



# **JPMorgan Emerging Europe, Middle East & Africa Securities plc**

(formerly JPMorgan Russian Securities plc)

Annual Report & Financial Statements  
for the year ended 31st October 2022

## Key Features

---

Due to Russia's invasion of Ukraine on 24th February 2022 and subsequent closure of the Russian market to Western investors, the Board proposed a resolution to widen the Company's investment objective and policies, which was approved by shareholders on 23rd November 2022 as detailed below. The Company's name was changed to JPMorgan Emerging Europe, Middle East & Africa Securities plc on the same date.

### Investment Objective

To maximise total return to shareholders from a diversified portfolio of investments in Emerging Europe (including Russia), Middle East and Africa.

### Investment Policies

The Company seeks to achieve its investment objective by investing in a diversified portfolio of securities of companies having their head office or exercising a predominant part of their activities in Central, Eastern and Southern Europe (including Russia), the Middle East and Africa including those markets that are considered as emerging markets according to the S&P Emerging Europe, Middle East and Africa Index.

The Company has not set any maximum or minimum exposures for any geographical regions or sectors and will achieve an appropriate spread of risk by investing in a diversified portfolio of primarily quoted equity and equity related securities including, for example (but without limitation) ordinary, preference, non-voting and convertible securities and warrants.

### Investment Limits and Restrictions

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

- The Company will not normally invest in unlisted securities.
- At the time of purchase, the maximum permitted exposure to each individual company is 15% of the Company's gross assets.
- The Company will not normally invest in derivatives and, in any event, derivatives may only be used for the purpose of efficient portfolio management.
- The Company will utilise liquidity and borrowings in a range of 10% net cash to 15% geared, (calculated at the time of drawdown), in typical market conditions.
- No more than 15% of gross assets are to be invested in other UK listed investment companies (including investment trusts).

Further details on investment policies and risk management are given on pages 21 and 22.

### Reference Index

Following shareholder approval of the change to the Company's Investment Objective and Investment Policies, the Company adopted the S&P Emerging Europe, Middle East and Africa Total Return in GBP as a reference index. Previously, the Company's benchmark was the RTS index in sterling terms. See the glossary of terms and APMs on page 83. See Glossary for further details.

### Capital Structure

UK domiciled. Full listing on the London Stock Exchange.

At 31st October 2022, the Company's share capital comprised 40,436,176 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 2027 and every five years thereafter.

### Discount Control

Due to the current market turbulence since Russia's invasion of Ukraine on 24th February 2022, the Company has not bought back shares in the Company. Prior to the invasion 340,000 shares were bought back in the Company's year ended 31st October 2022.

### Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM').

### FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares issued by JPMorgan Emerging Europe, Middle East & Africa Securities plc can be recommended by independent financial advisers to ordinary retail investors in accordance with the Financial Conduct Authority (FCA) rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

### Association of Investment Companies (AIC)

The Company is a member of the AIC. [www.theaic.co.uk](http://www.theaic.co.uk)

### Website

The Company's website, which can be found at [www.jpmeemeasecurities.com](http://www.jpmeemeasecurities.com) includes useful information on the Company, such as daily prices, factsheets, current and historic half year and annual reports and how to buy shares in this Company.



We have a long established emerging market investment team which has an extensive network of emerging markets specialists based locally in markets around the world.”

**Oleg I. Biryulyov, Investment Manager**

JPMorgan Emerging Europe, Middle East & Africa Securities plc



Our management teams have a preference for high quality companies with high and sustainable returns on equity as they are expected to become industry leaders.”

**Pandora Omaset, Investment Manager**

JPMorgan Emerging Europe, Middle East & Africa Securities plc



## Why invest in the JPMorgan Emerging Europe, Middle East & Africa Securities plc

### Our heritage and our team

The predecessor of the Company was launched in 1994 as one of the first funds investing in the Russian market. The investment team, has been led by Oleg Biryulyov since launch, and he has first-hand knowledge of these complex markets. Oleg is joined by co-manager Pandora Omaset, and both benefit from J.P. Morgan Asset Management’s extensive network of emerging market specialists.

### Our investment approach under the new investment objective

The Company is focused on maximising total return from a diversified portfolio of investments in Emerging Europe (including Russia), Middle East and Africa.

The Managers invest in high quality businesses that compound earnings sustainably over the long term. This includes companies with the potential to grow due to their positions as national or global market leaders. The Managers’ in-depth fundamental analysis focuses on the economic, longevity and governance of a business.

**29**

Years’ experience in Emerging Europe (including Russia), Middle East and Africa

**£1bn+**

Invested in Emerging Europe (including Russia), Middle East and Africa equities

**100**

Emerging markets specialists based globally

# Contents

---

<b>Strategic Report</b>	
Financial Highlights	6
Chairman's Statement	8
Investment Managers' Report	13
Environmental, Social and Governance ('ESG') Report	14
Ten Year Record	17
Portfolio Information	19
Company Purpose, Investment Objective, Policies and Guidelines	21
Principal and Emerging Risks	24
Long Term Viability	29
Duty to Promote the Success of the Company	30
<b>Directors' Report</b>	
Board of Directors	33
Directors' Report	34
Corporate Governance Statement	36
Audit & Risk Committee Report	41
<b>Directors' Remuneration Report</b>	44
<b>Statement of Directors' Responsibilities</b>	48
<b>Independent Auditor's Report</b>	50
<b>Financial Statements</b>	
Statement of Comprehensive Income	56
Statement of Changes in Equity	56
Statement of Financial Position	57
Statement of Cash Flows	58
Notes to the Financial Statements	59
<b>Regulatory Disclosures</b>	
Alternative Investment Fund Managers Directive ('AIFMD') Disclosure (unaudited)	76
Securities Financing Transactions Regulation ('SFTR') Disclosure (unaudited)	76
<b>Shareholder Information</b>	
Notice of Annual General Meeting	78
Glossary of Terms and Alternative Performance Measures ('APMs') (unaudited)	82
Where to Buy J.P. Morgan Investment Trusts	85
Information About the Company	86



## Financial Highlights

### Total returns (including dividends reinvested)

	2022	2021	3 years Cumulative	5 years Cumulative
Return to shareholders <sup>1,A</sup>	-90.5%	+65.8%	-93.2%	-90.0%
Return on net assets <sup>2,A</sup>	-94.9%	+61.0%	-86.9%	-79.7%
Benchmark return <sup>3</sup>	n/a	n/a	n/a	n/a
Net asset return compared to benchmark return	n/a	n/a	n/a	n/a
Dividend per share	15.0p	35.0p		

<sup>1</sup> Source: Morningstar. Change in share price with dividends reinvested.

<sup>2</sup> Source: Morningstar/J.P. Morgan, using net asset value per share.

<sup>3</sup> Following Russia's invasion of Ukraine on 24th February 2022, the Moscow Exchange (MOEX) has been closed to many overseas investors, including the Company. This has resulted in the Company being prohibited from trading, thereby negating the purpose of measuring the Company's performance against its former benchmark. Furthermore, during the reporting period data from many Russian benchmarks, including the Company's, ceased to be distributed by western news services. The Company's benchmark was the RTS index in sterling terms. Prior to 1st November 2016, the Company's benchmark was the MSCI Russian 10/40 Equity Indices Index in sterling terms.

<sup>A</sup> Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 82 to 84.

## Financial Highlights

## Summary of results

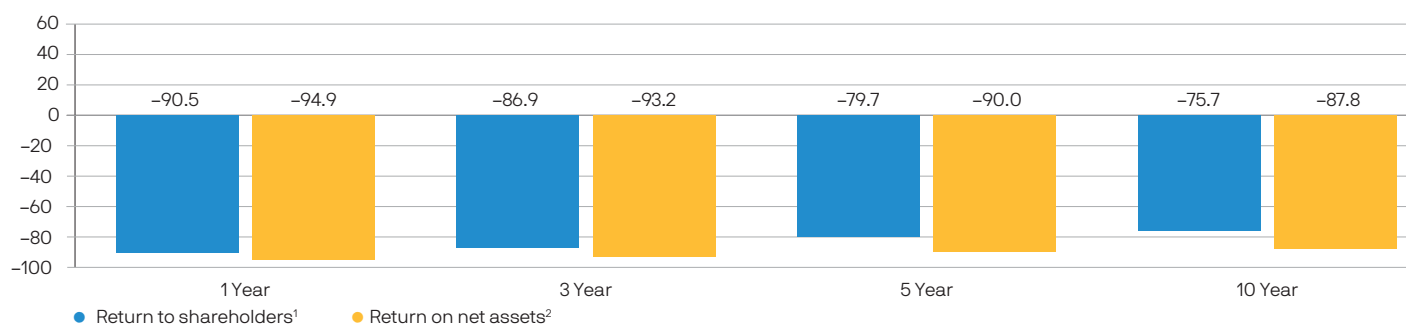
	2022	2021	% change
<b>Net asset value, share price and discount at 31st October</b>			
Shareholders' funds (£'000)	18,888	397,015	-95.2
Net asset value per share <sup>A</sup>	46.7p	973.6p	-95.2 <sup>1</sup>
Net (loss)/return after taxation (£'000)	(355,177)	154,174	
Gross (loss)/return (£'000)	(352,832)	160,797	
(Loss)/return per share	(877.44)p	364.48p	
Share price	79.0p	864.0p	-90.9 <sup>2</sup>
Exchange rate (US\$ : £1)	1.15	1.37	-16.0
Exchange rate (Rouble : £1)	71.04	97.27	-27.0
Share price premium/(discount) to net asset value per share <sup>A</sup>	69.1%	(11.3)%	
Shares in issue	40,436,176	40,776,176	
<b>Revenue for the year ended 31st October</b>			
Gross revenue return (£'000)	6,029	19,701	-69.4
Net revenue return on ordinary activities after taxation (£'000)	4,314	15,030	-71.3
Revenue return per share	10.66p	35.53p	-70.0
Dividend per share	15.0p	35.0p	
<b>Net cash at 31st October<sup>A</sup></b>	<b>89.8%</b>	<b>2.8%</b>	
<b>Ongoing charges<sup>A</sup></b>	<b>1.22%</b>	<b>1.21%</b>	

<sup>1</sup> % change, excluding dividends paid. Including dividends, the returns would be -94.9%.

<sup>2</sup> % change, excluding dividends paid. Including dividends, the return would be -90.5%.

<sup>A</sup> Alternative Performance Measure ('APM').

## Long Term Performance (total returns) at 31st October 2022



<sup>1</sup> Source: Morningstar.

<sup>2</sup> Source: Morningstar/J.P. Morgan, using net asset value per share.

A glossary of terms and APMs is provided on pages 82 to 84.

## Chairman's Statement



**Eric Sanderson**  
Chairman

### Overview and performance

As I indicated in the Company's Interim Statement, performance in the period can be divided into two parts. Performance from 1st November 2021 to 23rd February 2022 was satisfactory, but that all changed thereafter and it saddens me to report that the tragic events in Ukraine since Russia's military invasion commenced on 24th February 2022, and the imposition of strict economic sanctions by western governments on Russia and the Russian government's restrictions on the foreign ownership of Russian securities that followed, have drastically reduced the valuation of the Company's assets in this annual 12-month reporting period to 31st October 2022.

The sanctions and restrictions that followed Russia's invasion of Ukraine in February 2022 were wide ranging and had a very sharp negative effect on the Company and international markets. In summary, the changes that occurred have included; the closure of the Moscow Exchange (MOEX) to trading by overseas investors; the unavailability of prices on RDXUSD (Russian Depositary Index USD) and prices of American Depositary Receipts (ADR) and Global Depositary Receipts (GDR); the prohibition of dividend payments by Russian companies to western shareholders; and the cessation of reporting of the Company's benchmark data by western registered news services.

These restrictions have had a severe negative impact on the value of the Company's portfolio because, as required under the terms of the Company's Investment Objective that applied to this reporting period, almost all of the Company's portfolio consisted of Russian equities. Notwithstanding the values at which stocks are traded on the local market, without access to the Russian equity market following the invasion of Ukraine, it has been necessary to apply a fair value valuation method to Russian company stocks in the Company's portfolio, resulting in a massive reduction in the Company's net asset value. See Note 1 (b) on page 59 for details of the fair value valuation method applied. The Company's net asset value has continued to be published daily and, as at 31st October 2022, it was 46.7 pence per share, a decline of 94.9% on a total return basis in this 12-month reporting period. Since the period end the net asset value remained approximately unchanged and as at 23rd January 2023, was 46.6 pence per share.

A consequence of Russia's invasion of Ukraine is that some events included in the Company's list of Principal Risks have become realities. In light of this the Board has reviewed its Principal Risks and further details can be seen on pages 24 to 28 of this report.

The Company's shares have continued to trade uninterrupted on the London Stock Exchange throughout the reporting period, although the precipitous fall in its share value led it to leaving the FTSE All-Share Index on 17th June 2022. The Company's share price as at 31st October 2022 was 79.0 pence, a decline of 90.5% on a total return basis in the 12-month period to 31st October 2022. As at 23rd January 2023 the share price was 96.5 pence.

We have also seen significant changes in the Company's share register. Whilst some institutions reduced their share holdings in the Company following the invasion, there was significant demand from individuals to buy shares. Consequently, institutional holdings have fallen from approximately 70% to 18% as at 31st October 2022.

### Amendment of the Company's investment objective and policies and change of name

In response to the current closure of the Russian market, the Directors considered options to best preserve value for shareholders. Therefore, over the summer/autumn of 2022 the Board sought and received authorisation from the Financial Conduct Authority (FCA) to amend the Company's investment objective and policies to permit investments in Emerging Europe (including Russia), the Middle East and Africa. Following the FCA approval, a Circular was sent to shareholders in late October 2022 detailing the proposal and providing notice that an ordinary resolution proposing the change would be put to a General Meeting of shareholders on 23rd November 2022. The resolution was approved by shareholders with 61.32% voting in favour and 38.68% against. The voter turn-out was 25.48%. Following the approval of the resolution, in order that the Company's name better reflected its investment objective, the Board approved the change of the Company's name from JPMorgan Russian Securities plc to JPMorgan Emerging Europe, Middle East & Africa Securities plc.



## Chairman's Statement

As referred to in the RNS announcement of 23rd November 2022, the Board stated that the approval of the resolution to amend the Company's investment objective and policy was seen as a step towards the avoidance of the crystallisation of current shareholders' losses in the Company of circa 95%. The widening of the Company's investment objective was not a proposal that the Board would have made in normal trading conditions. However, with the situation for the Company since Russia's invasion of Ukraine on 24th February 2022 remaining unchanged and no one knowing where these tragic events will lead or what the future holds, the changes to the Company's investment objectives would at least provide an opportunity for the Company to resume investment and improve income generation. As previously stated, the Board is conscious of existing shareholders' pre-emption rights and concerns about possible dilution of their holdings following the widening of the investment objective.

Where 20% or more of votes have been cast against any Board recommendation for a resolution, the Company is required by provision 5.2, 4 of the AIC Code of Corporate Governance to explain what action it will take to consult shareholders to understand the reasons behind the result. Following the publication of the Circular convening the general meeting, the Board has spoken to institutional and retail shareholders and received a number of questions from shareholders regarding the proposals. In addition, at the shareholder meeting on 23rd November 2022, a number of shareholders also raised questions and voiced their objection to the resolution. The Board acknowledges that some shareholders are concerned whether the implementation of the new investment objective and policy will be followed by an issue of shares or capital raising that would dilute their shareholding in the Company. Some shareholders were also keen to see the Company's Russian assets 'ring fenced' and others were concerned that the Company may undertake a 'fire sale' of its Russian holdings if the Russian market reopened to the Company.

The Board issued an RNS announcement on 7th November 2022, confirming that there were currently no plans to issue shares or raise capital, even in the event that the current prohibitions on the trading of and receipt of dividends from Russian securities are lifted. In addition, in the RNS announcement of 23rd November 2022, the Board summarised the concerns of the shareholders who had voted against the resolution and reiterated that it was mindful of shareholders' pre-emption rights and its duty to promote the success of the Company for the benefit of the members as a whole. To further demonstrate that shareholders concerns had been addressed, on 28th November 2022, the Board published a list of shareholders' questions and answers (Q&A) which includes response to the above questions from shareholders.

I would like to stress that the Board is very aware that shareholders invested in a company whose principle orbit of investment is Russia and that shareholders would expect the Company to maximise value from its investments in the event that markets reopen to overseas investors. Unlike an open-ended fund which would have to sell assets to meet redemption demands our Company being a closed ended fund would not be under the same pressure to sell assets, but your Board and the managers would take a view as to what is in the best interests of shareholders at that time. However, it should be noted that there are significant uncertainties about whether Russian markets will reopen and the circumstances that would prevail if they did reopen.

Please see the Annual General Meeting section below for details of how shareholders can ask the Board questions on the above or any other subject related to the Company.

### Revenue, earnings and dividend

The prohibition on receipt by foreign investors of dividends from Russian companies, introduced soon after Russia's invasion of Ukraine in February 2022 has understandably reduced the Company's revenue for the year significantly. Revenue for the 12-month period to 31st October 2022 after taxation was £4,314,000 (31st October 2021: £15,030,000) and the return per share, calculated on the basis of the average number of shares in issue was 10.66 pence (31st October 2021: 35.53 pence) per share.

The Company paid an interim dividend of 15 pence per share for the current financial year, which had been declared before Russia's invasion of Ukraine in February 2022. There will be no further dividends in respect of this financial year, but it remains the Board's intention to resume the payment of dividends when circumstances permit.

At present, the dividends due from the Russian companies in the Company's portfolio are held in a custody account ('S' Account, in Moscow) and the balance as at 4th January 2023 was equivalent to

## Chairman's Statement

---

approximately £6.3 million at the exchange rate applicable on that date. However, as detailed above, these dividends cannot be paid to the Company and may never be received. They are not recognised in the Company's net asset value or in its Income Statement.

