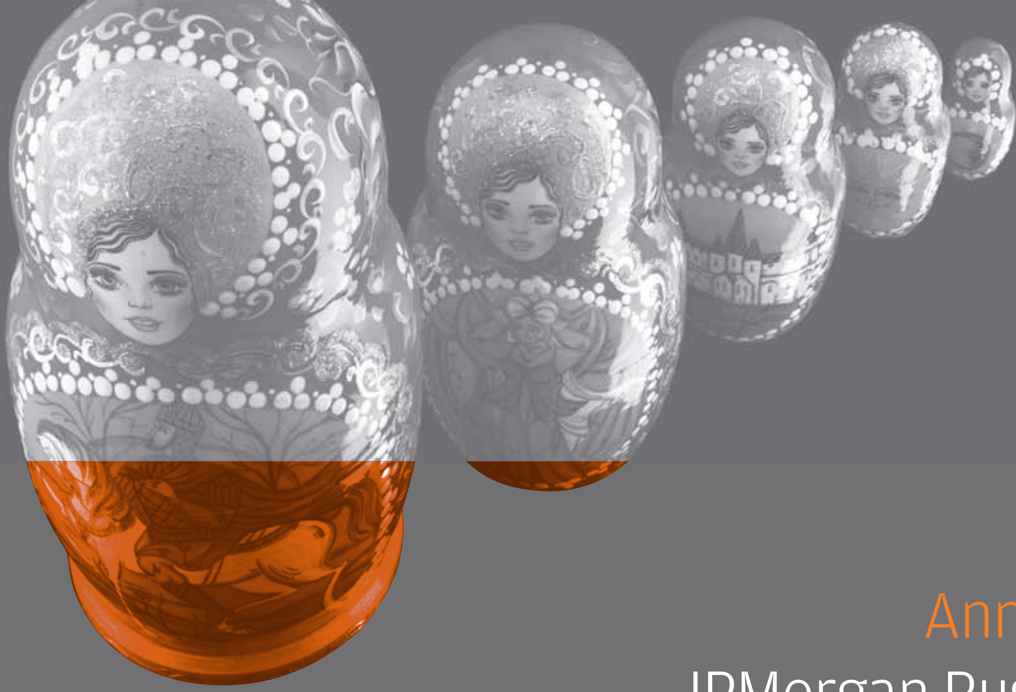


Annual Report 09

JPMorgan Russian Securities plc

Annual Report & Accounts for the year ended 31st October 2009

J.P.Morgan
Asset Management

Features

Contents

Objective

To provide capital growth from investment in Russian securities.

Policies

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

Benchmark

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

Capital Structure

The Company has an authorised ordinary share capital of 1,000,000,000 shares of 1p each, of which 55,932,812 (2008: 55,932,812) were in issue at the year end.

Management Company

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

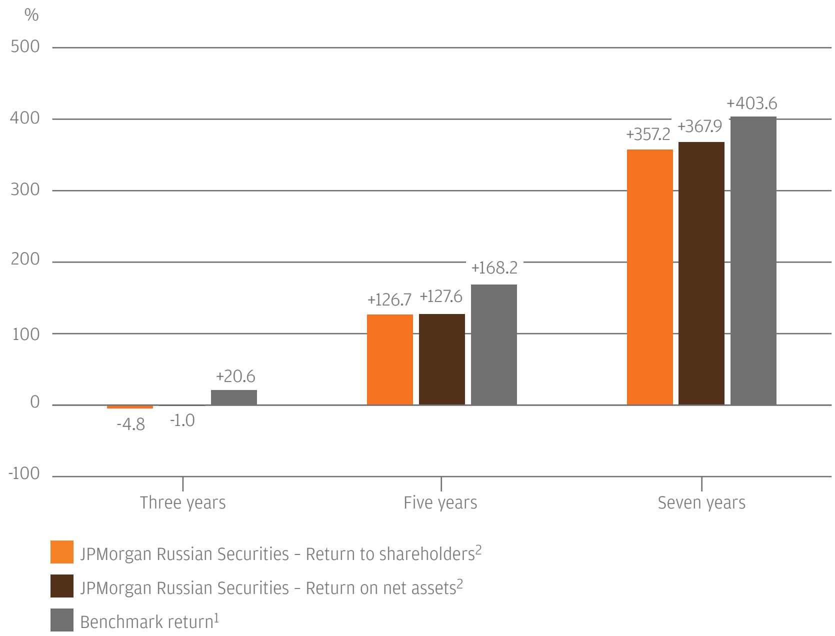
Financial Results

Total Returns (capital plus income)

+61.9% Return to shareholders (2008: -61.4%)	**+82.2%** Return on net assets (2008: -64.6%)	**+70.0%** Benchmark return[1] (2008: -51.9%)

Long Term Performance

for periods ended 31st October 2009



A glossary of terms and definitions is provided on page 54.

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

[2]Source: Morningstar

Chairman's Statement

Long term shareholders in this Company will be only too aware that investing in Russian equities is a rollercoaster ride that is not for the faint hearted. The Company's last two years illustrate this perfectly. In my annual statement last year, I had to report the disappointing news that the Company's total return on net assets had plummeted by 64.6% in the year to 31st October 2008, after five years of positive returns and out-performance of the Company's benchmark. In stark contrast, this year the Company's total return on net assets for the year to 31st October 2009 was +82.2%, compared to a return of +70.0% (in sterling terms) from the Company's benchmark, the MSCI Russian 10/40 Equities Indices Index. This performance means that the Company ranks as one of the top performing investment companies in the last year. Furthermore, while the average investment company is up some 50% over the last ten years, the Company is the top performing investment company over the last decade, up by 1,398%[1] (including the performance of The Fleming Russia Securities Fund Limited, the Company's predecessor). This represents a compound rate of return over the period of 31% per annum.

