting in the Company's benchmark index. A positive number indicates an active decision by the Manager to own more of (i.e. be overweight) a particular stock or sector versus the benchmark and a negative number indicates a decision to hold less of (i.e. be underweight) a particular stock or sector versus the benchmark.

Performance Attribution
Analysis of how the Company achieved its recorded performance relative to its benchmark.

Performance Attribution Definitions:

Stock Selection
Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark, or of investing in securities which are not included in the benchmark.

Gearing/Net Cash
Measures the impact on returns of borrowings or cash balances on the Company's relative performance.

Management Fee/Other Expenses
The payment of fees and expenses reduces the level of total assets, and therefore has a negative effect on relative performance.

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

Financial Conduct Authority

Beware of share fraud

In association with: icsa Registrars Group

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

1. Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
2. Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
3. Check the Financial Services Register from **www.fca.org.uk** to see if the person and firm contacting you is authorised by the FCA.
4. Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
5. Use the firm's contact details listed on the Register if you want to call it back.
6. Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date.
7. Search the list of unauthorised firms to avoid at **www.fca.org.uk/scams**.
8. Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
9. Think about getting independent financial and professional advice before you hand over any money.
10. **Remember:** if it sounds too good to be true, it probably is!

Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at **www.fca.org.uk/scams**, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000

Information about the Company

Financial Calendar

Financial year end	31st October
Final results announced	January
Half year end	30th April
Half year results announced	June
Interim Management Statement announced	March/September
Dividend (if any)	March
Annual General Meeting	March

History

The Company was launched in December 2002 by a placing and offer for subscription. It is the successor company to The Fleming Russia Securities Fund Limited, which was a closed-ended investment company incorporated in Jersey and listed on the Irish Stock Exchange. The Company adopted its present name on 1st March 2006.

Life of the Company

Directors will propose a resolution that the Company continue as an investment trust at the Annual General Meeting in 2017 and every five years thereafter.

Company Numbers

Company registration number: 4567378
London Stock Exchange number: 3216473
ISIN: GB0032164732
Bloomberg code: JRS LN

Market Information

The Company lists its shares on the London Stock Exchange. The market price is shown daily in The Scotsman, the Financial Times, The Times, The Daily Telegraph and on the JPMorgan website at www.jpmrussian.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmrussian.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP. These products are all available on the online wealth manager service, J.P. Morgan WealthManager+ available at www.jpmorganwealthmanagerplus.co.uk

Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone: 020 7742 4000

Please contact Alison Vincent ACIS for company secretarial and administrative matters at the Company's registered office.

Custodian

JPMorgan Chase Bank, N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Registrars

Equiniti Limited
Reference 2610
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2030

Calls to this number cost 8p per minute from a BT landline. Other providers' costs may vary. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday. The overseas helpline number is +44 (0)121 415 7047.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 2610.

Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk

Independent Auditor

Ernst & Young LLP
Chartered Accountants and Statutory Auditor
1 More London Place
London SE1 2AF

Brokers

Cenkos Securities plc
6,7,8 Tokenhouse Yard
London EC2R 7AS

Savings Product Administrators

For queries on the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP, see contact details on the back cover of this report.

aic
The Association of Investment Companies

A member of the AIC

J.P. Morgan Helpline
Freephone 0800 20 40 20 or +44 (0)20 7742 9995

Your telephone call may be recorded for your security

www.jpmrussian.co.uk