### Continuation vote and tender

At the Company's Annual General Meeting (AGM) on 4th March 2022, a resolution was passed requiring the Company to put a continuation vote to shareholders in 2027 and this will take place. In addition, shortly before Russia's invasion of Ukraine on 24th February 2022, the Board stated that the Company must outperform its benchmark on a net asset value cum income basis over the five-year period to 31st October 2026. In the event that it did not meet this target, a tender offer for 25% of the outstanding shares would be made by the Company at NAV less costs and less a discount of 2%. This was based on the Company's benchmark at that time, the RTS index in sterling terms. The Board believed that this measure was in shareholders' interests as it further incentivised the Manager to focus on long term investment performance.

Clearly, the events following Russia's invasion of Ukraine in February 2022 have required the Board to revisit this tender offer commitment. This is because during this reporting period measurement of the Company's performance against the RTS index was and continues to be no longer possible due to western news services no longer distributing data on Russian indices, including the RTS index. And, in addition, the Company is prohibited from trading its Russian securities, which prevents any measurable performance activity.

Therefore, the Board has agreed that the tender offer referred to above no longer applies. Looking ahead, the Board also agree that no further tender offer will be made. This is because there is no suitable recognised index that matches the Company's portfolio, hence the Company's adoption of a reference index rather than a benchmark. See the Glossary on page 83 for more details on the reference index.

### Discount control

The events following Russia's invasion of Ukraine in February 2022 have resulted in the Board withdrawing its annual commitment to buy back up to 6% of the shares in issue to the extent that the shares were trading at a discount wider than 10%.

This is because the current extreme market conditions have created the unusual situation whereby the Company's shares are currently trading at a very elevated premium to its net asset value. As at 31st October 2022, the premium was 69.1%. The Board believes that this premium arises due to a difference in the view of what the Company's net assets are valued at and should not be interpreted as an indication that investors are more likely to derive any value from the Company's Russian shareholdings. At the previous year end date 31st October 2021, the shares were trading at the more usual discount of 11.3%.

During the financial year in the period before Russia's invasion of Ukraine in February 2022, 340,000 shares were bought back.

Although there are currently no plans to recommence share buybacks, the Board will seek authority to renew the Company's share issuance and buyback powers at the forthcoming AGM, in case market conditions become conducive to the use of share buybacks and the Company's shares revert to trading at a discount.

### Directors

During this 12-month reporting period two of the Company's directors, Tamara Sakovska and Ashley Dunster resigned, following Russia's occupation of Ukraine. Tamara Sakovska is a Ukrainian citizen and felt she could no longer serve on the Board of a company investing in Russia. Ashley Dunster had a conflict of interest that meant he too felt he must step down. In line with the Company's succession plan, as announced on 4th October 2021, Gill Nott, the Company's former Chairman did not stand for reappointment at the Company's AGM on 4th March 2022. Prior to the date of Gill's departure, the Board had unanimously agreed that I would be appointed as the Company's Chairman immediately following the AGM. Dan Burgess became the Audit Committee Chair immediately following the Company's AGM on 4th March 2022. Dan Burgess was appointed as a Director of the

## Chairman's Statement

Company on 4th January 2022 after a thorough selection process using the services of an independent third-party search agent.

Russia's invasion of Ukraine on 24th February 2022 has limited the Company's ability to recruit a diverse board of directors until the Company's revenue generation and outlook have been stabilised. The Company's Articles permit a minimum of two directors and it is the Board's intention to continue with a complement of three directors during this difficult period, with no current plans for recruitment of additional directors. In compliance with corporate governance best practice, all Directors will be standing for re-appointment at the forthcoming AGM. Following the Company's annual evaluation of the existing Directors, the Chairman, the Board and its Committees, the Board recommends to shareholders that all Directors standing be reappointed.

The Company's Directors' fees were last increased with effect from 1st November 2018. The Board has reviewed the current fees and agreed that they should remain unchanged.

### Investment Management

Oleg Biryulyov continues to be the Company's Investment Manager supported by JPMorgan Asset Management's Emerging Markets and Asia Pacific equities team (EMAP). As a result of the changes in the Company's investment strategy, Habib Saikaly has stood down as a named investment manager and has been replaced by Pandora Omaset who will be assisting Oleg Biryulyov. We would like to thank Habib for his contribution as co-Manager. Pandora Omaset is also the lead portfolio manager for the JPMorgan Africa Fund. JPMAM's EMAP team consists of 100+ investment professionals based in both the UK and overseas. The Company benefits greatly from the extensive experience of the investment management team that have many years of experience of investing in Russia and emerging markets through previous severe global market disruptions. The Board receives regular reports on the service levels of the Manager and its key service providers and formally evaluated their services in September 2022. Following that review the Board concluded that it was satisfied with the current levels of service.

As previously announced JPMorgan Funds Limited waived their fee with effect from 1st March 2022, as a result of Russia's invasion of Ukraine. In the current financial year, the waiver of the management fee continued to apply on the value of the Company's Russian held securities. From 1st January 2023, the management fee has been reinstated in respect of the Company's net assets excluding the Russian holdings.

### Annual general meeting

The Company's Annual General Meeting (AGM) will be held on Tuesday 7th March 2023 at 2.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP. We are pleased that this year we will once again be able to invite shareholders to join us in person for the Company's AGM, hear from the Investment Managers and ask questions. Shareholders wishing to follow the AGM proceedings but choosing not to attend in person will be able to view proceedings live and ask questions (but not vote) through conferencing software. Details on how to register, together with access details, will be available shortly on the Company's website at [www.jpmeemasecurities.com](http://www.jpmeemasecurities.com) or by contacting the Company Secretary at [invtrusts.cosec@jpmorgan.com](mailto:invtrusts.cosec@jpmorgan.com)

My fellow Board members, representatives of JPMorgan and I look forward to the opportunity to meet and speak with shareholders after the formalities of the meeting have been concluded. Shareholders who are unable to attend the AGM are strongly encouraged to submit their proxy votes in advance of the meeting, so that they are registered and recorded at the AGM. Proxy votes can be lodged in advance of the AGM either by post or electronically: detailed instructions are included in the Notes to the Notice of Annual General Meeting on pages 78 to 81.

If there are any changes to these arrangements for the AGM, the Company will update shareholders via the Company's website.

### Outlook

The outlook for relations between the West and Russia continue to appear to be grave. Western governments are seeking to reduce their reliance on Russian energy supplies. This, together with the continuing sanctions and exclusion of Russia from Western financial systems may destabilise and isolate Russia to such an extent that holding investments in the country becomes prohibited and/or

## Chairman's Statement

---

unviable. There can be no certainty as to if, or when the Russian markets will reopen, and the circumstances of the opening.

The Company's new investment objective at least helps steer the Company through this difficult period with the aim of generating as much value in the Company for shareholders as possible. The Investment Manager is expected to commence investment under the terms of the Company's new investment objective once the accounts and control and operation systems in the various jurisdictions have been set up. The new investments will have a tilt towards income and quality. Further details on the portfolio will be provided on the Company's website once available and an update will be provided at the AGM on 7th March 2023.

The challenge for the Board is to use the new investment objective to grow the Company's assets in a way that promotes the success of the Company for the benefit of the members as a whole. The Board is confident that, with the assistance of the JPMorgan EMAP team over the long term and a supportive political and regulatory environment, this aim is achievable.

**Eric Sanderson**

Chairman

25th January 2023

Notes:

A list of 'Frequently Asked Questions' was included in the Company's Half Year Report and Financial Statements (page 25), which is available to view on the Company's website.

An updated list of 'Frequently Asked Questions', including questions from shareholders following the proposal to widen the Company's Investment Objective and Policies, has been available to view on the Company's website since 28th November 2022.

The Company's current Principal Risks are highlighted on pages 24 to 28 of this report.

# Investment Managers' Report

## Overview and performance

Russia's military campaign against Ukraine commenced on 24th February 2022 with tragic results for the civilian population. New economic sanctions by the West on Russia and the introduction of restrictions on foreign ownership of Russian securities swiftly followed. These events resulted in the closure of Russian markets to western investors and a dramatic reduction in the valuation of the Company's assets in this annual reporting period to 31st October 2022.

Since the days following 24th February 2022, the Company has been unable to trade its Russian securities and has been prohibited from exporting or reinvesting dividends received from our holdings. In addition, western registered news services have ceased distribution of data on the Company's benchmark, the RTS index. With the Russian market effectively 'frozen' there is no performance data for the Company to report for the year ended 31st October 2022.

## Portfolio activity

Since the 24th February 2022 the Company has been prohibited from trading its Russian securities. The Company currently owns three securities that have been sanctioned by OFAC; Sberbank, VTB and Severstal. Due to the restrictions put in place by the Russian authorities that prohibit all trading on the Moscow Stock Exchange, the Company, in line with all other investors holding Russian stocks in similar circumstances, is currently unable to sell these securities. In May 2022, we took the opportunity to de-risk the portfolio by selling the Company's holdings in Kazakh stock. Where possible, the Company's holdings in ADR/GDRs have been transferred into local stock. At 31st October 2022, the Company's portfolio consisted of 27 Russian securities. The Company's net asset value reduced by approximately 95% in the reporting period.

Shareholders' approved the Company's new investment objective on 23rd November 2022. The set-up of the accounts and control and operation systems in the various jurisdictions that will allow investment to commence are expected to be completed shortly. Once available, further details will be provided in the Portfolio section of the Company's website.

## Outlook

We are pleased that shareholders have approved the widening of the Company's investment objective in order to allow investments in Emerging Europe, Middle East and Africa. In addition, it is good time to welcome Pandora Omaset as a named investment manager to replace Habib Saikaly and her experience as a portfolio manager for the JPMorgan Africa Fund should prove valuable. We look forward to striving to maximise total returns to shareholders from a diversified portfolio of investments through this difficult period.



**Oleg I. Biryulyov**  
Investment manager



**Pandora Omaset**  
Investment manager

**Oleg I. Biryulyov**

**Pandora Omaset**

Investment Managers

25th January 2023

## Environmental, Social and Governance ('ESG') Report

### Environmental, Social and Governance Report

We seek to identify investee companies that run their businesses in a sustainable and efficient way, with high quality board decision-making, and aim to influence their behaviour and encourage best practice through dialogue. We engage on multiple topics that affect valuation and propriety.

### Note

Russia's invasion of Ukraine on 24th February 2022 and the effective closure of trading on the Russian equity markets has prevented the Company's Manager from applying its usual ESG procedures to the Russian securities in its portfolio. The following details below refer to the usual JPMorgan ESG processes that applied to all the companies in the Company's portfolio before the invasion and all the securities acquired under the Company's newly widened investment objective after this reporting period. The Company's ESG processes detailed below in respect of its Russian held securities will recommence as soon as permissible.

### The basics: what is ESG?

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

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

**G is for Governance.** This component relates to how companies are managed. It considers the measures that protect shareholder interests as well as the way any company meets regulatory and other external obligations. Awareness of these issues has increased significantly in recent years within the asset management industry, including the investment managers responsible for the Company's portfolio, among the Board members of your Company, among shareholders and potential shareholders in the Company and, indeed in society at large.

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

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

### Why do we integrate ESG into our investment processes?

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



## Environmental, Social and Governance ('ESG') Report

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

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

### How do we integrate ESG into our investment processes?

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

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

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

Russia's invasion of Ukraine on 24th February 2022 led to the withdrawal of the distribution by western news services of data on the Company's former benchmark. Therefore, carbon footprint data for the portfolio against its benchmark has not been provided in this report. The reporting of carbon footprint data of the Company's Russian companies against a suitable comparative index will recommence as soon as permissible.

### Engagement

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

Russia's invasion of Ukraine and the sanctions and restrictions that followed prevented the Company from undertaking its usual stewardship and engagement activities with the Russian companies in its portfolio. These activities in respect of the Russian companies in the Company's portfolio will be recommence as soon as permissible.

### Proxy voting

J.P. Morgan Asset Management exercises the voting rights of shares held in client portfolios, where entrusted with this responsibility. We seek to vote in a prudent and diligent manner, based exclusively on our reasonable judgement of what will best serve the financial interests of our clients. We will aim to vote at all meetings called by the companies in which we are invested, unless there are any market restrictions or conflicts of interests.

We believe that corporate governance is integral to our investment process. We examine the share structure and voting structure of the companies in which we invest, as well as the board balance, oversight functions and remuneration policy. For full details, please see the J.P. Morgan Asset Management Corporate Governance Policy & Voting Guidelines, copies of which are available on request, or to download from our website.

Following Russia's invasion of Ukraine on 24th February 2022, the Company did not vote its shares in its Russian held companies except where not to vote would result in the Company incurring mandatory obligations. Voting activity in the Company's Russian holdings will recommence as soon as permissible.

## Environmental, Social and Governance ('ESG') Report

### JPMorgan Emerging Europe, Middle East & Africa Securities plc: Voting at shareholder meetings

	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against/ Abstain
Company Articles	2	0	0	0	2	0
Compensation	2	0	0	0	2	0
Director Related	2	0	0	0	2	0
Routine Business	12	0	0	0	12	0
Miscellaneous	2	0	0	0	2	0
<b>Total</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>0</b>

### The future

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

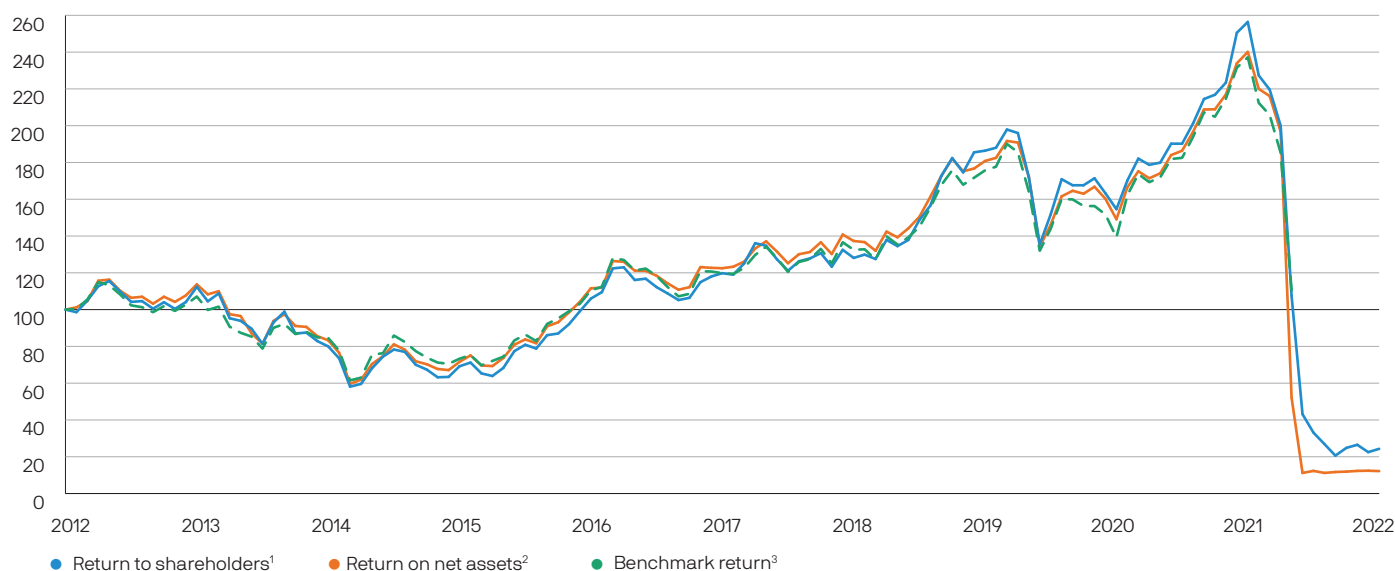
### J.P. Morgan Asset Management



# Ten Year Record

## Ten year performance

Figures have been rebased to 100 at 31st October 2012



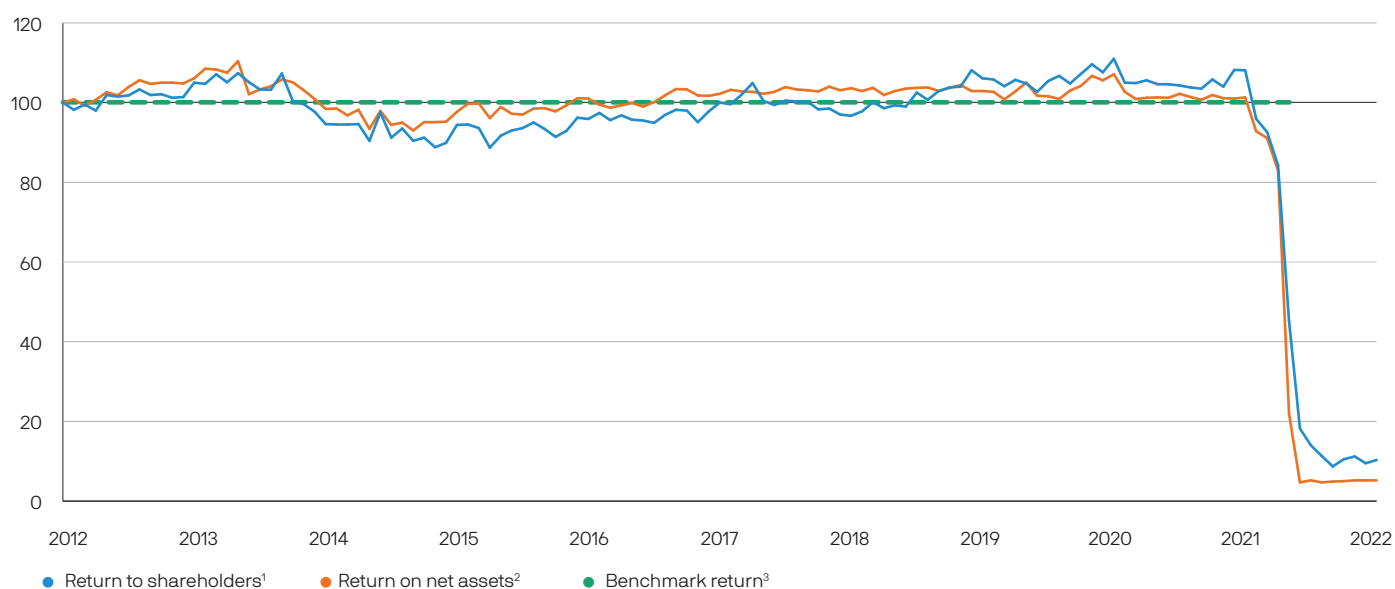
<sup>1</sup> Source: Morningstar.