What is clear from these figures is that investing in Russian equities should be on a long term basis, and that there will continue to be challenging years for our investment managers. However, if investors keep their nerve through the difficult periods, the rewards are apparent.

The issues and challenges facing our investment managers, together with a performance review and outlook for the coming year can be found in the investment managers' report on pages 4 to 6.

Revenue and Earnings

Dividends paid by Russian companies declined materially in the year under review. The Revenue loss after taxation for the year to 31st October 2009 was £2,299,000, representing a revenue loss per share of 4.11p.

Authority to Repurchase the Company's Shares

During the year under review the Company did not repurchase any shares. However, the Company has repurchased 581,000 shares since the year end to manage imbalance between the supply and demand for the Company's shares. The Company considers utilising its buyback powers if the average discount exceeds 12% over a thirty day period. The Board continues to believe that it is important that a repurchase facility is in place, and is therefore seeking approval from shareholders to renew the authority at the forthcoming Annual General Meeting.

Corporate Governance

The Company operates in accordance with corporate governance best practice. The Board has reviewed the investment management, secretarial and marketing services provided to the Company by JPMorgan Asset Management (UK) Limited. This annual review has included their performance record, resources and risk control mechanisms. This year the Board also devoted a strategy meeting to management processes and investment style. In conclusion the Board was satisfied with the results of the detailed review and therefore, in the opinion of the Directors, the continuing appointment of JPMAM for the provision of these services is in the interests of shareholders as a whole.

[1] Source: AIC/Morningstar.

Board of Directors

In accordance with the Company's Articles of Association, James Nicholson and Lysander Tennant will be retiring by rotation at the forthcoming Annual General Meeting. A Nomination Committee of the Board, has met to consider the attributes and contribution of Mr Nicholson and Mr Tennant to the Board's deliberations. Following this review, the Board recommends to shareholders that, taking into account their respective investment experience, knowledge of the Russian market and contribution to the Board, both be re-elected. In compliance with the Board's succession planning, following the appointment of Mr Nianias in 2008, a Director will be standing down from the Board at the 2011 Annual General Meeting.

Articles of Association

At the Annual General Meeting, it is proposed that the Company adopt new Articles of Association. These latest amendments to the current Articles reflect the changes in company law brought about by the 2006 Act which came into effect on 1 October 2009, changes made to the 2006 Act in August 2009 (designed principally to implement the EU Shareholder Rights Directive in the UK) and some minor technical or clarifying changes. More details on the proposed changes to the Articles are given in the Directors' Report and in the Appendix to the Notice of Meeting in the Company's Annual Report & Accounts.

Although there are no immediate plans to increase the level of Directors' fees, the Board will further seek shareholder approval at the forthcoming Annual General Meeting to increase the maximum aggregate amount payable in directors' fees from £150,000 to £200,000 per annum.

Annual General Meeting

The Company's seventh Annual General Meeting will be held on Tuesday 9th March 2010 at 12.00 noon., at Trinity House, Tower Hill, London, EC3N 4DH. In addition to the formal part of the meeting, there will be a presentation from the Investment Managers who will answer questions on the portfolio and performance. There will also be an opportunity to meet the Board, the Investment Managers and representatives of JPMorgan Asset Management. I look forward to seeing as many of you as possible at this meeting.

Shareholders are asked to submit in writing any detailed or technical questions that they wish to raise at the AGM in advance to the Company Secretary at Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ. Alternatively you can lodge questions on the Company's website at jpmrussian.co.uk.

Outlook

The Russian risk reward proposition continues to look attractive and another year of positive returns for Russian equities is expected. The Company's investment managers believe that long-term returns for the Russian equity market should be in a range of 15-20%, but with considerable volatility. However this outlook is heavily dependent on three factors: oil price; global liquidity and global growth. As long as the economy continues to recover there should be more opportunities to generate reasonable returns, which our investment managers hope to achieve by continuing to prefer private sector companies over those owned and controlled by the state, with a bias towards domestic demand over commodity sectors.

Pamela Idelson Smith
Chairman

8th February 2010

Investment Managers' Report

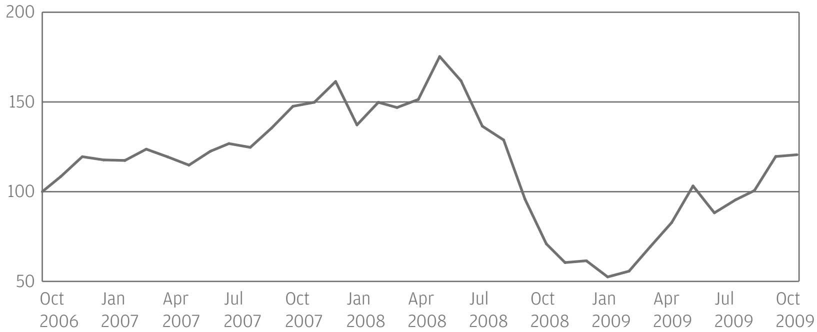
Oleg I. Biryulyov

Vitaly N. Kazakov

Market Review

Twelve months ago the Russian stock market was considered by many market commentators to be doomed with no good news on the horizon. As history shows such times tend to be the ones that are later referred to as "a once in a lifetime opportunity" for investors. 2009 will be remembered in the same way as 1999 as a great year for recovery. The Russian market is well known for its high risk and volatility, ample evidence of which was provided by last year's massive rebound in prices. The graph below shows that although we are still almost 40% below the peak achieved back in May 2008, the Russian market rebounded by 185% from the lows seen at the end of 2008.