<sup>2</sup> Source: Morningstar/J.P. Morgan, using net asset value per share.

<sup>3</sup> Source: RTS Index in sterling terms (RTS). Prior to 1st November 2016, MSCI Russian 10/40 Equity Indices Index in sterling terms. Following Russia's invasion of Ukraine on 24th February 2022, the Moscow Exchange (MOEX) has been closed to many overseas investors, including the Company. This has resulted in the Company being prohibited from trading, thereby negating the purpose of measuring the Company's performance against its benchmark. Furthermore, during the reporting period data from many Russian benchmarks, including the Company's ceased to be distributed by western news services.

## Performance relative to benchmark

Figures have been rebased to 100 at 31st October 2012



<sup>1</sup> Source: Morningstar.

<sup>2</sup> Source: Morningstar/J.P. Morgan, using net asset value per share.

<sup>3</sup> Source: RTS Index in sterling terms (RTS). Prior to 1st November 2016, MSCI Russian 10/40 Equity Indices Index in sterling terms. Following Russia's invasion of Ukraine on 24th February 2022, the Moscow Exchange (MOEX) has been closed to many overseas investors, including the Company. This has resulted in the Company being prohibited from trading, thereby negating the purpose of measuring the Company's performance against its benchmark. Furthermore, during the reporting period data from many Russian benchmarks, including the Company's ceased to be distributed by western news services.

## Ten Year Record

### Ten year financial record

At 31st October	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net assets (£'m)	298.8	332.4	236.4	194.6	284.9	300.4	303.2	360.3	266.1	397.0	18.9
Net asset value per share (p) <sup>A</sup>	555.2	631.1	450.0	371.9	544.3	574.7	617.6	780.8	613.4	973.6	46.7
Share price (p)	498.0	560.0	386.8	320.5	455.0	491.5	500.0	694.0	545.0	864.0	79.0
Share price (discount)/premium (%) <sup>A</sup>	(10.3)	(11.3)	(14.0)	(13.8)	(16.4)	(14.5)	(19.0)	(11.1)	(11.2)	(11.3)	69.1
Gearing/(net cash) (%) <sup>A</sup>	(2.1)	(2.3)	(1.0)	(1.4)	(1.8)	(2.1)	(1.3)	(0.8)	(1.6)	(2.8)	(89.8)
Ongoing charges (%) <sup>A</sup>	1.51	1.44	1.50	1.43	1.40	1.33	1.33	1.28	1.29	1.21	1.22

### Year ended 31st October

Gross revenue (£'000)	8,589	12,902	9,383	13,598	11,109	15,980	19,207	25,025	20,207	19,701	6,029
Revenue (loss)/return per share (p)	5.03	18.14	13.38	19.60	15.47	23.97	29.58	40.04	34.01	35.53	10.66
Dividends per share (p) <sup>1</sup>	—	15.3	13.0	17.0	14.0	21.0	26.0	35.0	35.0	35.0	15.0

### Rebased to 100 at 31st October 2012

Total return to shareholders <sup>2,A</sup>	100.0	112.4	80.0	69.2	106.0	119.8	128.1	186.4	154.4	256.4	24.3
Total return on net assets <sup>3,A</sup>	100.0	113.7	83.3	71.6	111.6	122.5	137.3	180.8	149.1	240.1	12.2
Benchmark total return <sup>4</sup>	100.0	107.1	84.6	73.3	110.5	119.8	132.5	175.7	139.3	237.2	n/a

<sup>1</sup> 2015 includes a special dividend of 4.0p.

<sup>2</sup> Source: Morningstar.

<sup>3</sup> Source: Morningstar/J.P. Morgan, using net asset value per share.

<sup>4</sup> Source: RTS Index in sterling terms (RTS). Prior to 1st November 2016, the Company's benchmark was the MSCI Russian 10/40 Equity Indices Index in sterling terms. Following Russia's invasion of Ukraine on 24th February 2022, the Moscow Exchange (MOEX) has been closed to many overseas investors, including the Company. This has resulted in the Company being prohibited from trading, thereby negating the purpose of measuring the Company's performance against its benchmark. Furthermore, during the reporting period data from many Russian benchmarks, including the Company's ceased to be distributed by western news services.

<sup>A</sup> Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 82 to 84.

## Portfolio Information

## Ten largest investments

At 31st October

Company	Sector	2022 Valuation <sup>5</sup>		2021 Valuation	
		£'000	% <sup>1</sup>	£'000	% <sup>1</sup>
LUKOIL	Energy	405	21.1	46,405	12.0
Gazprom <sup>2</sup>	Energy	249	13.0	74,727	19.4
Novatek	Energy	241	12.6	25,379	6.6
Sberbank of Russia	Financials	231	12.0	56,282	14.6
MMC Norilsk Nickel	Materials	149	7.8	16,239	4.2
Rosneft Oil	Energy	139	7.2	26,241	6.8
Novolipetsk Steel <sup>3</sup>	Materials	97	5.1	8,415	2.2
Magnit <sup>3</sup>	Consumer Staples	59	3.1	6,931	1.8
Gazprom Neft <sup>3</sup>	Energy	53	2.8	6,591	1.7
Tatneft <sup>3</sup>	Energy	49	2.5	6,930	1.8
<b>Total<sup>4</sup></b>		<b>1,672</b>	<b>87.2</b>		

<sup>1</sup> Based on total investments of £1.9m (2021: £385.8m).<sup>2</sup> Includes ADR<sup>3</sup> Not included in the ten largest equity investments at 31st October 2021.<sup>4</sup> At 31st October 2021, the value of ten largest equity investments amounted to £296.4m representing 76.9% of total investments.<sup>5</sup> The Company has applied an alternative valuation method and for securities traded on MOEX a fair value adjustment has been applied to the last trade price on 25th February 2022. For American Depositary Receipts and Global Depositary Receipts a fair value adjustment has been applied to the last trade price on 2nd March 2022. See Accounting Note 1 (b) for details of the fair value valuation method applied.

A glossary of terms and APMs is provided on pages 82 to 84.

## Sector analysis

	31st October 2022		31st October 2021	
	Portfolio % <sup>1</sup>	Benchmark % <sup>2</sup>	Portfolio % <sup>1</sup>	Benchmark %
Energy	59.2	—	48.3	42.1
Materials	15.3	—	9.9	16.7
Financials	14.5	—	22.5	22.0
Communication Services	4.7	—	6.1	10.7
Consumer Staples	3.1	—	5.6	3.3
Consumer Discretionary	2.1	—	2.4	2.5
Health Care	1.1	—	0.9	—
Information Technology	—	—	3.2	—
Utilities	—	—	1.1	1.4
Industrials	—	—	—	1.2
Real Estate	—	—	—	0.1
<b>Total</b>	<b>100.0</b>	<b>—</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £1.9m (2021: £385.8m).<sup>2</sup> As at 31st October 2022 the Moscow Exchange (MOEX) Index is not available as a Benchmark as the market is currently suspended to certain overseas investors.

## Portfolio Information

### List of investments

At 31st October 2022

Company	Valuation £'000
<b>Energy</b>	
LUKOIL	405
Gazprom including ADR	249
Novatek	241
Rosneft Oil	139
Gazprom Neft	53
Tatneft	49
	<b>1,136</b>
<b>Materials</b>	
MMC Norilsk Nickel	149
Novolipetsk Steel	97
Polyus	47
Severstal Pao GDR	–
	<b>293</b>
<b>Financials</b>	
Sberbank of Russia	231
VTB Bank	44
TCS GDR	2
	<b>277</b>
<b>Communication Services</b>	
Rostelecom	46
Yandex	28
Sistema	16
	<b>90</b>

Company	Valuation £'000
<b>Consumer Staples</b>	
Magnit	59
X 5 Retail, GDR	1
	<b>60</b>
<b>Consumer Discretionary</b>	
Detsky Mir	36
Fix Price, GDR	5
	<b>41</b>
<b>Health Care</b>	
Md Medical Group Investments, GDR	21
	<b>21</b>
<b>Total Investments</b>	
	<b>1,918</b>

See glossary of terms and APM's on page 84 for definition of ADR and GDR.

## Company Purpose, Investment Objective, Policies and Guidelines

The aim of the Strategic Report in pages 4 to 31 is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. To assist shareholders with this assessment, the Strategic Report sets out the structure and objective of the Company, its investment policies and risk management, investment limits and restrictions, performance and key performance indicators, share capital, principal risks and how the Company seeks to manage those risks, including the Company's environmental, social and ethical policy, future developments and long term viability.

### The Company's Purpose, Values, Strategy and Culture

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

### Structure and Objective of the Company

The Company was launched in 2002 and is an investment trust with a premium listing on the London Stock Exchange. Its objective is to maximise total returns to shareholders, from investing in Emerging Europe (including Russia), Middle East and Africa. In seeking to achieve this objective the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') which in turn delegates portfolio management to JPMorgan Asset Management (UK) Limited ('JPMAM') to actively manage the Company's assets. The Board has determined investment policies and related guidelines and limits, as described below. It aims to maximise total returns for shareholders, in the long term with net dividends reinvested, expressed in sterling terms. The Company is subject to UK legislation and regulations including UK company law, UK Financial Reporting Standards, the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, the Market Abuse Regulations, taxation law and the Company's own Articles of Association. Since 31st December, 2021, new autonomous UK regulations became effective replacing those of the EU regulations. Those EU regulations that were relevant to the Company, have been incorporated by UK regulations and therefore, remain unchanged.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HMRC as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). As a result the Company is not liable to taxation on capital gains. The Directors have no reason to believe that approval will not continue to be retained.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 8 to 12, and in the Investment Manager's Report on page 13.

### Investment Policies and Risk Management

In order to achieve its objective and manage risk, the Company invests in a diversified portfolio of investments primarily in securities or other companies which operate in Emerging Europe (including Russia), Middle East and Africa. The investment portfolio is managed by Oleg Biryulyov, a Russian fund manager, currently based in London, and assisted by Pandora Omaset as a named investment manager together with full support from JPM Emerging Markets and Asia Pacific team (EMAP), including sector specialists. The Board also discusses the economy and political developments of the countries invested in depth at Board meetings and considers the possible implications for the investment portfolio.

### Investment Limits and Restrictions

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

- The Company will not normally invest in unlisted securities.
- At the time of purchase, the maximum permitted exposure to each individual company is 15% of the Company's gross assets.
- The Company will not normally invest in derivatives.
- The Company will utilise liquidity and borrowings in a range of 10% net cash to 15% geared (calculated at the time of drawdown), in typical market conditions.
- No more than 15% of gross assets are to be invested in other UK listed investment companies (including investment trusts).

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

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

The economic sanctions introduced by the USA and European Union against Russia and Crimea since 2014 continue and were augmented in following Russia's invasion of Ukraine on 24th February 2022. The Manager undertakes regular checks of holdings to ensure compliance and reports to the Board. The Board has also implemented a rapid response communication process with the Manager, which allows the Board to receive immediate updates from the Manager and take decisions as quickly as possible.

## Company Purpose, Investment Objective, Policies and Guidelines

### Active Fund Management Rationale

JPMAM's investment process has been specifically designed for emerging markets and has been refined over 20 years of active management experience in the region.

Highlights of the investment strategy are:

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

JPMAM has managed emerging market equity mandates since 1991. JPMAM's EMAP team is responsible for managing all global, regional and single country Emerging Markets and Asia Pacific equity portfolios, with investment professionals located in eight locations across the globe. The EMAP Equities team managed USD 145 billion in assets globally at the end of this reporting period.

### Performance

In the year ended 31st October 2022, the Company produced a total return to shareholders of -90.5% and a total return on net assets of -94.9%. A Benchmark is not available to allow a comparison. As at 31st October 2022, the value of the Company's investment portfolio was £1,918,000. The Investment Manager's Report on page 13 includes a review of developments during the year.

The results of the investment strategy, as detailed above, and the performance of the Company against its reference index, as identified on page 83 are regularly reviewed by the Board together with data relating to the performance of the Company's Peers and feedback from some of the major shareholders. The Board also considers factors likely to affect the future performance of the Company.

### Total Return, Revenue and Dividend

Gross total loss for the year totalled £352,832,000 (2021: Gross total return £160,797,000). Net total loss after deducting management fee, administrative expenses, and taxation, amounted to £355,177,000 (2021: Net total return £154,174,000). Net revenue return after taxation for the year amounted to £4,314,000 (2021: £15,030,000).

### 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 detailed below. The application of these performance measures were interrupted following Russia's invasion of

Ukraine on 24th February 2022. This is because the Moscow Exchange (MOEX) was closed to many overseas investors, including the Company. This resulted in the Company being prohibited from trading, thereby negating the purpose of measuring the Company's performance against its benchmark. Furthermore, during the reporting period data from many Russian benchmarks, including the Company's ceased to be distributed by western news services.

#### ● Performance against the reference index

The principal objective is to maximise total return. However, since Russia's invasion of Ukraine in the reporting period and subsequent closure of the Russian market to western companies it was not possible to measure the Company's performance against its benchmark. See the Continuation Vote and Tender section of the Chairman's Statement on page 10 and the foot note on page 6 for further details on this subject. For details of the Company's reference index following the amendment to its investment objective on 23rd November 2022 see the Company's Key Features on page 83.

#### ● Performance against the Company's peers

The Board also monitors the performance relative to a broad range of competitor funds. The Company's performance and that of its peers have all suffered dramatic reductions in performance since Russia's invasion of Ukraine. Following the amendment to the Company's investment objective on 23rd November 2022, the Company's performance will be compared with a wide range of peers.

#### ● Performance attribution

Since Russia's invasion of Ukraine in the reporting period it was not possible to measure the Company's performance attribution. Following the amendment to the Company's investment objective on 23rd November 2022, the Company's performance attribution will be resumed.

The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its reference index, i.e. to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection.

#### ● Share price discount to net asset value ('NAV') per share

For details of the Company's Discount Control see the Chairman's statement on page 10. Since Russia's invasion of Ukraine on 24th February 2022, the Board withdrew its share buyback commitment. In the year ended 31st October 2022, the shares traded between a premium of 233.0% and discount of 15.7%. See also the Share Capital section below for further details.



## Company Purpose, Investment Objective, Policies and Guidelines

### Discount Performance



Source: Datastream.

#### ● Ongoing charges

The Ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net assets during the year. The Ongoing charges for the year ended 31st October 2022 were 1.22% (2021: 1.21%). The Board reviews each year an analysis which shows a comparison of the Company's Ongoing charges and during the period negotiated a fee waiver with the Manager effective from 1st March 2022. The Management fee will be reinstated with effect from 1st January 2023 on the Company's non-Russian held assets.

### Share Capital

During the year, the Company bought back and canceled 340,000 of its own shares (approximately 0.8% of the Company's share capital) for a consideration of £2.5 million. Between 1st November 2022 and 25th January 2023, the Company has repurchased no shares. Further details regarding the Company's purchase of its own shares can be seen in the Chairman's report on page 10.

For details of the Company's Continuation Vote and Discount Control arrangements, including recent updates, see Key Features at the front of this document.

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

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

### Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board.

At 31st October 2022, there were three male Directors on the Board.

In the recruitment of Dan Burgess, the most recently appointed director, a short list of four candidates were

selected for the final round of interviews and three of those short listed candidates were female. However, the most qualified candidate for the role was male. Russia's invasion of Ukraine on 24th February 2022 has limited the Company's ability to recruit a diverse board of directors until the Company's revenue generation and outlook have been stabilised. For further details of the changes to the Board during the period please see the Directors section of the Chairman's Statement.

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

### Environmental, Social and Governance ('ESG')

The Board notes JPMAM's global policy statements in respect of Environmental, Social and Governance issues, as highlighted in *italics* below. The application of these policies in respect of the Company's Russian held assets has been limited following Russia's invasion of Ukraine and the subsequent introduction of sanctions which effectively closed the Russian market to the Company.

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

*JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. The Manager has implemented a policy which seeks to restrict investments in securities issued by companies that have been identified by an independent third party provider as being involved in the manufacture, production or supply of cluster munitions, depleted uranium ammunition and armour and/or anti-personnel mines. Shareholders can obtain further details on the policy by contacting the Manager.*

### The Modern Slavery Act 2015 (the 'MSA')

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the

## Principal and Emerging Risks

organisation. As the Company has no employees and does not supply goods and services, the MSA does not apply directly to it. The MSA requirements more appropriately relate to JPMF and JPMAM. JPMorgan's statement on the MSA can be found on the following website:

<https://www.jpmorganchase.com/about/ourbusiness/human-rights>

### Future Developments

The future development of the Company is dependent upon the success of the Company's investment strategy in the light of economic and equity market developments. The Chairman and Investment Managers discuss the outlook in their respective reports on pages 8 and 13.

### Greenhouse Gas Emissions

The Company is managed by JPMF with portfolio management delegated to JPMAM. It has no employees and all of its Directors are Non-executive, the day to day activities being carried out by third parties. There are, therefore, no disclosures to be made in respect of employees. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint and therefore qualifies as a low energy user and is exempt from reporting under the Streamlined Energy &

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

### Corporate Criminal Offence

The Company maintains zero tolerance towards tax evasion. Shares in the Company are purchased through intermediaries or brokers, therefore no funds flow directly into the Company.

### Principal and Emerging Risks

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. With the assistance of JPMF, the Audit & Risk Committee has drawn up a risk matrix, which identifies the key risks to the Company. These are reviewed and noted by the Board. The risks identified and the broad categories in which they fall, and the ways in which they are managed or mitigated are summarised below. The AIC Code of Corporate Governance requires the Audit & Risk Committee to put in place procedures to identify emerging risks. The key emerging risks identified are also summarised below.

Principal risk	Description	Mitigating activities
Investment Management and Performance		
Investing in Emerging Markets	Investors should note that there are significant risks inherent in investing in emerging market securities not typically associated with investing in securities of companies in more developed countries. In terms of gauging the economic and political risk of investing in emerging markets, it frequently appears in the higher risk categories when compared with most Western countries. The value of emerging market 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 emerging markets and, in particular, the risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership. Such factors may lead to a reduction in the size of the Company's net assets and becoming unviable. Russia's invasion of Ukraine on 24th February 2022 led to the realisation of some of the above risks and Russia becoming a pariah state for western investors.	Following Russia's invasion of Ukraine on 24th February 2022, the prohibition of trading of Russian securities, prohibition on the receipt of dividends and reduction in the value of the Company by circa 95% led the Board to propose a shareholder resolution to widen the Company's investment objective and permit investments in Emerging Europe, Africa & Middle East. Shareholders approved the widening of the Company's investment objective on 23rd November 2022. The Board also suspended its dividend payment policy and the Company's financial statements no longer reflect dividends receivable. The Board's activities included reviewing the reductions in the value of the Company's portfolio, discount/premium to share price, sanctions, counter-parties status, inability to trade stocks and review of investment strategy.



## Principal and Emerging Risks

Principal risk	Description	Mitigating activities
Investment Management and Performance		
Share Price Discount to Net Asset Value ('NAV') per Share	If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The widening of the discount can be seen as a disadvantage of investment trusts which could discourage investors. Although it is common for an investment trust's shares to trade at a discount, particular events can negatively impact market sentiment. Due to the market volatility following Russia's invasion of Ukraine the Company's shares have traded at a premium.	<p>The prohibition of trading of securities in Russian companies held in the Company's portfolio which was introduced following Russia's invasion of Ukraine on 24th February 2022 led the Board to suspend its share buy back policy. In addition the Board has withdrawn its commitment to provide a tender offer based on performance of the Company against the RTS benchmark in the five year period to 31st October 2026.</p> <p>In normal market conditions the Board monitors the Company's discount level and seeks, where deemed prudent, to address imbalances in the supply and demand of the Company's shares through a programme of share buybacks. For details of the Company's Continuation Vote, including recent updates, see Key Features at the front of this document.</p>
Investment Under-performance and Strategy	An inappropriate investment strategy, for example asset allocation may lead to underperformance against the Company's reference index and peer companies.	<p>Following Russia's invasion of Ukraine on 24th February 2022, the prohibition of the trading of Russian securities led to the closure of the Russian market to the Company and its peers together with the cessation of reporting of benchmark data by western news companies. The Board managed these unprecedented events by keeping regularly updated regarding compliance with sanctions and ensuring sufficient liquidity in order to maintain a going concern basis. The Board also waived the Company's current investment guidelines to help address the unprecedented market conditions.</p> <p>In normal market conditions, the Board manages these risks by diversification of investments through its investment restrictions and guidelines, which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the investment managers, who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile. Following adoption of the new mandate the board intends to re-commence this process for new investments.</p> <p>The Company has amended its investment objective to widen its investment to include Emerging Europe, Middle East and Africa. Possible actions that the Board may consider to address underperformance include changing the portfolio manager or selecting another manager.</p>

## Principal and Emerging Risks

Principal risk	Description	Mitigating activities
<b>Investment Management and Performance</b>		
Failure of Investment Process	A failure of process could lead to losses.	The Manager mitigates this risk through internal controls and monitoring. Fraud requires immediate notification to the Board and regular reports are provided on control processes.
Loss of Investment Team or Investment Manager	The sudden departure of the investment manager or several members of the wider investment management team could result in a short term deterioration in investment performance.	The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team based approach, as well as special efforts to retain key personnel.
Market and Financial	The Company's assets consist of listed securities and it is therefore exposed to movements in the prices of individual securities and the market generally.	<p>During the current period of prohibition on the trading of Russian securities, a fair value valuation method involving a 99% provision against the Company's Russian investments was applied. In normal market conditions the Board considers asset allocation and stock selection on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by the Manager. The financial risks faced by the Company include market price risk, interest rate risk, foreign currency risk, liquidity risk and credit risk.</p> <p>Further details are disclosed in note 21 on pages 69 to 74. The Manager regularly monitors the liquidity of the portfolio including determining the market valuation of securities held, the average daily volume and number of days to liquidate a holding.</p>
<b>Operational Risks</b>		
Cyber Crime	Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the Depositary or custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Under the terms of its agreement, the Depositary has strict liability for the loss or misappropriation of assets held in custody. See note 21(c)) for further details on the responsibilities of the Depositary.	Details of how the Board monitors the services provided by JPMF and its associates and the key elements designed to provide effective internal control are included within the Internal Control section of the Corporate Governance report on page 39. The threat of Cyber attack is increasing and regarded as having the ability to cause equivalent disruption to the Company's business as more traditional business continuity and security threats. The Company benefits from JPMorgan's Cyber Security Programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested by independent auditors PricewaterhouseCoopers and reported every six months against the AAF standard.

## Principal and Emerging Risks

Principal risk	Description	Mitigating activities
<b>Regulatory Risks</b>		
Board Relationship with Shareholders	The risk that the Company's strategy and performance does not align with shareholders expectations.	The Manager addresses this by the organisation of an email address on the Company's website whereby shareholders can raise questions. Feedback from shareholders is received directly through the email address provided on the Company's website and via brokers which is fed back to the Board regularly. At a shareholding meeting on 23rd November 2022 to vote on the resolution to widen the Company's investment objective, 38.68% of shareholders voted against the proposal. As more than 20% of votes had been cast against the Board recommendation for a resolution, the Company has complied with the AIC Code of Corporate Governance and explained through this report, and RNS announcements the action that has been taken to consult shareholders to understand the reasons behind the result and the actions taken.
Political and Economic	Changes in financial or tax legislation may adversely affect the Company. In addition, the Company is subject to administrative risks, such as the imposition of restrictions on the free movement of capital. A widening of the capital controls by the Russian Government could negatively impact the Company. The introduction of limitations on the ability of Russian companies to distribute dividends to foreign companies could materially reduce the Company's revenue and amount available for distribution to shareholders. The Company may not be able to trade Russian holdings or find a counter party to trade with.	The Manager makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. The Manager closely monitors political and economic developments and reports significant events to the Board either at scheduled meetings or when an event arises. The Board factor in the status of current political and economic developments in their decision making. See above for details of the Board's responses to Russia's invasion of Ukraine including the prohibition on receipt of dividends from Russian held companies and the Board's withdrawal of the Company's dividend payments until further notice.
Regulatory and Legal	Breach of regulatory rules, including sanctions 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 Board has remained informed of the impact of the sanctions and restrictions that followed Russia's invasion of Ukraine on 24th February 2022. Moreover, the Board sought and received FCA approval for the change to its investment objective, which includes investment in Russia. HMRC also confirmed the continuation of the Company's investment trust status. The Board, with the assistance of the Manager, monitors the Company's activities to ensure that they remain compliant with the current sanctions regime including the specific requirements applicable to the Manager as a company subject to the laws of the United States of America and other jurisdictions that it operates in. The Directors seek to comply with all relevant regulation and legislation and rely on the services of its Company Secretary, the Manager, and its professional advisors to monitor compliance with all relevant requirements. The Board and its Committees reviews the status of the Company's regulatory and legal requirements at regular internals.

## Principal and Emerging Risks

Principal risk	Description	Mitigating activities
Climate Risks		
Climate Change	Climate change, which barely registered with investors a decade ago, has today become one of the most critical issues confronting asset managers and their investors. Investors can no longer ignore the impact that the world's changing climate will have on their portfolios, with the impact of climate change on returns now inevitable.	The Board is also considering the threat posed by the direct impact on climate change on the operations of the Manager and other major service providers. As extreme weather events become more common, the resiliency, business continuity planning and the location strategies of our services providers will come under greater scrutiny. In normal market conditions, the Board also receives ESG reports from the Manager and the way ESG considerations are integrated into the investment decision-making.
Emerging risk	Description	Mitigating activities
Global Crisis	A wide scale economic crisis which could be caused by a number of catastrophic events such a climate change, may cause significant reductions in the valuations of companies in the portfolio.	The Board keeps informed of economic developments and latest ESG requirements through regular updates through the Manager.
Global Trade Protectionism	A reduction in the global trading arising from increased barriers to trade is a risk to economic growth, to investors' risk appetites and, consequently, to the valuations of companies in the portfolio.	The Board can, with shareholder approval, look to amend the investment policy and objectives of the Company to gain exposure to or mitigate the risks.

## Long Term Viability

Taking account of the Company's current position, the principal risks that it faces and their potential impact on its future development and prospects, the Directors have assessed the prospects of the Company, to the extent that they are able to do so, over the next five years. They have made that assessment by considering those principal risks, the Company's investment objective and strategy, the investment capabilities of the Manager and the current outlook for the Russian economy and equity market.

The assessment has included the current crisis following Russia's invasion of Ukraine on 24th February 2022 and the Covid-19 pandemic and the potential impact and the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience. Although the total cost of Russia's invasion of Ukraine and the Covid-19 pandemic is currently hard to predict with any certainty, we do not believe that it calls into question the long term viability of the Company, particularly as the Company has widened its investment objective and policies to include Emerging Europe, Middle East & Africa on 23rd November 2022, has no loan covenants or liabilities that cannot be readily met and the Manager has systems in place that allow it to continue operations in periods of lock-down. It has also

taken into account the fact that the Company has a continuation vote at the 2027 Annual General Meeting and, with input from the Company's major shareholder and its broker, and the number of years remaining for recovery ahead of the continuation vote, the expectation is that the shareholders will vote in favour of continuation.

Based on that information the Directors do not think that the continuation vote will impact on the Company's long term viability. In determining the appropriate period of assessment the Directors had regard to their view that, given the Company's objective of maximising total returns, shareholders should consider the Company as a long term investment proposition. This is consistent with advice provided by independent financial advisers and wealth managers, that investors should consider investing in equities for a minimum of five years. Thus the Directors consider five years to be an appropriate time horizon to assess the Company's viability.

The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment.

## Duty to Promote the Success of the Company

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

The Board is responsible for all decisions relating to the Company's investment objective and policies, gearing, discount management, corporate governance and strategy, and for monitoring the performance of the Company's third party service providers, including the Manager. The Board's

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

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

### Stakeholder Engagement

#### Shareholder Engagement

Continued shareholder engagement is critical to the continued existence of the Company and the successful delivery of its long term strategy. The Board is focused on fostering and maintaining good working relationships with shareholders and understanding the views of shareholders in order to incorporate them into the Board's strategic thinking and objectives including views on the Company's five yearly continuation vote. Full details on how the Board ensures it is fully apprised of shareholder views and how it engages with all shareholder groups can be found on pages 38 and 39.

#### Manager

The principal supplier is the Manager, in particular the investment management team who are responsible for managing the Company's assets in order to achieve its stated investment objective. The Board maintains a good working relationship with the Manager, who also provides administrative support and promotes the Company through its investment trust sales and marketing teams. The Board monitors the Company's investment performance at each Board Meeting in relation to its objective and also to its investment policy and strategy. The Board also maintains strong lines of communication with the Manager via its dedicated company secretary and client director whose interactions extend well beyond the formal business addressed at each Board and Committee meeting. This enables the Board to remain regularly informed of the views of the Manager and the Company's shareholders (and vice versa).

#### Investee companies

The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Manager. In order to achieve this, the Manager has discretionary powers to exercise voting rights on behalf of the Company on all resolutions proposed by the investee companies. In respect of the year under review, the prohibition of trading Russian securities following Russia's invasion of Ukraine prevented the Company undertaking its usual engagement with the Russian companies in its portfolio. It was only able to vote a small number of meetings due to Russia's invasion of Ukraine. In normal market conditions the Manager engages with many of its investee companies and votes at the annual general meetings and extraordinary meetings held during the year by the Company's portfolio companies (full details are usually included in the ESG report on pages 14 to 16). The Board monitors investments made and divested and questions the Manager's rationale for exposures taken and voting decisions made.

#### Other key service providers

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

## Duty to Promote the Success of the Company

### Stakeholder Engagement

#### Wider society and the Environment

Although disrupted due to Russia's invasion of Ukraine in February 2022, strong long term investment performance is essential for an investment trust, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Manager must have regard to ethical and environmental issues that impact society. Hence environmental, social and governance ('ESG') considerations are integrated into the Manager's investment process and will continue to evolve. Further details of the Manager's integrated approach to ESG can be found on pages 14 to 16. These activities have been suspended due to Russia's invasion of Ukraine in February 2022 and are expected to be reinstated for securities acquired under the new investment objective.

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

### Key Decisions and Actions

#### Dividends Payable to Shareholders

Russia's invasion of Ukraine on 24th February 2022 and the sanctions and restrictions on receipt of dividends that followed significantly altered the Company's usual commitment to return revenue to shareholders. Shortly after the invasion, the Board announced that the current disruption prevented it from paying any further dividends in the year, but would resume as soon as possible.

#### Succession Planning

In normal market conditions, your Directors believe that shareholder interests are best served by ensuring a smooth and orderly succession for the Board which serves to provide both continuity and refreshment whilst ensuring diversity of both background and experience. Russia's invasion of Ukraine on 24th February 2022 and the sanctions and restrictions that followed disrupted the Company's succession plans. See the Directors section of the Chairman's Statement on page 10 for details of the changes to the composition of the Company's Board during the reporting period.

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

Russia's invasion of Ukraine on 24th February 2022 and the prohibition on the trading of the Company's shares resulted in a cessation of the buyback of shares in the Company. Shortly after the invasion, the Board announced that the current disruption prevented it from making any further buybacks of shares. For details of the Board's efforts during the reporting period in this regard, please see the Amendment of the Company's Investment Objective and Discount Control section of the Chairman's Statement on page 8.

### Other Actions that Continue to Promote the Success of the Company

In addition, for details of the Board's decisions regarding change of investment objective, change of name, confirmation of no current plans to issue shares that were made following Russia's invasion of Ukraine, see the Chairman's Statement on page 8 the Directors have kept under review the management fee and were pleased that the Manager agreed to waive the management fee with effect from 1st March 2022; continued to hold the Manager to account on their performance; undertaken a robust review of the principal and emerging risks faced by the Company. Furthermore, throughout the course of the crisis following Russia's invasion of Ukraine the Board has been in regular contact with the Manager, receiving regular updates on the operation effectiveness of the Manager and key service providers and on areas such as portfolio valuation and liquidity, and the premium to NAV at which the Company's shares currently trade.

By order of the Board

**Paul Winship**, for and on behalf of JPMorgan Funds Limited  
Company Secretary

25th January 2023





## Board of Directors



**Eric Sanderson** (Chairman of the Board and Management Engagement Committee)

A Director since 4th January 2021. Appointed as Chairman of the Board 4th March 2022.

**Last appointed to the Board:** March 2022.

Mr Sanderson is a highly experienced and well regarded Non-executive Director and Chairman with extensive knowledge of investment trusts. He is a Chartered Accountant and former CEO of British Linen Bank. He is currently Non-executive Chairman of BlackRock Greater Europe Investment Trust plc.

**Connections with Manager:** None.

**Shared directorships with other Directors:** None.

**Shareholding in Company:** 2,500.



**Nicholas Pink** (Chairman of the Nomination Committee)

A Director since 1st November 2019.

**Last appointed to the Board:** March 2022.

Mr Pink has extensive senior management experience in financial services with previous roles at UBS Investment Bank including Global Head of Research, Head of European Research, Head of Asia Research and Head of European Equities. Mr Pink is currently a Non-executive Director of Ruffer Investment Company Limited and Redburn (Europe) Limited.

**Connections with Manager:** None.

**Shared directorships with other Directors:** None.

**Shareholding in Company:** 3,000.



**Dan Burgess** (Chairman of the Audit Committee)

A Director since 4th January 2022

**Last reappointed to the Board:** March 2022.

Mr Burgess is a former Chartered Accountant and long serving partner at KPMG with good knowledge of investment trusts and experience working in Russia. He is currently Non-executive Director and Audit Committee Chairman of The European Smaller Companies Trust plc.

**Connections with Manager:** None.

**Shared directorships with other Directors:** None.

**Shareholding in Company:** None.

## Directors' Report

The Directors present their report and the audited financial statements for the year ended 31st October 2022.

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

### Management of the Company

The Manager and Company Secretary to the Company is JPMorgan Funds Limited ('JPMF'). Portfolio Management is delegated to JPMorgan Asset Management UK Limited (JPMAM).

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

The Management Engagement Committee conducts a formal evaluation of the performance of, and contractual relationship with, the Manager on an annual basis. Part of this evaluation includes a consideration of the management fees and whether the service received is value for money for shareholders.

The performance of the Manager has been thoroughly reviewed in the course of the year. The review covered the performance of the Manager, its management processes, investment style, resources and risk controls and the quality of support that the Company receives from the Manager including the marketing support provided. The Management Engagement Committee and the Board are of the opinion that the continuing appointment of the Manager is in the best interests of shareholders as a whole. Such a review is carried out on an annual basis.

### Management Agreement

The current Management Agreement was entered into with effect from 1st July 2014 following implementations of the Alternative Fund Manager Directive.

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

The Manager is remunerated at a rate of 0.9% per annum of the Company's net assets, payable monthly in arrears. With effect from 1st March 2022, the management fee was waived. From 1st January 2023, the management fee has been reinstated in respect of the Company's net assets excluding the Russian holdings.

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

### The Alternative Investment Fund Managers Directive ('AIFMD')

JPMorgan Funds Limited ('JPMF'), an affiliate of JPMorgan Asset Management UK Limited ('JPMAM'), has been appointed as the Company's alternative investment fund manager ('AIFM'). JPMF has been approved as an AIFM by the Financial Conduct Authority ('FCA'). For the purposes of the AIFMD the Company is an alternative investment fund ('AIF').

JPMF has delegated responsibility for the day to day management of the Company's portfolio to JPMAM. JPMF is required to ensure that a depositary is appointed to the Company. The Company therefore has appointed Bank of New York Mellon (International) Limited ('BNY') as its depositary. BNY has delegated its safekeeping function to the custodian, JPMorgan Chase Bank, N.A., however, BNY remains responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. Investor Disclosure Documents, which set out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information are available on the Company's website at [www.jpmeemeasecurities.com](http://www.jpmeemeasecurities.com)

There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider. As an authorised AIFM, JPMF will make the requisite disclosures on remuneration levels and policies to the FCA at the appropriate time.