MSCI 10/40 Russian Equities Indices Index over 3 years to 31st October 2009



Source: Morningstar/MSCI

MSCI 10/40 Russian Equities Indices Index (Sterling) - 3 Years to 31st October 2009

JPMorgan Russian Securities outperformed its benchmark index last year by 12.2%. In the commentary below we have continued our practice of looking at the key issues in the market and for the country that have affected the results in the last year. Some of our points may sound familiar for our long term supporters; however we believe that it is important to stress these issues again:

• Volatility in Oil and Commodity Prices

During the Company's financial year there was a huge swing in sentiment and prices across commodities. The last quarter of 2008 and early 2009 witnessed the bottom of expectations for global economic growth. Commodity markets went through the painful experience of collapsing demand, collapsing prices and little clarity even in the near term outlook. China yet again saved the commodity world by largely offsetting the double-digit declines in demand seen in the western economies. In financial markets, investors' appetite for commodities has seemed almost insatiable, with metals behaving like financial instruments rather than responding to the physical supply-demand environment. As a result Urals Crude rose by 131% from a low of US$ 32 per barrel in December 2008 to close our financial year at US$ 74. Similarly copper rose by 127% from US$ 2,845 per tonne to US $ 6,480 per tonne. What is clear is that this sharp V-shaped recovery in oil and metal prices saved the Russian economy from a prolonged period of recession.

• Cheap and plentiful liquidity

Russia has been historically very dependent on external sources of funding. The main reason for this is the relatively small size of the Russian banking sector in comparison to the size of the country's GDP and even to the funding and investment requirements of major Russian corporates. These companies also borrow abroad due to the low level of domestic savings in absolute terms following a protracted history of high inflation and negative real interest rates paid to depositors. The current environment, of extremely low interest rates globally and a flood of liquidity injected by governments into the financial system, has quickly erased most concerns about immediate Russian corporate credit risks. Available cheap funding has given a window of opportunity for heavily indebted corporates to restructure their debts. Cheap liquidity was very instrumental in the first wave of the 2009 rally in February – April when the lessening of fears about credit and bankruptcy risks supported the market.

• Politics and Country Specific Risk Factors

The sharp recovery in commodity prices reduced any urgency to implement reforms in Russia. This must be the largest disappointment for us as investors in Russia as the Government lost yet another opportunity to create better foundations to enable future positive developments. The absence of political debate on any crucial subject and an apparent lack of desire by the Russian Government to tackle harder decisions created a negative background for economic developments. Administrative interventions and pressure on businesses to avoid any large layoffs eliminated a great opportunity to make several sectors of the Russian economy more efficient and competitive in the global context.

Elections in the regional parliaments during the Autumn of 2009 brought back some Soviet-era memories of an authoritarian approach to opposition. Importantly society recognised the lack of leadership and vision among its rulers, which had been well masked by the great years of the commodity boom.

Overall we are concerned that the weakness of the political system and its underdeveloped structure in Russia could be an important stumbling block for future modernisation.

Performance Review

2009 was a great year for disciplined investors like ourselves who kept faith in our largest stock positions when we believed the underlying businesses were strong. We kept a fully invested position at the end of January 2009 and avoided the temptation of selling assets at rock bottom prices. The Company did not use leverage in the financial year to 31st October 2009 because of high volatility in the Russian equity market.

During the year we have been adjusting the portfolio in anticipation of different investment stories and their potential impact on financial markets. There were three large investment waves which worked well in 2009:

The first was the reduction in insolvency risk in the period from February to April 2009. During this period the best performers were companies with high leverage ratios and stretched balance sheets, for example Mechel. During 1Q09 the P/E multiple for Mechel looked absurdly high due to the very poor outlook for the company's profitability, if any. Its high debt level was also a constant threat to its

Investment Managers' Report continued

survival. However state and state-controlled banks provided plenty of liquidity to support businesses, so the bankruptcy risk for this company was reduced by cash injections into the market.

The second wave came in April and lasted till early June 2009, a wave that could be described as "Back to normality and business as a going concern". By April the market realised that the worst case scenarios about oil prices and a potential global economic collapse had not materialised. Russian companies had managed to cut their costs so drastically that even in such a challenging environment they were able to operate efficiently and in some cases quite profitably. These factors forced investors to reconsider asset valuations. A typical outperformer in this period was Magnit. This company was able to sustain 20+% annual growth despite the collapse of the price of oil. In an environment in which all companies had been penalised by an aversion to market risk, it represented an opportunity to buy a high quality business at a lower valuation.

Finally the last investment wave started in August –September 2009 and was all about earnings revisions. Investors came into the market on the back of earnings surprises after the second quarter of 2009 when 70+% of companies that reported, produced numbers ahead of investor expectations. As a result analysts had to revise upwards their earnings expectations, which clearly had been set too low. Sberbank was a good example of an out-performer in this period.