### Going Concern

In assessing the Company's ability to continue as a going concern for at least 12 months, the Directors have considered the Company's investment objective (see page 21), risk management policies (see pages 69 to 74), capital management (see note 22), the nature of the portfolio and expenditure projections, and believe that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts. The Directors considered the current political environment in Russia, the impact of sanctions and the

## Directors' Report

Covid-19 pandemic in making its assessment. Considerations also included the effects of Russia's invasion of Ukraine and the closure of the Russian market that followed and the new investment objective. See also Long Term Viability Statement on page 29.

A resolution that the Company continue as an investment trust will be put to shareholders at the Annual General Meeting in 2027 and every five years thereafter.

### Directors

The Directors of the Company who held office at the end of the year are detailed on page 33.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 44. No changes have been reported to the Directors' shareholdings since the year end.

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

Dan Burgess was appointed as a Non-executive Director on 4th January 2022. Tamara Sakovska and Ashley Dunster stood down as Directors of the Company on 24th February and 1st March 2022 respectively. Gill Nott retired at the Company's AGM on 4th March 2022 and Eric Sanderson was appointed as Chairman of the Board on the same date in accordance with the Company's board succession plan. Dan Burgess was appointed as Chair of the Audit Committee on 4th March 2022.

### Director Indemnification and Insurance

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

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

### Disclosure of information to Auditors

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

- (a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act) of which the Company's auditors are unaware, and
- (b) each of the Directors has taken all the steps that he/she ought to have taken as a Director in order to make

himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

### Independent Auditor

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

### Annual General Meeting

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

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

#### (i) Authority to allot relevant securities and disapply pre-emption rights (resolutions 8 & 9)

The Directors will seek renewal of the authority to issue up to 2,021,809 new shares or shares held in Treasury other than by a pro rata issue to existing shareholders up to an aggregate nominal amount of £20,218, 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 82 to 84.

It is advantageous for the Company to be able to issue new shares to investors when the Directors consider that it is in the best interest of shareholders to do so. Any such issues would only be made at prices greater than the NAV.

#### (ii) Authority to repurchase the Company's shares for cancellation (resolution 10)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2022 Annual General Meeting, will expire on 7th March 2023 unless renewed at the 2023 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 82 to 84. 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.

## Corporate Governance Statement

### Recommendation

The Board considers that resolutions 8 to 10 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 5,500 shares representing approximately 0.01% of the voting rights in the Company.

### Corporate Governance

#### Compliance

The Board is committed to high standards of corporate governance. It has considered the principles and provisions of the AIC Code of Corporate Governance published in 2019 (the 'AIC Code'), which addresses the principles and provisions set out in the UK Corporate Governance Code (the 'UK Code') published in 2018, as they apply to investment trust companies. It considers that reporting against the AIC Code, therefore, provides more appropriate information to the Company's shareholders. Except where not practicable to undertake due to the crisis following Russia's invasion of Ukraine on 24th February 2022 the Board confirms that the Company has complied with the principles and provisions of the AIC Code, in so far as they apply to the Company's business, throughout the year under review. The latest disclosures required under the AIC Code have been added to this Report. As all of the Company's day-to-day management and administrative functions are outsourced to third parties, it has no executive directors, employees or internal operations and therefore has not reported in respect of the following:

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

#### Role of the Board

A management agreement between the Company and JPMorgan Funds Limited ('JPMF') (the Manager), sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administration, and some marketing services. All other matters are reserved for the

approval of the Board. A formal schedule of matters reserved to the Board for decision has previously been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements. The formal evaluation of the Manager is carried out by the Management Engagement Committee every year.

At each Board meeting, Directors' interests are considered, including the time available to fulfil their duties. These are reviewed carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved. It was resolved that there were no actual or indirect interests or other time commitments of a Director which conflicted with the interests of the Company, which arose during the year.

Following the introduction of The Bribery Act 2010, the Board has adopted appropriate procedures designed to prevent bribery. It confirms that the procedures have operated effectively during the year under review.

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

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

#### Board Composition

At the end of the reporting period, the Board consisted of three Non-executive Directors, all of whom are regarded by the Board as independent. Until the Company's revenue generation and outlook has been stabilised following Russia's invasion of Ukraine no further Board appointments are planned. The new Chairman's independence was confirmed upon the decision to appoint him and will be undertaken annually thereafter. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 33.

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.



## Corporate Governance Statement

### Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on page 33. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long term success of the Company, are summarised in the biographical details referred to above. All of the Directors held office throughout the year under review except Dan Burgess who was appointed on 4th January 2022. The length of appointment detailed below is calculated to the month of the Company's AGM in March 2023.

Resolution 3 is for the reappointment of Eric Sanderson. He joined the Board in January 2021 and has served for two year and two months as a Director and was appointed as Chairman following the AGM on 4th March 2022.

Resolution 4 is for the reappointment of Nicholas Pink. He joined the Board in November 2019 and has served for three years and four months as a Director.

Resolution 5 is for the appointment of Dan Burgess. He joined the Board in January 2022 and has served for one year and two months as a Director.

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

### Tenure

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

The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its Committees, confirms that Mr Sanderson, Mr Pink and Mr Burgess continue to be effective and demonstrate commitment to the role.

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

### Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Details of membership of committees are shown with the Directors' profiles on page 33.

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

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

Director	Board Meetings Attended	Audit Committee Meetings Attended	Management Engagement Committee	
			Meetings Attended	Meetings Attended
Eric Sanderson	4	2	1	1
Nicholas Pink	4	2	1	1
Dan Burgess	3	2	1	1

### Training and Appraisal

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter regular briefings are provided on changes in regulatory requirements that affect the Company and the Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts. Regular reviews of the Directors' training needs are carried out by the Chairman, and of the Board chairman by the Nomination Committee Chairman by means of the evaluation process detailed below.

### Board Committees

#### Nomination Committee

The Nomination Committee, chaired by Nicholas Pink, consists of all Directors and meets at least annually to ensure that the Board has the balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates, for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender. A variety of sources, including the use of external recruitment consultants, may be used to ensure that a wide range of candidates is considered. The recruitment of Dan Burgess was undertaken by Trust Associates, an independent third party external recruitment agent that has no other relationship with the Company.

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

## Corporate Governance Statement

been set against which to report. See the section on Board Diversity on page 23 for further details regarding the most recent director appointment. Until the Company's revenue generation and outlook has been stabilised following Russia's invasion of Ukraine no further Board appointments are planned.

The Committee conducts an annual performance evaluation of the Board, its committees and individual Directors to ensure that all Directors and the Chairman have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. This year questionnaires were completed by the Directors and the Chairman. The evaluation of the Directors; Chairman of the Audit Committee and Chairman of the Board was led by the Chairman of the Nomination Committee. The Committee also reviewed Directors' fees and made recommendations to the Board as required. Triennially the Nomination Committee will consider the appointment of an externally facilitated board evaluation process, as referred to in the AIC Corporate Governance Code. The subject was considered in 2022 and the Committee agreed that it would not be appropriate to undertake a review due to the instability caused by Russia's invasion of Ukraine and the recent changes in the Company's investment objective.

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

### Audit Committee

The report of the Audit Committee is set out on pages 41 and 42.

### The Management Engagement Committee

The membership of the Management Engagement Committee consists of all the independent Directors and is chaired by Eric Sanderson. Following the AGM on 4th March 2022, Eric Sanderson replaced Gill Nott as the Chair of the Management Engagement Committee. The Committee meets at least once a year to review the terms of the management agreement between the Company and the Manager, to review the performance of the Manager and fees, to review the notice period that the Board has with the Manager and to make recommendations to the Board on the continued appointment of the Manager following these reviews. During the year the investment management fee was reviewed. The key service providers of the Company are also reviewed. Further information is set out on page 34.

### Terms of Reference

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

## Relations with Shareholders

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

The Company's broker, investment managers and the Manager have regular discussions with larger shareholders. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 86. The Chairman can also be contacted via the Company's website by following the 'Ask us a question' link at [www.jpmeemeasecurities.com](http://www.jpmeemeasecurities.com).

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

The Company's Annual Report and Financial Statements is published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 86.

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

## Section 992 Companies Act 2006

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

### Capital Structure

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

### Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note 17 to the Notice of Annual General Meeting on page 67.

### Notifiable Interests in the Company's Voting Rights

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

Shareholders	Number of voting rights	%
City of London Investment Management	5,206,068	12.87

## Corporate Governance Statement

### Significant votes against at the 2022 General Meeting

At the Company's 2022 General Meeting (GM) held on 23rd November 2022, the Company received the following negative votes (as a proportion of the total votes cast) in respect of resolution 1:

1. To approve and adopt the new investment objective and policy as detailed in the circular published by the Company on 27th October 2022 –38.68%

Although the resolution at the Company's 2020 GM was passed, in line with Investment Association guidance, the above votes against are deemed to be 'significant'.

Since the results of the 2022 General Meeting, on instruction of the Board, the investor relations teams of the Company's Broker and Manager have assisted in providing responses to shareholders queries to address any concerns in relation to these negative votes.

Actions taken by the Board in response to this dialogue:

An updated Q&A schedule providing answers to 26 questions received from shareholders was uploaded on the Company's website on 28th November 2022.

### Risk Management and Internal Controls

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by the Manager and its associates, the Company's system of internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. See page 24 Principal Risks. This process has been in place for the year under review and up to the date of the approval of the Annual Report and Financial Statements. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Manager's internal audit department conducts regular and rigorous reviews of the

various functions within its asset management business. Any significant findings that are relevant to the Company and/or the Manager's investment trust business are reported to the Board. The key elements designed to provide effective internal control are as follows:

#### ● Financial Reporting

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

#### ● Management Agreement

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

#### ● Manager's Systems

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

#### ● Investment Strategy

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

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

- Reviews the terms of the management agreement and receives regular reports from the Manager's compliance department;
- Reviews the reports on the risk management and internal controls and the operations of its Depositary Bank of New York Mellon (International) Limited and its custodian JPMorgan Chase Bank, which are themselves independently reviewed; and
- Reviews every six months the independent reports on the internal controls and the operations of the Manager.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of internal control for the year ended 31st October 2022, and to the date of approval of this Annual Report and Financial Statements. Moreover, the controls accord with the Financial Reporting Council, Guidance on Risk Management, internal control and related Financial and Business Reporting.

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

## Corporate Governance Statement

---

### Corporate Governance and Voting Policy

Although disrupted by Russia's invasion of Ukraine and the subsequent closure of the Russian market to western investors, the Company delegates responsibility for voting to the Manager. Except where required to avoid mandatory obligations, the Company ceased voting its shares in Russian held companies following the invasion. The following is a summary of JPMorgan Asset Management (UK) Limited ('JPMAM') policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board and will apply as far as permissible given the sanctions in place since Russia's invasion of Ukraine in February 2022.

#### 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:

<https://am.jpmorgan.com/gb/en/asset-management/institutional/about-us/investment-stewardship/>. 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

**Paul Winship**, ACIS for and on behalf of  
JPMorgan Funds Limited,  
Secretary

25th January 2023



## Audit & Risk Committee Report

### Role and Composition

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

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

At the request of the Board, the Audit Committee provides confirmation to the Board as to how it has discharged its responsibilities so that the Board may ensure that information presented to it is fair, balanced and understandable, together with details of how it has done so.

### Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 31st October 2022, 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(b) to the Financial Statements on page 59. Since Russia's invasion of Ukraine in response to the prohibition of trading in Russian securities that followed, the Company has applied a fair value valuation method to its Russian held securities. The audit includes the determination of the valuation, existence and ownership of the investments. Controls are in place to ensure valuations are appropriate and existence is verified through the Depositary Report and custodian reconciliations. The Board monitors the controls in place.

Significant issue	How the issue was addressed
Political Risks including current sanctions and possible capital controls	The Board was unable to control external events such as Russia's invasion of Ukraine on 24th February 2022. However, the Board together with the Manager monitors the sanctions regime closely to ensure that the Company's business operates within its requirements. In addition the Board monitors the political situation and its impact on the portfolio at frequent intervals and whenever a major event arises. Together with the input from the Investment Manager, efforts are made to manage exposure to certain sectors deemed to be more susceptible to political influences.
Market risk	The Board was unable to control external events such as Russia's invasion of Ukraine on 24th February 2022. The Board considers asset allocation, stock selection and liquidity of the portfolio on a regular basis and has set investment restrictions and guidelines, which are managed in light of the current market disruption caused by Russia's invasion of Ukraine on 24th February 2022.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting note 1(d) to the accounts on page 60. The Board regularly reviews details of dividend income recognised. Since Russia's invasion of Ukraine on 24th February 2022, the Company's receipt of dividends from Russian companies has been prohibited.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager on behalf of the Board.
Russia's invasion of Ukraine and Covid-19	The Audit Committee has reviewed the appropriateness of the adoption of the Going Concern basis in preparing the accounts, particularly in view of the impact of Russia's invasion of Ukraine and impact of Covid-19 and update of the Company's investment objective. The Audit Committee recommended to the Board that the adoption of the Going Concern basis is appropriate (see Going Concern statement on page 34 which also details how the issues were addressed).

## Audit & Risk Committee Report

---

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

### Allocation of Expenses between Income and Capital

The allocation of expenses between income and capital is 60% capital and 40% to revenue. The committee will reconsider the allocation once the portfolio of the new investment objective has been established.

### Assessment of the Effectiveness of the External Audit Process

The Audit Committee has a primary responsibility for making recommendations to the Board on the reappointment and removal of external Auditors. Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report and Financial Statements were considered and also engage with Directors as and when required. Having considered the external Auditors' performance, including their technical competence, strategic knowledge, the quality of work, communications and reporting, the Committee was satisfied with the effectiveness of the external audit process.

### Auditor Appointment and Tenure

The current audit firm BDO were appointed following a tender for audit services in November 2020. The Company's year ended 31st October 2022 was the second year for audit partner Vanessa Bradley. Note 6 on page 62 details the Auditor's fees.

### Fair Balanced and Understandable

Having taken all available information into consideration and having discussed the content of the annual report and financial statements with the Alternative Investment Fund Manager (JPMF), Investment Managers, Company Secretary and other third party service providers, the Audit Committee has concluded that the Annual Report for the year ended 31st October 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 48.

By order of the Board

**Paul Winship**, ACIS for and on behalf of  
JPMorgan Funds Limited,  
Secretary

25th January 2023



## Directors' Remuneration Report

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

### Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote. The shareholders approved the resolution in favour of the Company's Directors' Remuneration Policy at the 2021 Annual General Meeting. Therefore, an ordinary resolution to approve this report will be put to shareholders at the 2024 Annual General Meeting. The policy subject to the vote, is set out in full below and is currently in force.

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

Details of voting on the Directors' Remuneration Policy will be provided in the Company's annual report triennially.

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

The Nomination Committee, comprising all Directors, reviews fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on market data provided by the Manager, and includes research carried out by Trust Associates on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally.

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

The Company's Articles of Association stipulate that aggregate fees must not exceed £200,000 per annum. Any increase in this the maximum aggregate amount requires both Board and shareholder approval.

The Company has no Chief Executive Officer and no employees and therefore there was no consultation with employees, and there is no employee comparative data to

provide, in relation to the setting of the remuneration policy for Directors.

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

The Directors do not have service contracts with the Company. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 37.

### Directors Remuneration Policy Implementation

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 31st October 2021 and no changes are proposed for the year ending 31st October 2022.

At the Annual General Meeting held on 4th March 2022, of votes cast, 99.90% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 0.10% voted against.

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

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in the Independent Auditors' Report on pages 50 to 54.

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 2022 was £117,053. 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.

## Directors' Remuneration Report

Single Total Figure Table<sup>1</sup>

Directors' Name	Fees 2022 £	Total 2022 £	Fees 2021 £	Total 2021 £
Robert Jeens <sup>2</sup>	—	—	10,419	10,419
Gill Nott <sup>2</sup>	13,217	13,217	39,000	39,000
Ashley Dunster <sup>2</sup>	8,594	8,594	26,000	26,000
Eric Sanderson <sup>3</sup>	36,267	36,267	24,783	24,783
Nicholas Pink	26,000	26,000	26,000	26,000
Dan Burgess <sup>4</sup>	24,742	24,742	—	—
Tamara Sakovska <sup>2</sup>	8,233	8,233	26,000	26,000
<b>Total</b>	<b>117,053</b>	<b>117,053</b>	<b>152,202</b>	<b>152,202</b>

<sup>1</sup> Audited information. Other subject headings for the single figure table as prescribed by regulations are not included because there is nothing to disclose in relation thereto.

<sup>2</sup> Robert Jeens retired on 2nd March 2021, Tamara Sakovska on 25th February 2022, Ashley Dunster on 1st March 2022 and Gill Nott on 4th March 2022.

<sup>3</sup> Appointed on 4th January 2021.

<sup>4</sup> Appointed as a Director of the Company on 4th January 2022.

## Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 31st October 2022:

Directors' name	Percentage change on prior years <sup>3</sup>
Robert Jeens <sup>1</sup>	n/a
Gill Nott <sup>1</sup>	n/a
Ashley Dunster <sup>1</sup>	n/a
Eric Sanderson <sup>2</sup>	25.80%
Nicholas Pink	0.00%
Dan Burgess <sup>4</sup>	n/a
Tamara Sakovska <sup>1</sup>	n/a

<sup>1</sup> Robert Jeens retired from the Board on 2nd March 2021, Tamara Sakovska on 25th February 2022, Ashley Dunster on 1st March 2022 and Gill Nott on 4th March 2022.

<sup>2</sup> Eric Sanderson was appointed as Chairman of the Board on 4th March 2022. He was previously Chairman of the Audit Committee.

<sup>3</sup> Prior years relates to 2019 and 2020.

<sup>4</sup> Dan Burgess was appointed to the Board on 4th January 2022.

During the year under review, Directors' fees were paid at a fixed rate of £39,000 per annum for the Chairman, £31,000 per annum for the Chairman of the Audit Committee and £26,000 per annum for the other Director. Directors fees from 1st November 2022 will be:

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

No amounts (2021: nil) were paid to third parties for making available the services of Directors.

The Company's Directors Fees were last increased on 1st November 2018.