Despite the Company's strong out-performance against the benchmark index, there were, in hindsight, some investment decisions which detracted from performance. Our biggest mistake last year was not utilising gearing in February, despite our fairly bullish view on the market at that time. The reluctance to gear followed a year of 80% losses, global panic and material underperformance against the benchmark. Another lost opportunity was our early decision to sell companies with poor balance sheets, which led to a reduction of relative beta in the portfolio vs. the Russian market in the first quarter of the Company's financial year. This decision has turned out to be premature, but we did not want to compromise our investment approach and believe that it remains a good decision in the long-term.

Outlook

We expect that in the long run the Russian equity market will progress towards more typical levels of volatility and returns. After two years of extremely volatile markets in 2008 and 2009, it is important to remind shareholders of what we think is a "normalised" expected return from Russian equities. As long as the capital base is relatively small and the cost of capital and risks related to the business activity remain relatively high, the likely returns on equity for companies should be in the range of 15-20% per annum. These should be seen as "normalised" levels of returns for the Russian equity market over the long term.

We strongly believe that on a risk adjusted basis Russian equities continue to offer very good value for long-term investors. The country has good economic pre-conditions (natural resources, human capital, basic infrastructure) for an extended period of well above average economic growth.

Oleg I. Biryulyov
Vitaly N. Kazakov
Investment Managers

8th February 2010

Summary of Results

Total Returns for the year ended 31st October	2009	2008	
Return to shareholders	**+61.9%**	-61.4%	
Return on net assets	**+82.2%**	-64.6%	
Benchmark return[1]	**+70.0%**	-51.9%	
Net asset value, share price and discount at 31st October			% change
Shareholders' funds (£'000)	**260,037**	142,658	+82.2
Net asset value per share	**464.9p**	255.1p	+82.2
Share price	**416.0p**	257.0p	+61.9
Exchange rate (£1 : US$)	**1.65**	1.62	-1.8
Exchange rate (£1 : Rouble)	**29.14**	43.80	+50.3
Share price (discount)/premium to net asset value	**(10.5)%**	0.7%	
Shares in issue	**55,932,812**	55,932,812	
Revenue for the year ended 31st October			
Gross revenue return (£'000)	**950**	9,632	-90.1
Net revenue (loss)/return on ordinary activities after taxation (£'000)	**(2,299)**	529	
Revenue (loss)/return per share	**(4.11)p**	0.95p	
Dividend per share	**–**	–	
Actual gearing factor at 31st October	**100.5%**	93.0%	
Total expense ratio	**1.54%**	2.53%	

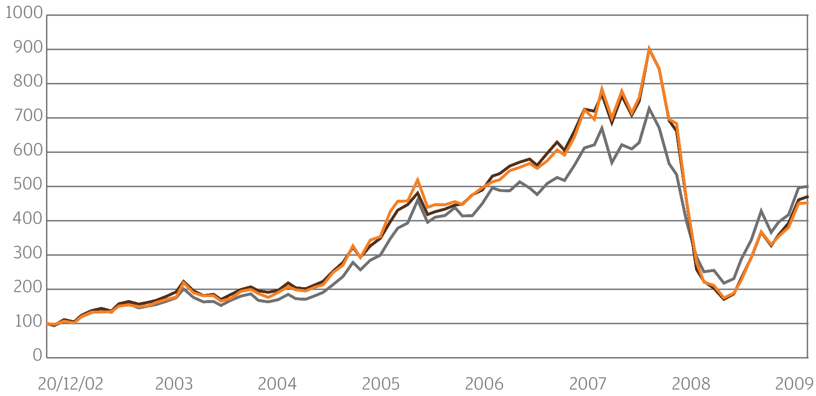
A glossary of terms and definitions is provided on page 54.

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

Performance

Performance since launch

Figures have been rebased to 100 at 20th December 2002 (first day of trading)

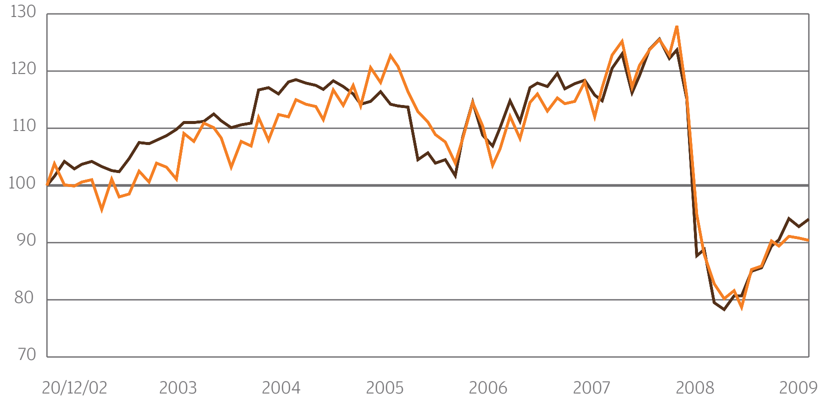


Source: Morningstar/MSCI/CSFB

JPMorgan Russian Securities – Share price
JPMorgan Russian Securities – Net asset value per share
Benchmark

Performance Relative to Benchmark

Figures have been rebased to 100 at 20th December 2002 (first day of trading)



Source: Morningstar/MSCI/CSFB

JPMorgan Russian Securities – Share price
JPMorgan Russian Securities – Net asset value per share
The benchmark index is represented by the horizontal line

Financial Record

Year ended 31st October	2002 First day of trading 20th December 2002	2003 Period from first day of trading to 31st October 2003	2004	2005	2006	2007	2008	2009
Total net assets (£m)	60.6	89.7	116.0	164.3	265.0	403.5	142.7	**260.0**
Net asset value per share (p)	100.9	156.9	206.5	292.5	473.1	721.4	255.1	**464.9**
Share price (p)	91.5	138.0	183.5	269.0	436.8	665.5	257.0	**416.0**
(Discount)/premium (%)	(9.3)	(12.0)	(11.1)	(8.0)	(7.7)	(7.7)	0.7	**(10.5)**
Actual gearing factor (%)	97.7	110.8	106.3	103.6	102.8	105.1	93.0	**100.5**
Total expense ratio (%)	N/A	1.80	1.86	1.69	1.89	1.78	2.53	**1.54**
Year ended 31st October								
Gross revenue (£'000)	N/A	2,493	2,119	2,841	4,388	7,469	9,632	**950**
Revenue/(loss) per share (p)	N/A	0.97	(0.18)	(1.55)	(1.34)	(1.32)	0.95	**(4.11)**
Dividends per share (p)	N/A	0.90	–	–	–	–	–	**–**
Returns (rebased to 100 at 20th December 2002)								
Return to shareholders[1]	100.0	150.8	201.7	295.7	480.1	731.6	282.5	**457.2**
Return on net assets[1]	100.0	155.5	205.6	291.2	472.6	720.7	256.8	**467.9**
Benchmark return[2]	100.0	146.5	187.8	258.4	417.6	616.5	296.3	**503.6**

A glossary of terms and definitions is provided on page 54.

[1]Source: Morningstar

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

Ten Largest Equity Investments

at 31st October

Company	Sector	2009 Valuation £'000	2009 Valuation %[1]	2008 Valuation £'000	2008 Valuation %[2]
Sberbank Rossii	Financials	**29,092**	**11.2**	17,463	12.2
Norilsk Nickel ADR[3]	Materials	**24,091**	**9.3**	4,015	2.8
Magnit GDR	Consumer Staples	**17,397**	**6.7**	9,502	6.7
Sistema GDR[3]	Telecommunication Services	**13,945**	**5.4**	2,316	1.6
Vimpel-Communications ADR[3]	Telecommunication Services	**13,926**	**5.3**	-	-
Gazprom ADS	Energy	**13,668**	**5.3**	9,626	6.7
Magnitogorsk Iron & Steel GDR	Materials	**13,585**	**5.2**	5,953	4.2
Novolipetsk Iron & Steel GDS[3]	Materials	**12,421**	**4.8**	3,339	2.3
Tatneft ADS	Energy	**11,784**	**4.5**	6,269	4.4
Mobile Telesystems ADS[3]	Telecommunication Services	**11,718**	**4.5**	1,505	1.1
Total[4]		161,627	62.2		

[1] Based on total assets less current liabilities of £260.0m.

[2] Based on total assets less current liabilities of £142.7m.

[3] Not Included in the ten largest equity investments at 31st October 2008.

[4] At 31st October 2008, the value of the ten largest equity investments amounted to £87.8m representing 61.5% of total assets less current liabilities.

Sector Analysis

	31st October 2009			31st October 2008		
	Portfolio %[1]	Benchmark %	Active Position %	Portfolio %	Benchmark %	Active Position %
Materials	**24.3**	**25.4**	**(1.1)**	23.8	20.0	3.8
Telecommunications Services	**17.3**	**13.5**	**3.8**	5.6	16.5	(10.9)
Energy	**17.2**	**37.0**	**(19.8)**	16.0	38.1	(22.1)
Financials	**13.0**	**10.8**	**2.2**	13.3	14.8	(1.5)
Consumer Staples	**11.7**	**2.5**	**9.2**	11.8	2.1	9.7
Consumer Discretionary	**8.4**	**0.4**	**8.0**	6.4	2.0	4.4
Healthcare	**2.8**	**3.1**	**(0.3)**	3.4	3.7	(0.3)
Information Technology	**2.4**	**–**	**2.4**	2.3	–	2.3
Transportation	**2.1**	**–**	**2.1**	7.2	–	7.2
Utilities	**0.8**	**7.3**	**(6.5)**	1.9	2.8	(0.9)
Real Estate	**0.4**	**–**	**0.4**	1.4	–	1.4
Liquidity Funds	**0.2**	**–**	**0.2**	7.4	–	7.4
Net current liabilities	**(0.6)**	**–**	**(0.6)**	(0.5)	–	(0.5)
Total	**100.0**	**100.0**		100.0	100.0	

[1]Based on total assets less current liabilities of £260.0m (2008 £142.7m).