## Directors' Shareholdings

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

Directors' Name	2022 Number of shares held	2021 <sup>1</sup> Number of shares held
Eric Sanderson	2,500	2,500
Nicholas Pink	3,000	3,000
Dan Burgess <sup>2</sup>	0	n/a

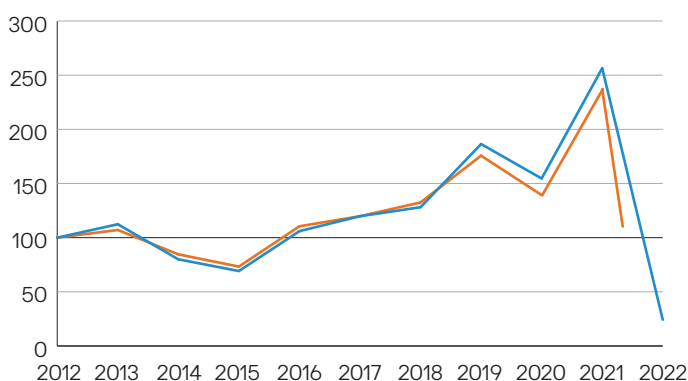
<sup>1</sup> Audited information.

<sup>2</sup> Appointed 4th January 2022.

## Directors' Remuneration Report

A graph showing the Company's share price total return compared with the Company's benchmark index, is set out below. Details of the Company's performance are set out on page 17.

### Ten Year Share Price and Benchmark Total Return Performance to 31st October 2022



● Share price total return.

● Benchmark total return. The benchmark is the RTS Index in sterling terms. Prior to 1st November 2016, the benchmark was the MSCI Russian 10/40 Equity Indices Index in sterling terms. Following Russia's invasion of Ukraine on 24th February 2022, the Moscow Exchange (MOEX) has been closed to many overseas investors, including the Company. This has resulted in the Company being prohibited from trading, thereby negating the purpose of measuring the Company's performance against its benchmark. Furthermore, during the reporting period data from many Russian benchmarks, including the Company's ceased to be distributed by western news services.

Source: Morningstar/RTS.

A table showing the total remuneration for the role of Chairman over the five years ended 31st October 2022 is below:

### Remuneration for the role of Chairman over the five years ended 31st October 2022

Year ended 31st October	Fees	Performance related benefits received as a percentage of maximum payable
2022	£39,000	n/a
2021	£39,000	n/a
2020	£39,000	n/a
2019	£39,000	n/a
2018	£37,500	n/a

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

### Expenditure by the Company on Remuneration and Distributions to Shareholders

	Year ended 31st October	
	2022	2021
Remuneration paid to all Directors <sup>1</sup>	£121,386	£152,202
Distribution to shareholders		
— by way of share repurchases	£2,530,000	£18,964,000
— by way of dividend <sup>2</sup>	£20,420,000	£4,294,000
Total distribution to shareholders	£22,950,000	£23,258,000

<sup>1</sup> The increase in 2021 Directors remuneration arises due to the overlap of appointments of Eric Sanderson and Robert Jeens from January to March 2021.

<sup>2</sup> See note 10(a) on page 64 for further details.

For and on behalf of the Board

**Eric Sanderson**

Chairman

25th January 2023





## Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and Financial Reporting Standard (FRS) 102. Under company law the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, the annual report and financial statements provide the information necessary for shareholders to assess the Company's performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. In addition, to provide these confirmations, and in preparing these financial statements, the Directors must be satisfied that, taken as a whole, the annual report and financial statements are fair, balanced and understandable. In order to provide these confirmations and in preparing these annual statements the Directors are required to:

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

and the Directors confirm they have done so.

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

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

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

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

The report and financial statements are published on the [www.jpmeemeasecurities.com](http://www.jpmeemeasecurities.com) website which is maintained by the Company's Manager. The maintenance and integrity of the website maintained by the Manager is, so far as it relates to the Company, the responsibility of the Manager. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. The financial statements are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

For and on behalf of the Board

**Eric Sanderson**

Chairman

25th January 2023



# Independent Auditor's Report

## Independent auditor's report to the members of JPMorgan Emerging Europe, Middle East & Africa Securities Plc (formerly JPMorgan Russian Securities plc)

### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st October 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of JPMorgan Emerging Europe, Middle East & Africa Securities Plc (formerly JPMorgan Russian Securities Plc) (the 'Company') for the year ended 31 October 2022 which comprise of the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

### Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 2nd March 2021 to audit the financial statements for the year ending 31st October 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 2 years, covering the years ending 31st October 2021 to 31st October 2022. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as

applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of market volatility and the present uncertainties in economic recovery of the Russian markets as a result of trading restriction imposed on foreign investors into the Russian stock market;
- Assessing the appropriateness of the Directors assumption and judgements made in their base case forecast including consideration of available cash resources relative to forecast expenditure and commitments; and
- Checking the accuracy of historical forecasting by agreeing to actual results.
- Obtaining the appropriate support and approvals to assess the viability of the investment policy change within the entity and inquired regarding the status of implementing the investment policy.

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

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

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

### Overview

		2022	2021
<b>Key audit matters</b>	Valuation and ownership of quoted investments	✓	✓
<b>Materiality</b>	Overall materiality £189,000 (2021: £3,970,000) based on 1% (2021: 1%) of Net assets		

# Independent Auditor's Report

## An overview of the scope of our audit

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

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<b>Valuation and ownership of quoted investments</b>	<p>The investment portfolio comprises of quoted investments which are carried at fair value through profit or loss.</p> <p>Due to the trading restrictions imposed on foreign investors investing in Russian securities as a result of the Russian invasion of Ukraine, Russian investments have not been valued based on bid price at year end and instead judgement has been applied. We consider the valuation of investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the valuation of the Russian investments as at 31st October 2022.</p> <p>There is a risk that the investment balance includes investments that are no longer owned by the company or that the bid or last price used to value the investment is incorrect or not appropriate.</p> <p>The investments are the most significant balance in the financial statements and is the key driver of performance therefore we determined this to be a key audit matter.</p> <p>We responded to this matter by testing the valuation and ownership of the whole portfolio of quoted investments. We performed the following procedures:</p> <ul style="list-style-type: none"> <li>● Confirmed the observable inputs to the investment valuations has been used by agreeing to externally quoted prices.</li> <li>● Assessed the reasonability of the Russian Portfolio being written down by 99% by discussing the surrounding factors to the decision made and considered whether any contradictory information surrounding that could be identified such as whether information could be found in the market and in comparison to how the market is valuing the Russian securities. We also considered whether the investments should be written down in their entirety based on research performed and internal consultations.</li> <li>● Obtained confirmation from the Custodian regarding Investment held at year end to confirm ownership.</li> </ul>

## Key observations

Based on our procedures performed we did not identify any matters to suggest that the valuation and ownership of investments was not appropriate.

## Independent Auditor's Report

### Our application of materiality

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

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower

materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

Company financial statements		
	2022 £m	2021 £m
<b>Materiality</b>	0.19	3.97
<b>Basis for determining materiality</b>	1% of Net assets	1% of Net assets
<b>Rationale for the benchmark applied</b>	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.
<b>Performance materiality</b>	0.14	2.98
<b>Basis for determining performance materiality</b>	Performance materiality was set at 75% of materiality. The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	Performance materiality was set at 75% of materiality. The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.

### Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £ 9,400 (2021: £ 79,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we

identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Corporate governance statement

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

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



# Independent Auditor's Report

## Going concern and longer-term viability

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.

## Other Code provisions

- Directors' statement on fair, balanced and understandable;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems ; and
- The section describing the work of the audit committee.

## Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by

the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

## Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

## Directors' remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the

Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

## Independent Auditor's Report

could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

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

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the investment manager and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- review of minutes of board meetings throughout the period;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain its Investment Trust Status.

We assessed the susceptibility of the financial statement to material misstatement including fraud and considered the fraud risk areas in management override of controls and valuation and ownership of Investments.

Our tests included, but were not limited to:

- The procedures set out in the key audit matters section above;
- Recalculating investment management fees in total;
- Obtaining independent confirmation of bank balances; and

- Testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud in relation to the valuation of investments.

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

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

A further description of our responsibilities is available on the Financial Reporting Council's website at:

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Vanessa-Jayne Bradley** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, United Kingdom

25th January 2023

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



## Statement of Comprehensive Income

For the year ended 31st October 2022

		2022			2021		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	3	—	(360,154)	(360,154)	—	141,540	141,540
Net foreign currency gains/(losses)		—	1,293	1,293	—	(444)	(444)
Income from investments	4	5,927	—	5,927	19,691	—	19,691
Interest receivable	4	102	—	102	10	—	10
<b>Gross return/(loss)</b>		<b>6,029</b>	<b>(358,861)</b>	<b>(352,832)</b>	<b>19,701</b>	<b>141,096</b>	<b>160,797</b>
Management fee	5	(420)	(630)	(1,050)	(1,302)	(1,952)	(3,254)
Other administrative expenses	6	(431)	—	(431)	(815)	—	(815)
<b>Net return/(loss) before finance costs and taxation</b>		<b>5,178</b>	<b>(359,491)</b>	<b>(354,313)</b>	<b>17,584</b>	<b>139,144</b>	<b>156,728</b>
Finance costs	7	—	—	—	(2)	—	(2)
<b>Net return/(loss) before taxation</b>		<b>5,178</b>	<b>(359,491)</b>	<b>(354,313)</b>	<b>17,582</b>	<b>139,144</b>	<b>156,726</b>
Taxation charge	8	(864)	—	(864)	(2,552)	—	(2,552)
<b>Net (loss)/return after taxation</b>		<b>4,314</b>	<b>(359,491)</b>	<b>(355,177)</b>	<b>15,030</b>	<b>139,144</b>	<b>154,174</b>
<b>Return/(loss) per share</b>	9	<b>10.66p</b>	<b>(888.10)p</b>	<b>(877.44)p</b>	<b>35.53p</b>	<b>328.95p</b>	<b>364.48p</b>

All revenue and capital items in the above statement derive from continuing operations.

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The net return after taxation represents the profit for the year and also total comprehensive income.

The notes on pages 59 to 74 form part of these financial statements.

## Statement of Changes in Equity

For the year ended 31st October 2022

	Called up share capital £'000	redemption reserve £'000	Capital reserves <sup>1</sup> £'000	Revenue reserve <sup>1</sup> £'000	Total £'000
<b>At 31st October 2020</b>	<b>434</b>	<b>167</b>	<b>251,927</b>	<b>13,571</b>	<b>266,099</b>
Repurchase and cancellation of the Company's own shares	(26)	26	(18,964)	—	(18,964)
Net return	—	—	139,144	15,030	154,174
Dividends paid in the year (note 10)	—	—	—	(4,294)	(4,294)
<b>At 31st October 2021</b>	<b>408</b>	<b>193</b>	<b>372,107</b>	<b>24,307</b>	<b>397,015</b>
Repurchase and cancellation of the Company's own shares	(3)	3	(2,530)	—	(2,530)
Net (loss)/return	—	—	(359,491)	4,314	(355,177)
Dividends paid in the year (note 10)	—	—	—	(20,420)	(20,420)
<b>At 31st October 2022</b>	<b>405</b>	<b>196</b>	<b>10,086</b>	<b>8,201</b>	<b>18,888</b>

<sup>1</sup> Revenue reserve and the capital reserves form the distributable reserves of the Company and may be used to fund distributions to shareholders. See note 15 on page 66 for details.

The notes on pages 59 to 74 form an integral part of financial statements.

## Statement of Financial Position

At 31st October 2022

	Notes	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	11	1,918	385,822
<b>Current assets</b>	12		
Debtors		20	716
Cash and cash equivalents		17,064	10,951
		17,084	11,667
<b>Current liabilities</b>	13		
<b>Creditors:</b> amounts falling due within one year		(114)	(414)
Derivative financial liabilities		—	(60)
<b>Net current assets</b>		<b>16,970</b>	<b>11,193</b>
<b>Total assets less current liabilities</b>		<b>18,888</b>	<b>397,015</b>
<b>Net assets</b>		<b>18,888</b>	<b>397,015</b>
<b>Capital and reserves</b>			
Called up share capital	14	405	408
Capital redemption reserve	15	196	193
Capital reserves	15	10,086	372,107
Revenue reserve	15	8,201	24,307
<b>Total shareholders' funds</b>		<b>18,888</b>	<b>397,015</b>
<b>Net asset value per share</b>	16	<b>46.7p</b>	<b>973.6p</b>

The financial statements on pages 56 to 58 were approved and authorised for issue by the Directors on 25th January 2023 and signed on their behalf by:

**Eric Sanderson**

Chairman

The notes on pages 59 to 74 form an integral part of these financial statements.

Company registration number: 4567378.

## Statement of Cash Flows

For the year ended 31st October 2022

	Notes	2022 £'000	2021 £'000
Net cash outflow from operations before dividends and interest	17	(144)	(4,543)
Dividends received		5,740	16,955
Interest received		103	11
Overseas tax recovered		22	66
Interest paid		—	(2)
<b>Net cash inflow from operating activities</b>		<b>5,721</b>	<b>12,487</b>
Purchases of investments		(17,449)	(151,554)
Sales of investments		41,154	168,990
Settlement of currency contracts		—	29
<b>Net cash inflow from investing activities</b>		<b>23,705</b>	<b>17,465</b>
Repurchase and cancellation of the Company's own shares		(2,678)	(18,986)
Dividends paid		(20,420)	(4,294)
<b>Net cash outflow from financing activities</b>		<b>(23,098)</b>	<b>(23,280)</b>
<b>Increase in cash and cash equivalents</b>		<b>6,328</b>	<b>6,672</b>
Cash and cash equivalents at start of year		10,951	4,129
Exchange movements		(215)	150
<b>Cash and cash equivalents at end of year</b>		<b>17,064</b>	<b>10,951</b>
<b>Cash and cash equivalents consist of:</b>			
Cash and short term deposits		83	313
Cash held in JPMorgan US Dollar Liquidity Fund		16,981	10,638
<b>Total</b>		<b>17,064</b>	<b>10,951</b>

The notes on pages 59 to 74 form an integral part of these financial statements.

### Reconciliation of net debt

	As at 31st October 2021 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st October 2022 £'000
<b>Cash and cash equivalents</b>				
Cash	313	39	(269)	83
Cash equivalents	10,638	6,289	54	16,981
<b>Total</b>	<b>10,951</b>	<b>6,328</b>	<b>(215)</b>	<b>17,064</b>



# Notes to the Financial Statements

For the year ended 31st October 2022

## 1. Accounting policies

### (a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in April 2021.

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

The financial statements have been prepared on a going concern basis. In forming this opinion, the Directors have considered the impact of Russia's invasion of Ukraine and material declines in the market value of the Company that followed and the Covid-19 pandemic on the going concern and viability of the Company. They have considered the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience. As a result the Directors, following shareholder approval, have revised the Company's objective in broadening the investment horizon to include emerging European countries and concluded that this is sufficient to apply the going concern basis. The Directors have reviewed income and expense projections and the liquidity of the investment portfolio in making their assessment.

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

### (b) Valuation of investments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are classified by the Company as held at fair value through profit or loss. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are expensed to capital at the time of acquisition. Subsequently, the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

All purchases and sales are accounted for on a trade date basis.

The Directors consider that in the absence of observable market data on its Russian investments resulting from the closure of the Moscow Exchange (MOEX) to overseas investors, there has been a material change to the market value of its Russian investments and therefore a fair value valuation methodology has been applied to those investments held at the 31st October 2022 in accordance with the established fair valuation policies and procedures of the Manager, JPMorgan Funds Limited. A valuation method has been applied to the 25th February 2022 close of day prices (i.e. when the market was still trading normally) which have then been tapered at 99% provision for valuation purposes. The quantum of the provision applied of 99% is a subjective view designed to acknowledge that there is some intrinsic value in the portfolio, albeit, it is currently untradeable.

### (c) Accounting for reserves

Gains and losses on sales of investments including the related foreign exchange gains and losses, realised gains and losses on foreign currency, management fees allocated to capital and any other capital charges, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Gains and losses on sales of investments'.

Increases and decreases in the valuation of investments held at the year end including the related foreign exchange gains and losses, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Investment holding gains and losses'.

# Notes to the Financial Statements

---

## 1. Accounting policies (continued)

### (d) Income

Dividends receivable from equity shares are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital. Since Russia's invasion of Ukraine in February 2022, dividends paid by investee companies have been held in a Custodian 'S' Account and are not recognised in the Company's accounts.

Overseas dividends are included gross of any withholding tax.

Special dividends are recognised on an ex-dividend basis and are treated as a capital item or revenue item depending on the facts and circumstances of each dividend.

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

Deposit interest and interest from the liquidity fund receivable are taken to revenue on an accruals basis.

### (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 40% to revenue and 60% to capital, in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- Expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 11 on page 65.

### (f) Financial instruments

Cash and cash equivalents may comprise cash including demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Liquidity funds are considered cash equivalents as they are held for cash management purposes as an alternative to cash, are short term, and readily convertible to a known amount of cash. Since Russia's invasion of Ukraine on 24th February 2022, the Company's receipts of dividends from Russian companies has been prohibited. As a result, cash and cash equivalents in respect of Russia are held in restricted accounts which are not available to the Company and therefore are not recognised in the annual financial report.

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Derivative financial instruments, including short term forward currency contracts are valued at fair value, which is the net unrealised gain or loss, and are included in current assets or current liabilities in the Statement of Financial Position. Changes in the fair value of derivative financial statements are recognised in the Statement of Comprehensive Income as capital.

### (g) Taxation

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

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

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

### (h) Value Added Tax ('VAT')

Expenses are disclosed inclusive of the related irrecoverable VAT. Recoverable VAT is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

## Notes to the Financial Statements

### (i) Foreign currency

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates.

The Board, having regard to the currency of the Company's share capital and the predominant currency in which it pays distributions expenses and its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the financial statements are presented.

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

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the Statement of Comprehensive Income as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature.

### (j) Dividends

Dividends are included in the financial statements in the year in which they are paid.

### (k) Repurchase of ordinary shares for cancellation

The cost of repurchasing ordinary shares including the related stamp duty and transactions costs is charged to the 'Capital Reserve' since the 'Other Reserve' has been extinguished and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of 'Called up share capital' and into 'Capital redemption reserve'.