List of Investments

at 31st October 2009

Company	Valuation £'000
Materials	
Norilsk Nickel ADR	24,091
Magnitogorsk Iron & Steel GDR	13,585
Novolipetsk Iron & Steel GDS	12,421
Uralkali GDR	8,460
Severstal GDR	3,093
Cheliabinsk Elektrolit GDR	1,533
Total Materials	**63,183**
Telecommunications Services	
Sistema GDR	13,945
Vimpel-Communications ADR	13,926
Mobile Telesystems ADS	11,718
Comstar United Telesystems GDR	5,380
Total Telecommunications Services	**44,969**
Energy	
Gazprom ADS	13,668
Tatneft ADS	11,784
Surgutneftegaz ADR	8,856
Transneft	4,043
TMK GDR	3,191
Eurasia Drilling GDR	3,147
Total Energy	**44,689**
Financials	
Sberbank Rossii	29,092
Bank Saint Petersburg	2,687
Sistema-Hals GDR	1,980
Total Financials	**33,759**
Consumer Staples	
Magnit GDR	17,397
Cherkizovo GDR	6,276
X5 Retail GDR	4,130
Kalina Concern	2,546
Total Consumer Staples	**30,349**
Consumer Discretionary	
CTC Media	6,779
Dixy	5,758
Sollers	5,054
World Trade Centre Moscow	4,385
Total Consumer Discretionary	**21,976**

Company	Valuation £'000
Healthcare	
Verofarm	3,982
Pharmacy Chain 36.6	3,389
Total Healthcare	**7,371**
Information Technology	
Sitronics GDR	3,372
RBC Information Systems	2,292
Armada	487
Total Information Technology	**6,151**
Transportation	
Aeroflot	5,407
Total Transportation	**5,407**
Utilities	
Lenenergo	2,229
Total Utilities	**2,229**
Real Estate	
Open Investments	1,194
Total Real Estate	**1,194**
Liquidity Fund	
JPM US Dollar Liquidity Fund	431
Total Liquidity Fund	**431**
Total Investment Portfolio	**261,708**

Board of Directors

Pamela Idelson Smith (Chairman)

Joined the Board and appointed Chairman in October 2002.

She is currently chairman of RSI Securities S.A., a Swiss financial Company. She is also Chairman of Sirius Fund (a Luxembourg SICAV), and a Director of Baring Hedge Select Fund Limited.

Patrick Gifford (Chairman of the Nomination Committee)

Joined the Board in October 2002.

He is Chairman of Invesco Perpetual Select Trust plc, Martin Currie Pacific Trust plc and Murray Income Trust plc, and a director of AlphaGen Aldebaran Fund Limited and Tapestry Investment Company PCC Limited. He is also Chairman of Vtesse Networks Limited. He was formerly Chairman of Fleming Investment Trust Management Limited and a Director of Robert Fleming Holdings Limited.

George Nianias

Joined the Board in March 2008.

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

James Nicholson

Joined the Board in October 2002.

He is a Director of Baring Hedge Select Fund Limited. From 1976 to 1997 he was successively a Director of Robert Fleming & Co, Jardine Fleming Holdings Limited and Fleming Investments Limited.

Paul Teleki (Chairman of the Audit Committee)

Joined the Board in October 2002.

He is an independent consultant involved in energy policy and legal, regulatory and ownership reform in emerging market countries.

Lysander Tennant

Joined the Board in October 2002.

He was formerly a fund manager at BZW Investment Management Limited, and portfolio manager at American Express Asset Management Limited investing in Russian securities.

All Directors are members of the Audit and Nomination Committees and are considered independent of the Manager.

Directors' Report

The Directors present their report for the year ended 31st October 2009.

Business Review

Business of the Company

The Company carries on business as an investment trust and was approved by HM Revenue and Customs as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31st October 2008. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to continue to qualify as an investment trust. The Company will continue each year to seek approval under Section 842 of the Income and Corporation Taxes Act 1988.

Approval for the year ended 31st October 2008 is subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment.

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

The Company's registration number is 4567378.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 2 and 3, and in the Investment Managers' Report on pages 4 to 6.

Objective

The Company's objective is to achieve capital growth from investing in Russian securities.

Investment Policies and Risk Management

In order to achieve the investment objective and manage risk, the Company invests in a diversified portfolio of investments in quoted Russian securities and Russian pre-IPO stocks or other companies which derive the majority of their revenue or gains from operating in Russia. The number of investments in the portfolio will normally range between 30 and 60. The investment portfolio is managed by two Russian fund managers, one based in Moscow and one based in London, both of whom are fully supported by a global emerging markets team. The Board also discusses in depth the economy and political developments of Russia at Board meetings and considers the possible implications for the investment portfolio.

Investment Limits and Restrictions

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

- No more than 10% of the Company's gross assets are to be invested in pre-IPO stocks.
- The Company will not normally invest in unlisted securities, apart from pre-IPO stocks.
- The Company will not normally invest in derivatives.
- The Company will utilise liquidity and borrowings in a range of 90 to 115% invested 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.

Performance

In the year to 31st October 2009, the Company produced a total return to shareholders of 61.9% and a total return on net assets of 82.2%. This compares with the return on the Company's benchmark index of 70.0%. As at 31st October 2009, the value of the Company's investment portfolio was £261.7m. The Investment Managers' Report on pages 4 to 6 includes a review of developments during the year as well as information on investment activity within the Company's investment portfolio.

Total Return and Revenue

Gross return for the year totalled £120,628,000 (2008: loss of £251,753.000) and net return after deducting finance costs, management fees, administrative expenses and taxation amounted to £117,379,000 (2008: loss of £260,856,000). Net revenue loss after tax for the year amounted to £2,299,000 (2008: return of £529,000). No dividend has been proposed (2008: nil).