## 2. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements on occasion requires the Directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

With the exception of the valuation methodology applied at 31st October 2022 to the Russian securities outlined in note 1 (b) above, the Directors do not consider that any significant accounting judgements or estimates have been applied to this set of financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

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

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

## 3. (Losses)/gains on investments held at fair value through profit or loss

	2022 £'000	2021 £'000
Realised gains on sales of investments	3,843	25,753
Net change in unrealised losses and gains on investments	(363,977)	115,986
Other capital charges	(20)	(199)
<b>Total capital (losses)/gains on investments held at fair value through profit or loss</b>	<b>(360,154)</b>	<b>141,540</b>

## Notes to the Financial Statements

### 4. Income

	2022 £'000	2021 £'000
<b>Income from investments</b>		
Overseas dividends	5,927	19,691
	5,927	19,691
<b>Interest receivable</b>		
Interest from liquidity fund	101	6
Deposit interest	1	4
	102	10
<b>Total income</b>	<b>6,029</b>	<b>19,701</b>

### 5. Management fee

	Revenue £'000	2022 Capital £'000	Total £'000	Revenue £'000	2021 Capital £'000	Total £'000
Management fee	420	630	1,050	1,302	1,952	3,254

Details of the management fee are given in the Directors' Report on page 34.

### 6. Other administrative expenses

	2022 £'000	2021 £'000
Administration expenses	148	211
Directors' fees <sup>1</sup>	117	152
Safe custody fees	82	182
Auditors' remuneration for audit services <sup>2</sup>	36	33
Depositary fees <sup>3</sup>	25	40
ADR and GDR charges <sup>4</sup>	23	197
	<b>431</b>	<b>815</b>

<sup>1</sup> Full disclosure is given in the Directors' Remuneration Report on pages 44 to 46.

<sup>2</sup> The audit fees for the year is £36,000 (2021: £32,000) excluding VAT. The irrecoverable VAT amounts to £2,000 (2021: £1,000). The total fee including irrecoverable VAT is £38,000 (2021: £33,000).

<sup>3</sup> Includes £2,000 (2021: £1,000) irrecoverable VAT.

<sup>4</sup> Consists of the costs to the Company of holding American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs). See note 19. Transactions with the Manager and related parties, ADR/GDR Costs for the portion of these costs that were charged by JPMorgan Chase Bank N.A. on page 67, and Glossary of Terms and Alternative Performance Measures (APMs) on pages 82 to 84 for further details.

### 7. Finance costs

	Revenue £'000	2022 Capital £'000	Total £'000	Revenue £'000	2021 Capital £'000	Total £'000
Bank overdraft Interest	—	—	—	2	—	2

## Notes to the Financial Statements

## 8. Taxation

## (a) Analysis of tax charge for the year

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	864	—	864	2,552	—	2,552
<b>Total tax charge for the year</b>	<b>864</b>	<b>—</b>	<b>864</b>	<b>2,552</b>	<b>—</b>	<b>2,552</b>

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

The tax assessed for the year is higher (2021: lower) than the Company's applicable rate of corporation tax of 19.00% (2021: 19.00%). The factors affecting the total tax charge for the year are as follows:

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) before taxation	5,178	(359,491)	(354,313)	17,582	139,144	156,726
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 19.00% (2021: 19.00%)	984	(68,303)	(67,319)	3,341	26,437	29,778
Effects of:						
Losses/(gains) on investments not subject to UK income tax	—	68,183	68,183	—	(26,808)	(26,808)
Non taxable overseas dividends	(1,126)	—	(1,126)	(3,741)	—	(3,741)
Tax attributable to expenses and finance costs charged to capital	(120)	120	—	(371)	371	—
Overseas withholding tax on dividends	864	—	864	2,552	—	2,552
Unutilised expenses carried forward to future periods	262	—	262	771	—	771
<b>Total tax charge for the year</b>	<b>864</b>	<b>—</b>	<b>864</b>	<b>2,552</b>	<b>—</b>	<b>2,552</b>

## (c) Deferred taxation

The Company has an unrecognised deferred tax asset of £1,582,000 (2021: £1,237,000) based on a prospective corporation tax rate of 25% (2021: 25%). The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1st April 2023. This increase in the standard rate of corporation tax was substantively enacted on 24th May 2021 and became effective from 2nd June 2021. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income amounting to £6,327,000 (2020: £4,948,000).

Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

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

## Notes to the Financial Statements

### 9. Return/(loss) per share

	2022 £'000	2021 £'000
Revenue return	4,314	15,030
Capital (loss)/return per share	(359,491)	139,144
<b>Total (loss)/return</b>	<b>(355,177)</b>	<b>154,174</b>
Weighted average number of shares in issue during the year	40,478,765	42,299,516
Revenue return per share	10.66p	35.53p
Capital (loss)/return per share	(888.10)p	328.95p
<b>Total return/(loss) per share</b>	<b>(877.44)p</b>	<b>364.48p</b>

### 10. Dividends

#### (a) Dividends paid and proposed

	2022 £'000	2021 £'000
<b>Dividends paid</b>		
2021 Interim dividend of 25.0p (2020: 25.0p)	10,311	—
2021 Final dividend of 10.0p (2020: 10.0p)	4,044	4,294
2022 Interim dividend of 15.0p	6,065	—
	<b>20,420</b>	<b>4,294</b>
<b>Dividend declared</b>		
2021 interim dividend of 25.0p	—	10,311
<b>Dividend proposed</b>		
2021 final dividend of 10.0p	—	4,078

The dividend proposed in respect of the year ended 31st October 2021 amounted to £4,078,000. However the amount paid amounted to £4,044,000 due to shares repurchased after the balance sheet date but prior to the share register record date.

#### (b) Dividends for the purposes of Section 1158 of the Corporation Tax Act 2010 ('Section 1158')

The requirements of Section 1158 are considered on the basis of the dividend proposed in respect of the financial year, shown below. The revenue arising in the year and available for distribution by way of dividend is £4,314,000 (2021: £15,030,000).

	2022 £'000	2021 £'000
2022 interim dividend of 15.0p	6,065	—
2021 interim dividend of 25.0p	—	10,311
2021 final dividend of 10.0p	—	4,078
<b>Total dividends for Section 1158 purposes</b>	<b>6,065</b>	<b>14,389</b>



## Notes to the Financial Statements

**11. Investments held at fair value through profit or loss**

	2022 £'000	2021 £'000
Investments listed on a recognised stock exchange	1,918	385,822
Opening book cost	250,406	242,434
Opening investment holding gains	135,416	19,430
Opening valuation	385,822	261,864
Purchases at cost	17,449	151,338
Sales proceeds	(41,219)	(169,119)
Gains on sales of investments based on the carrying value at the previous balance sheet date	3,843	25,753
Net movement in investment holding (losses)/gains	(363,977)	115,986
	<b>1,918</b>	<b>385,822</b>
Closing book cost	230,479	250,406
Closing investment holding (losses)/gains	(228,561)	135,416
<b>Total investments held at fair value through profit or loss</b>	<b>1,918</b>	<b>385,822</b>

Following Russia's invasion of Ukraine and closure of the Moscow Exchange (MOEX) to overseas investors, including the Company, an alternative fair value valuation method was applied to the Company's holdings in Russian stocks. For its MOEX local stock, an alternative fair value adjustment has been applied to the last trade price on 25th February 2022. The price of these stocks has been determined by taking the live market price as at 25th February 2022 and applying a 99% provision for valuation. Similarly, for the American Depositary Receipts and Global Depositary Receipts an alternative fair value adjustment has been applied to the last trade price on 2nd March 2022 and a 99% provision for valuation applied.

The Company received £41,219,000 (2021: £169,119,000) from investments sold in the year. The book cost of these investments when they were purchased was £37,376,000 (2021: £143,366,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs on purchases during the year amounted to £35,000 (2021: £315,000) and on sales during the year amounted to £20,000 (2021: £119,000). These costs comprise mainly brokerage commission.

**12. Current assets**

	2022 £'000	2021 £'000
<b>Debtors</b>		
Dividends and interest receivable	—	700
VAT recoverable	10	11
Other debtors	10	5
<b>Total</b>	<b>20</b>	<b>716</b>

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 2022 (2021: £nil).

**Cash and cash equivalents**

Cash and cash equivalents comprise bank balances, short term deposits and liquidity funds. The carrying amount of these represents their fair value. See note 19 for details.

## Notes to the Financial Statements

### 13. Current liabilities

	2022 £'000	2021 £'000
<b>Creditors: amounts falling due within one year</b>		
Other creditors and accruals	114	266
Repurchase of the Company's own shares awaiting settlement	—	148
<b>Total</b>	<b>114</b>	<b>414</b>

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

	2022 £'000	2021 £'000
<b>Derivative financial liabilities</b>		
Currency contracts	—	60

### 14. Called up share capital

	2022 £'000	2021 £'000
<b>Issued and fully paid share capital:</b>		
Ordinary shares of 1p each		
Opening balance of 40,776,176 (2021: 43,378,912) shares	408	434
Repurchase and cancellation of 340,000 (2021: 2,602,736) shares	(3)	(26)
<b>Closing balance of 40,436,176 (2021: 40,776,176) shares</b>	<b>405</b>	<b>408</b>

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

Further details of transactions in the Company's shares are given in Share Capital on page 23.

### 15. Capital and reserves

	Called up share capital £'000	Capital redemption reserve £'000	Capital reserves <sup>1</sup>		Revenue reserve <sup>1</sup> £'000	Total £'000
			Realised gains and losses <sup>1</sup> £'000	Investment holding gains and losses £'000		
Opening balance 1st November 2021	408	193	236,751	135,356	24,307	397,015
Realised foreign currency gains on cash and cash equivalents	—	—	1,293	—	—	1,293
Unrealised losses on foreign currency spot contracts from prior period now realised	—	—	(60)	60	—	—
Realised gains on investments	—	—	3,843	—	—	3,843
Unrealised losses on investments	—	—	—	(363,977)	—	(363,977)
Repurchase and cancellation of the Company's own shares	(3)	3	(2,530)	—	—	(2,530)
Expenses charged to capital	—	—	(630)	—	—	(630)
Other capital charges	—	—	(20)	—	—	(20)
Retained revenue for the year	—	—	—	—	4,314	4,314
Dividends paid in the year	—	—	—	—	(20,420)	(20,420)
<b>Closing balance 31st October 2022</b>	<b>405</b>	<b>196</b>	<b>238,647</b>	<b>(228,561)</b>	<b>8,201</b>	<b>18,888</b>

<sup>1</sup> These reserves form the distributable reserves of the Company and may be used to fund distributions to investors via dividend payments.

## Notes to the Financial Statements

**16. Net asset value per share**

	2022	2021
Net assets (£'000)	18,888	397,015
Number of shares in issue	40,436,176	40,776,176
<b>Net asset value per share</b>	<b>46.7p</b>	<b>973.6p</b>

**17. Reconciliation of net (loss)/return before taxation to net cash outflow from operations before dividends and interest**

	2022 £'000	2021 £'000
Net (loss)/profit on ordinary activities before taxation and finance costs	(354,313)	156,728
Add capital loss/(less capital return) before finance costs and taxation	359,491	(139,144)
Decrease/(increase) in accrued income and other debtors	696	(125)
(Decrease)/increase in accrued expenses	(107)	76
Overseas withholding tax	(886)	(2,597)
Expense fee charged to capital	(630)	(1,952)
Dividends received	(5,740)	(16,955)
Interest received	(103)	(11)
Realised gain/(loss) on foreign exchange transactions	924	(557)
Realised gain/(loss) on liquidity fund	524	(6)
<b>Net cash outflow from operations before dividends and interest</b>	<b>(144)</b>	<b>(4,543)</b>

**18. Contingent liabilities and capital commitments**

At the balance sheet date there were no contingent liabilities or capital commitments (2021: none).

**19. Transactions with the Manager and related parties**

Details of the management contract are set out in the Directors' Report on page 34. The management fee payable to the Manager for the year was £1,050,000 (2021: £3,254,000) of which £nil (2021: £nil) was outstanding at the year end.

Included in note 6 on page 62 are safe custody fees amounting to £82,000 (2021: £182,000) payable to JPMorgan Chase Bank N.A. during the year of which £nil (2021: £81,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities Limited for the year was £2,000 (2021: £73,000) of which £nil (2021: £nil) was outstanding at the year end.

The Company was also holding cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMF. At the year end this was valued at £16,981,000 (2021: £10,638,000). Interest amounting to £101,000 (2021: £6,000) was receivable during the year of which £nil (2021: £1,000) was outstanding at the year end.

Handling charges on dealing transactions amounting to £20,000 (2021: £199,000) were payable to JPMorgan Chase Bank N.A. during the year of which £20,000 (2021: £72,000) was outstanding at the year end.

Included in note 6 on page 62, are American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs) costs of £27,000 (2021: £197,000) charged by the JPMorgan Chase Bank N.A. JPMorgan Chase Bank N.A.'s cost is 'passed through' with no additional margin added.

At the year end, total cash of £83,000 (2021: £313,000) was held with JPMorgan Chase Bank, N.A. A net amount of interest of £1,000 (2021: £4,000) was receivable by the Company during the year from JPMorgan Chase.

Full details of Directors' remuneration and shareholdings can be found on page 45 and in note 6 on page 62.

## Notes to the Financial Statements

### 20. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio.

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

- (1) The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date
- (2) Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly
- (3) Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 60.

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

	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	—	—	385,822	—
Level 2	—	—	—	—
Level 3 <sup>1</sup>	1,918	—	—	—
<b>Total</b>	<b>1,918</b>	<b>—</b>	<b>385,822</b>	<b>—</b>

<sup>1</sup> Following Russia's invasion of Ukraine and closure of the Moscow Exchange (MOEX) to overseas investors, including the Company, a fair value valuation method was applied to the Company's holdings in Russian stocks. Therefore the Company has applied an alternative valuation method. For its MOEX local stock, a fair value adjustment has been applied to the last trade price on 25th February 2022. The price of these stocks has been determined by taking the live market price as at 25th February 2022 and applying a 99% provision for valuation and for American Depositary Receipts and Global Depositary Receipts a fair value adjustment has been applied to the last trade price on 2nd March 2022.

	2022 Total £'000
<b>Level 3</b>	
Opening balance	—
Transfers into Level 3	385,822
Change in fair value of unquoted investment during the year	(383,904)
<b>Closing balance</b>	<b>1,918</b>

## Notes to the Financial Statements

### 21. Financial instruments' exposure to risk and risk management policies

As an investment trust, the Company invests in equities for the long term so as to secure its investment objective stated on the 'Features' page. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company Secretary, in close cooperation with the Board and the Manager, coordinates the Company's risk management policy.

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

The Company's classes of financial instruments are as follows:

- investments in listed equity shares of emerging Europe (including Russia), Middle East and Africa companies, which are held in accordance with the Company's investment objective;
- cash held within a liquidity fund and time deposits;
- short term debtors, creditors and cash arising directly from its operations; and
- loan facilities, the purpose of which are to finance the Company's operations.

#### (a) Market risk

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

#### (i) Currency risk

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

#### Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of this exposure by considering the effect on the Company's net asset value and income of a movement in rates of exchange to which the Company's assets, liabilities, income and expenses are exposed.

Foreign currency borrowing may be used to limit the Company's exposure to changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. This borrowing would be limited to currencies and amounts commensurate with the asset exposure to those currencies. Income denominated in foreign currencies is converted to sterling on receipt.

#### Foreign currency exposure

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

	2022		
	US Dollar £'000	Rouble £'000	Total £'000
Net current assets	—	1,461	1,461
Foreign currency exposure on net monetary items	—	1,461	1,461
Investments held at fair value through profit or loss	1,212	706	1,918
<b>Total net foreign currency exposure</b>	<b>1,212</b>	<b>2,167</b>	<b>3,379</b>

## Notes to the Financial Statements

### 21. Financial instruments' exposure to risk and risk management policies (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

##### Foreign currency exposure (continued)

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

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

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

##### Foreign currency sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2021: 20%) appreciation or depreciation in sterling against the currencies to which the Company is exposed to, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2022		2021	
	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	If sterling strengthens by 20% £'000	If sterling weakens by 20% £'000
<b>Statement of Comprehensive Income</b>				
– return after taxation				
Revenue return	603	(603)	1,970	(1,970)
Capital return	146	(146)	108	(108)
Total return after taxation	749	(749)	2,078	(2,078)
<b>Net assets</b>	<b>749</b>	<b>(749)</b>	<b>2,078</b>	<b>(2,078)</b>

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

The foreign currency sensitivity of the equity investments is included within the Other Price Risk sensitivity disclosed in note 21(a) (iii).

## Notes to the Financial Statements

**(ii) Interest rate risk**

Interest rate movements may affect the level of income receivable on cash deposits and the liquidity fund.

**Management of interest rate risk**

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

**Interest rate exposure**

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

	2022 £'000	2021 £'000
<b>Exposure to floating interest rates:</b>		
JPMorgan US Dollar Liquidity Fund	16,981	10,638
Cash and short term deposits <sup>1</sup>	83	313
<b>Total exposure</b>	<b>17,064</b>	<b>10,951</b>

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively for both the current and prior year. The target interest earned on the JPMorgan US Dollar Liquidity Fund is the 7 day US Dollar London Interbank Bid Rate.

**Interest rate sensitivity**

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 4.0% (2021: 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.

	2022		2021	
	4.0% increase in rate £'000	4.0% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	683	(683)	55	(55)
Capital return	—	—	—	—
Total return after taxation	683	(683)	55	(55)
<b>Net assets</b>	<b>683</b>	<b>(683)</b>	<b>55</b>	<b>(55)</b>

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and cash held in the liquidity fund.

**(iii) Other price risk**

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



## Notes to the Financial Statements

### 21. Financial instruments' exposure to risk and risk management policies (continued)

#### (iii) Other price risk (continued)

##### Management of other price risk

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

##### Other price risk exposure

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

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	1,918	385,822

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 19 and 20. This shows that the portfolio comprises predominantly of Russian companies. Accordingly, there is a concentration of exposure to that country. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

##### Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2021: 10%) in the market value of equity investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities, adjusting for changes in the management fee but with all other variables held constant.