Key Performance Indicators ('KPIs')

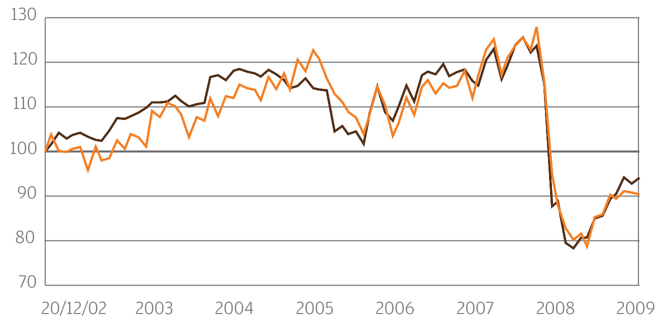
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:-

- **Performance against the benchmark index**

  This is the most important KPI by which performance is judged.

Performance relative to Benchmark Index

Figures have been rebased to 100 at 20th December 2002

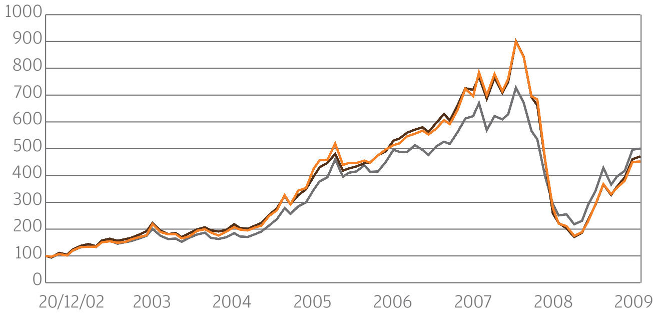


Source: Morningstar/MSCI/CSFB

JPMorgan Russian Securities - Share price
JPMorgan Russian Securities - Net asset value per share
The benchmark index is represented by the horizontal line

Performance since launch

Figures have been rebased to 100 at 20th December 2002



Source: Morningstar/MSCI/CSFB

JPMorgan Russian Securities - Share price
JPMorgan Russian Securities - Net asset value per share
Benchmark

- **Performance against the Company's peers**

  The principal objective is to achieve capital growth. However, the Board also monitors the performance relative to a broad range of competitor funds and the benchmark.

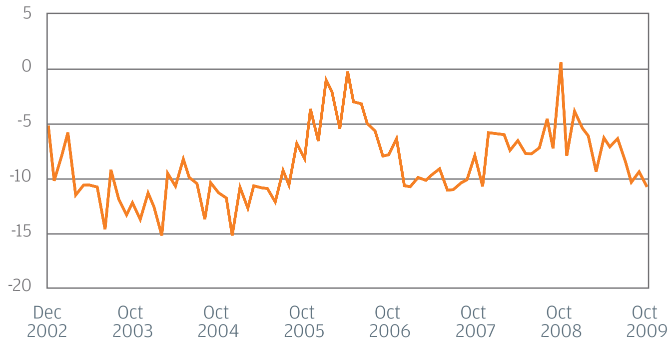
- **Performance attribution**

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

- **Share price Discount/Premium to net asset value ('NAV')**

  The Board has adopted a share repurchase policy which seeks to address imbalances in supply of and demand for the Company's shares in the market and thereby minimises the volatility and absolute level of the discount to NAV at which the Company's shares trade. In the year to 31st October 2009, the shares traded between a 9.3% premium and a 13.5% discount.

Discount/Premium Performance



Source: Datastream

JPMorgan Russian Securities - Share price discount/premium to NAV

- **Total expense ratio ('TER')**

The TER represents management fees and all other operating expenses excluding finance costs and VAT recoverable, expressed as a percentage of the average of the opening and closing net assets. The TER for the year ended 31st October 2009 was 1.54% (2008: 2.53%). The Board reviews each year an analysis which shows a comparison of the Company's TER and its main expenses with those of its peers.

Share Capital

During the financial year the Company did not repurchase any Ordinary Shares for cancellation. Since the end of the financial year the Company has repurchased 581,000 Ordinary Shares for cancellation.

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

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

Principal Risks

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

Directors' Report continued

- Investment and Strategy: An inappropriate investment strategy, for example asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount to NAV. The Board manages these risks by diversification of investments through its investment restrictions and guidelines, which are monitored and reported on by the Manager. JPMAM provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the investment managers, who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The investment managers employ the Company's gearing tactically, within a strategic range set by the Board. However, currently the Company has no loan facility in place.
- Market: Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss that the Company might suffer through holding investments in the face of negative market movements. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by JPMAM. The Board monitors the implementation and results of the investment process with the Manager.
- Accounting, Legal and Regulatory: In order to qualify as an investment trust, the Company must comply with Section 842 of the Income and Corporation Taxes Act 1988 ('Section 842'). Details of the Company's approval are given under "Business of the Company" above. Were the Company to breach Section 842, it might lose investment trust status and, as a consequence, capital gains within the Company's investment portfolio would be subject to Capital Gains Tax. The Section 842 qualification criteria are continually monitored by JPMAM and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, as its shares are listed on the London Stock Exchange, the UKLA Listing Rules. A breach of the Companies Act 2006 could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules could result in the Company's shares being suspended from listing which in turn would breach Section 842. The Board relies on the services of its Company Secretary, JPMAM, and its professional advisers to ensure compliance with the Companies Act 2006 and the UKLA Listing Rules.
- Corporate Governance and Shareholder Relations: Details of the Company's compliance with corporate governance best practice, including information on relations with shareholders, are set out in the Corporate Governance report on pages 20 to 23.
- Operational: Disruption to, or failure of, JPMAM's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by JPMAM and its associates and the key elements designed to provide effective internal control are included within the Internal Control section of the Corporate Governance report on page 22.
- Financial: The financial risks faced by the Company include market price risk, interest rate risk, foreign currency risk, liquidity risk and credit risk. Further details are disclosed in note 18 on pages 40 to 45.
- Political and Economic: Changes in financial or tax legislation, including in the European Union, may adversely affect the Company. The Manager makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. In addition, the Company is subject to administrative risks, such as the imposition of restrictions on the free movement of capital.