	2022		2021	
	10% increase in rate £'000	10% decrease in rate £'000	10% increase in rate £'000	10% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(2)	2	(386)	386
Capital return	192	(192)	38,582	(38,582)
Total return after taxation	190	(190)	38,196	(38,196)
<b>Net assets</b>	<b>190</b>	<b>(190)</b>	<b>38,196</b>	<b>(38,196)</b>

#### (b) Liquidity risk

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

##### Management of the risk

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

## Notes to the Financial Statements

**Liquidity risk exposure**

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

	2022				2021			
	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	Total £'000	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	Total £'000
Creditors:								
Other creditors and accruals	114	—	—	114	266	—	—	266
Derivative financial liabilities	—	—	—	—	60	—	—	60
Repurchase of the Company's own shares awaiting settlement	—	—	—	—	148	—	—	148
	<b>114</b>	<b>—</b>	<b>—</b>	<b>114</b>	<b>474</b>	<b>—</b>	<b>—</b>	<b>474</b>

The liabilities shown above represent future contractual payments and therefore may differ from the amounts shown in the Statement of Financial Position.

**(c) Credit risk**

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

**Management of credit risk****Portfolio dealing**

The Company invests in markets that operate Delivery Versus Payment ('DVP') settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. The Manager continuously monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparty lists are maintained and adjusted accordingly.

**Cash and cash equivalents**

Counterparties are subject to regular credit analysis by the Manager and deposits can only be placed with counterparties that have been approved by JPMAM's Counterparty Risk Group and the Board.

**Exposure to JPMorgan Chase**

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading.

The Depositary, Bank of New York Mellon (International) Limited, is responsible for the safekeeping of all custodial assets of the Company and for verifying and maintaining a record of all other assets of the Company. However, no absolute guarantee can be given on the protection of all the assets of the Company.

**Credit risk exposure**

The amounts shown in the Statement of Financial Position under debtors and cash and cash equivalents represent the maximum exposure to credit risk at the current and comparative year ends.

**(d) Fair values of financial assets and financial liabilities**

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

## Notes to the Financial Statements

### 22. Capital management policies and procedures

The Company's capital structure comprises the following:

	2022 £'000	2021 £'000
<b>Equity:</b>		
Called up share capital	405	408
Reserves	18,483	396,607
<b>Total capital</b>	<b>18,888</b>	<b>397,015</b>

The investment objective of the Company during the reporting period was to maximise total returns, primarily from investment in quoted Russian securities. On 23rd November 2022, the Company's investment objective was widened to include investment in Emerging Europe, Middle East and Africa.

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.

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	1,918	385,822
Net assets	18,888	397,015
<b>Net cash</b>	<b>89.8%</b>	<b>2.8%</b>

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

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

### 23. Subsequent events

The Directors have evaluated the period since the year end and consider that the only subsequent event to report is the change in the Company's name and investment objective as agreed at the shareholder meeting on 23rd November 2022. See Chairman's Statement for further details.



## Regulatory Disclosures

### Alternative Investment Fund Managers Directive ('AIFMD') Disclosures (unaudited)

#### Leverage

For the purposes of the Alternative Investment Fund Managers Directive ('AIFMD'), leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated on a gross and a commitment method<sup>1</sup> in accordance with AIFMD. Under the gross method, exposure represents the sum of the Company's positions without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated after certain hedging and netting positions are offset against each other.

The Company's maximum and actual leverage levels at 31st October 2022 are shown below:

	Gross Method	Commitment Method
Maximum limit	200%	200%
Actual	100%	100%

JPMorgan Funds Limited (the '**Management Company**') is the authorised manager of JPMorgan Emerging Europe, Middle East & Africa Securities plc (formerly JPMorgan Russian Securities plc) (the '**Company**') and is part of the J.P. Morgan Chase & Co. group of companies. In this section, the terms 'J.P. Morgan' or 'Firm' refer to that group, and each of the entities in that group globally, unless otherwise specified.

This section of the annual report has been prepared in accordance with the Alternative Investment Fund Managers Directive (the 'AIFMD'), the European Commission Delegated Regulation supplementing the AIFMD, and the 'Guidelines on sound remuneration policies' issued by the European Securities and Markets Authority under the AIFMD. The information in this section is in respect of the most recent complete remuneration period (the '**Performance Year**') as at the reporting date.

This section has also been prepared in accordance with the relevant provisions of the Financial Conduct Authority Handbook (FUND 3.3.5).

#### Remuneration policy

A summary of the Remuneration Policy currently applying to the Management Company (the '**Remuneration Policy Statement**') can be found at <https://am.jpmorgan.com/gb/en/asset-management/gim/per/legal/emea-remuneration-policy>. This Remuneration Policy Statement includes details of how remuneration and benefits are calculated, including the financial and non-financial criteria used to evaluate performance, the responsibilities and composition of the Firm's Compensation and Management Development Committee, and the measures adopted to avoid or manage conflicts of interest. A copy of this policy can be requested free of charge from the Management Company.

The Remuneration Policy applies to all employees of the Management Company, including individuals whose

professional activities may have a material impact on the risk profile of the Management Company or the Alternative Investment Funds it manages ('**AIFMD Identified Staff**'). The AIFMD Identified Staff include members of the Board of the Management Company (the '**Board**'), senior management, the heads of relevant Control Functions, and holders of other key functions. Individuals are notified of their identification and the implications of this status on at least an annual basis.

The Board reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. The Board last reviewed and adopted the Remuneration Policy that applied for the 2021 Performance Year in June 2021 with no material changes and was satisfied with its implementation.

#### Quantitative disclosures

The table below provides an overview of the aggregate total remuneration paid to staff of the Management Company in respect of the 2021 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JP Morgan Asset Management (UK) Ltd (the relevant employing entity) and the number of beneficiaries, both apportioned to the Management Company on an Assets Under Management ('AUM') weighted basis.

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 32 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 42 sub-funds) as at 31st December 2021, with a combined AUM as at that date of £23.4 billion and £24.8 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (US\$'000s)	23,244	16,065	39,309	153

The aggregate 2021 total remuneration paid to AIFMD Identified Staff was USD \$84,714,000, of which USD \$6,570,000 relates to Senior Management and USD \$78,144,000 relates to other Identified Staff<sup>1</sup>.

<sup>1</sup> Since 2017, the AIFMD identified staff disclosures includes employees of the companies to which portfolio management has been formally delegated in line with the latest ESMA guidance.

### Securities Financing Transactions Regulation ('SFTR') Disclosure (Unaudited)

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) or total return swaps. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 31st October 2022.



## Notice of Annual General Meeting

Notice is hereby given that the twentieth Annual General Meeting of JPMorgan Emerging Europe, Middle East & Africa Securities plc will be held at 60 Victoria Embankment, London EC4Y 0JP on 7th March 2023 at 2.30 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st October 2022.
2. To approve the Directors' Remuneration Report for the year ended 31st October 2022.
3. To reappoint Eric Sanderson a Director of the Company.
4. To reappoint Nicholas Pink a Director of the Company.
5. To reappoint Dan Burgess a Director of the Company.
6. To reappoint BDO as Auditors to the Company.
7. To authorise the Directors to determine the auditors remuneration.

### Special Business

To consider the following resolutions:

#### Authority to allot new shares – Ordinary Resolution

8. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £20,218, 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 2024 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

9. THAT subject to the passing of Resolution 8 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 8 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate

nominal amount of £20,218, 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 8 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 pursuance of such offers, or agreements as if the power conferred hereby had not expired.

#### Authority to repurchase the Company's shares – Special Resolution

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

#### PROVIDED ALWAYS THAT

- (i) the maximum number of ordinary shares hereby authorised to be purchased shall be 6,061,383 or if less, that number of ordinary shares which is equal to 14.99% of the Company's issued share capital as at the date of the passing of this Resolution;
- (ii) the minimum price which may be paid for an ordinary share will be 1 pence;
- (iii) the maximum price which may be paid for an ordinary share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for an ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;
- (iv) any purchase of ordinary shares will be made in the market for cash at prices below the prevailing net asset value per ordinary share (as determined by the Directors) at the date following not more than seven days before the date of purchase;
- (v) the authority hereby conferred shall expire at the Company's Annual General Meeting to be held in 2024 unless the authority is renewed at a general meeting prior to such time; and



## Notice of Annual General Meeting

(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.

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

25th January 2023

### Notes

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

1. If law or Government guidance so requires at the time of the Meeting, the Chairman of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the Meeting. In addition, the Company may still impose entry restrictions on certain persons wishing to attend the AGM in order to secure the orderly and proper conduct of the Meeting.
2. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.
4. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.
5. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

## Notice of Annual General Meeting

6. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the meeting or adjourned meeting.
7. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
8. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative(s) may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.
9. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous AGM; which the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
10. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting or if it would involve the disclosure of confidential information.
11. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
12. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
13. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website [www.jpmeemeasecurities.com](http://www.jpmeemeasecurities.com).

## Notice of Annual General Meeting

---

14. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
15. You may not use any electronic address provided in this Notice of meeting to communicate with the Company for any purposes other than those expressly stated.
16. As an alternative to completing a hardcopy Form of Proxy/Voting Direction Form, you can appoint a proxy or proxies electronically by visiting [www.sharevote.co.uk](http://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](http://www.shareview.co.uk). Full instructions are given on both websites.
17. As at 23rd January 2023 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 40,436,176 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 40,436,176.

### Electronic appointment – CREST members

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

## Glossary of Terms and Alternative Performance Measures ('APMS') (Unaudited)

Alternative Performance Measures (APMs) are numerical measures of current, historical or future financial performance, financial position or cash flow that are not GAAP measures. APMs are intended to supplement the information in the financial statements, providing useful industry-specific information that can assist shareholders to better understand the performance of the Company.

Where a measure is labelled as an APM, a definition and reconciliation to a GAAP measure is set out below:

### Return to Shareholders (APM)

Total return to the shareholders, on a last traded price to last traded price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

		Year ended 31st October 2022	Year ended 31st October 2021	
<b>Total return calculation</b>	<b>Page</b>			
Opening share price (p)	7	864.0	545.0	(a)
Closing share price (p)	7	79.0	864.0	(b)
Total dividend adjustment factor <sup>1</sup>		1.037876	1.046042	(c)
Adjusted closing share price (d = b x c)		82.0	903.8	(d)
<b>Total return to shareholders (e = (d / a) – 1)</b>		<b>(90.5)%</b>	<b>65.8%</b>	<b>(e)</b>

<sup>1</sup> The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

### Net asset value per share (APM)

The value of Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please see note 16 on page 67 for detailed calculations.

### Return on Net Assets (APM)

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

		Year ended 31st October 2022	Year ended 31st October 2021	
<b>Total return calculation</b>	<b>Page</b>			
Opening NAV per share (p)	7	973.6	613.4	
Closing NAV per share (p)	7	46.7	973.6	
Less: interim dividend declared but not paid prior to year start date		(25.0)	—	
Adjusted opening NAV per share (p)		948.6	613.4	(a)
Less: interim dividend declared but not paid prior to year end date		—	(25.0)	
Adjusted closing NAV per share (p)		46.7	948.6	(b)
Total dividend adjustment factor <sup>1</sup>		1.034122	1.041330	(c)
Adjusted closing NAV per share (d = b x c)		48.29	987.8	(d)
<b>Total return on net assets (e = d / a – 1)</b>		<b>(94.9)%</b>	<b>61.0%</b>	<b>(e)</b>

<sup>1</sup> The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the NAV at the ex-dividend date.

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV per share when calculating the total return on net assets.

## Glossary of Terms and Alternative Performance Measures ('APMS') (Unaudited)

### Reference Index

The Company has a reference index (S&P Emerging Europe, Middle East & Africa) rather than a benchmark because there is currently no benchmark that matches the profile of the Company's portfolio.

The Company's previous benchmark was the RTS Index which had been adopted by the Company on 1st November 2016. Due to Russia's invasion of Ukraine in February 2022 and subsequent closure of the Russian market and cessation of distribution of data from the RTS index and other Russian indices, the Company ceased to have a benchmark.

A reference index allows investment performance and risk measurement of the new investments made under the new mandate. However, it is indicative due to the continuing ownership of Russian assets which cannot be traded and cash. Hence it is a reference index and not a benchmark. The Board does not intend to measure performance of the portfolio relative to the reference index for the purposes of the 2027 continuation vote. For further details see Chairman statement on page 8.

### Gearing/(Net Cash) (APM)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position.

Gearing calculation	Page	31st October 2022	31st October 2021	
Investments held at fair value through profit or loss	57	1,918	385,822	(a)
Net assets	57	18,888	397,015	(b)
<b>Gearing/(net cash) (c = (a / b) - 1)</b>		<b>(89.8)%</b>	<b>(2.8)%</b>	<b>(c)</b>

### Ongoing charges (APM)

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

Ongoing charges calculation	Page	31st October 2022	31st October 2021	
Management fee	62	1,050	3,254	
Other administrative expenses	62	431	815	
Total management fee and other administrative expenses		1,481	4,069	(a)
Average daily cum-income net assets		121,051	336,613	(b)
<b>Ongoing charges (c = a / b)</b>		<b>1.22%</b>	<b>1.21%</b>	<b>(c)</b>

### Share Price Discount/Premium to Net Asset Value ('NAV') per Share (APM)

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share.

The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium (page 10).

### Performance attribution

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

## Glossary of Terms and Alternative Performance Measures ('APMS') (Unaudited)

---

### Performance Attribution Definitions:

**Asset allocation**

Measures the impact of allocating assets differently from those in the benchmark, via the portfolio's weighting in different countries, sectors or asset types.

**Stock selection**

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

**Currency effect**

Measures the impact of currency exposure differences between the Company's portfolio and its benchmark.

**Gearing/(net cash)**

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

**Management fee/Other expenses**

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

**Share Buyback**

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

**ADR/GDR**

American Depositary Receipts and Global Depositary Receipts. ADRs and GDRs' are certificates that represent shares of a foreign stock.

## Where to Buy J.P. Morgan Investment Trusts

You can invest in a J.P. Morgan investment trust through the following:

### 1. Via a third party provider

Third party providers include:

AJ Bell You Invest	Halifax Share Dealing
Barclays Smart Investor	Hargreaves Lansdown
Charles Stanley Direct	Interactive Investor
Selftrade	EQI
Fidelity Personal Investing	

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These websites are third party sites and J.P. Morgan Asset Management does not endorse or recommend any. Please observe each site's privacy and cookie policies as well as their platform charges structure.

The Board encourages all of its shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability to receive company documentation, to vote their shares and to attend general meetings, at no cost. Please refer to your investment platform for more details, or visit the Association of Investment Companies' ('AIC') website at <https://www.theaic.co.uk/how-to-vote-your-shares> for information on which platforms support these services and how to utilise them.

### 2. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you to find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead. You can find an adviser at [unbiased.co.uk](https://unbiased.co.uk).

You may also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority (FCA) adviser charging and commission rules, visit [fca.org.uk](https://fca.org.uk).

## Be ScamSmart

### Investment scams are designed to look like genuine investments

#### Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

### Avoid investment fraud

#### 1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

#### 2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

#### 3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

**Remember: if it sounds too good to be true, it probably is!**

### Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at [www.fca.org.uk/consumers/report-scam-unauthorised-firm](https://www.fca.org.uk/consumers/report-scam-unauthorised-firm). You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at [www.actionfraud.police.uk](https://www.actionfraud.police.uk)

**Find out more at**  
[www.fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart)





# Information about the Company

## FINANCIAL CALENDAR

### Final results announced

January

Annual General Meeting

March

Half year end

30th April

Half year results announced

June

Financial year end

31st October

## History

The Company was launched in December 2002 by a placing and offer for subscription. It is the successor Company to The Fleming Russia Securities Fund Limited, a closed-ended investment company incorporated in Jersey and listed on the Irish Stock Exchange. The Company changed its name to JPMorgan Russian Securities plc on 1st March 2006. On 23rd November 2022 shareholders approved a widening of the Company's Investment objective to include Emerging Europe, Middle East & Africa. On the same date the Company's name was changed to JPMorgan Emerging Europe, Middle East & Africa Securities plc.

## Life of the Company

Directors will propose a resolution that the Company continue as an investment trust at the Annual General Meeting in 2027 and every five years thereafter.

## Company Numbers

Company registration number: 4567378  
London Stock Exchange Sedol number: 0032164732  
ISIN: GB0032164732  
Bloomberg ticker: JEMA LN  
LEI: 549300II3MHI98ZLVH37

## Market Information

The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times and on the JPMorgan website at [www.jpmeemeasecurities.com](http://www.jpmeemeasecurities.com) where the share price is updated every 15 minutes during trading hours.

## Website

[www.jpmeemeasecurities.com](http://www.jpmeemeasecurities.com)

## Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf.

## Manager and Company Secretary

JPMorgan Funds Limited

**aic**

The Association of  
Investment Companies

A member of the AIC

## Company's Registered Office

60 Victoria Embankment  
London EC4Y 0JP  
Telephone: 020 7742 4000

For company secretarial and administrative matters, please contact Paul Winship at the Company's registered office.

## Depository

The Bank of New York Mellon (International) Limited  
160 Queen Victoria Street  
London EC4V 4LA

The Depository has appointed JPMorgan Chase Bank, N.A. as the Company's custodian.

## Registrars

Equiniti Limited  
Reference 2610  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA  
Telephone number: 0371 384 2030

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more than a national rate call to a 01 or 02 number. Callers from overseas should dial +44 121 415 0225.

Notifications of changes of address and all enquiries regarding certificates should be sent to the Registrar quoting reference 2610.

Registered shareholders can obtain further details on individual holdings on the internet by visiting [www.shareview.co.uk](http://www.shareview.co.uk)

## Independent Auditor

BDO LLP  
55 Baker Street,  
London W1U 7EU

## Brokers

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

## CONTACT

60 Victoria Embankment  
London  
EC4Y 0JP  
Tel +44 (0) 20 7742 4000  
Website [www.jpmeemeasecurities.com](http://www.jpmeemeasecurities.com)