Future Developments

The future development of the Company is much dependent upon the success of the Company's investment strategy in the light of economic and equity market developments. The investment managers discuss the outlook in their report on pages 4 and 6.

Management of the Company

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

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

Management Agreement

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

The Manager is remunerated at a rate of 1.5% per annum of the Company's net assets, payable monthly in arrears.

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

Going Concern

The Directors believe that having considered the Company's investment objective (see page 14), risk management policies (see pages 40 to 45), capital management policies and procedures (see page 46), the nature of the portfolio and expenditure projections, 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, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Payment Policy

It is the Company's policy to obtain the best terms for all business and therefore there are no standard payment terms. In general the Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by those terms. As at 31st October 2009, the Company had no outstanding trade creditors (2008: none).

Directors

The Directors of the Company who held office at the end of the year, together with their beneficial interests in the Company's ordinary share capital, were:

Directors	31st October 2009	1st November 2008
Pamela Idelson Smith	10,000	10,000
Patrick Gifford	21,641	21,641
George Nianias	21,418	-
James Nicholson	–	4,850
Paul Teleki	3,889	3,889
Lysander Tennant	5,700	5,700

Since the year end, Mr Nianias has sold his entire holding in the Company and therefore no longer has a beneficial interest in the Company's shares.

In accordance with the Company's Articles of Association, the Directors retiring by rotation at the forthcoming Annual General Meeting will be James Nicholson and Lysander Tennant who, being eligible, offer themselves for re-election.

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

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 418(2) of the Companies Act 2006.

Section 992 Companies Act 2006

The following disclosures are made in accordance with section 992 of the 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 15 to the Notice of Annual General Meeting on page 49.

Notifiable Interests in the Company's voting rights

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

Shareholders	Number of voting rights	%
City of London Investment Management Company Limited	14,163,739	25.59
Lazard Asset Management LLC	6,758,827	12.21
JPMorgan Asset Management (UK) Limited[1]	5,682,884	10.27
Progressive Asset Management Limited	4,332,034	7.83
Legal & General Group plc	2,228,340	4.03
SVM Asset Management Limited	1,792,114	3.24

[1] Non-beneficial.

Directors' Report continued

Independent Auditors

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

Annual General Meeting

NOTE: THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial advisor 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 repurchase the Company's shares for cancellation – (resolution 6)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2009 Annual General Meeting, will expire on 9th March 2010 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewing 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 48 and 49. 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.

(ii) Adoption of new Articles of Association (resolution 7)

The Company proposes to adopt new Articles of Association. These incorporate amendments to the current Articles of Association to reflect the changes in company law brought about by the Companies Act 2006 ('the Act') which came into effect on 1st October 2009 and changes made to the Act in August 2009 to implement the EU Shareholder Rights Directive in the UK, as well as some minor technical or clarifying changes. The principal changes in the new Articles of Association proposed to be adopted at the 2010 AGM relate to shareholder meetings and resolutions, the Company's constitution and share capital.

In August 2009, changes were made to the provisions in the Act on company meetings by The Companies (Shareholders' Rights) Regulations 2009 ('Shareholders' Rights Regulations') to implement the EU Shareholder Rights Directive in the UK. The new Articles incorporate amendments in relation to meetings to ensure consistency with the Act (as amended by the Shareholders' Rights Regulations).

Under the Act all provisions of the Company's memorandum, but most significantly the objects clause, are deemed to form part of the Company's Articles from 1st October 2009. It is possible for the objects clause to be removed or amended by amending the Articles by special resolution. It is not necessary under the Act for a company to set out its objects. The Act provides that, unless the articles state otherwise, a company's objects will be unrestricted.

One of the other key provisions of the memorandum which is deemed to form part of the Company's Articles from 1st October 2009 is the restriction created by the existing authorised share capital statement. The Act removes the requirement for a company to place limits on its authorised share capital.

By adopting the new Articles which do not contain the objects clause or the authorised share capital statement, the Company will remove these provisions, which would otherwise be deemed to form part of the Company's Articles under section 28 of the Act, from its articles. For a more detailed explanation of these and other amendments please refer to the Appendix to this document on pages 48 and 49.

A copy of the current Articles of Association and the proposed new Articles of Association will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at the offices of JPMAM, Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ from the date of this report up until the close of the AGM. Copies will also be available at Trinity House, Tower Hill, London, EC3N 4DH, being the place of the Annual General Meeting, for 15 minutes prior to, and during, the meeting.

(iii) Authority to increase the aggregate maximum Directors' fees (resolution 8)

To allow for Board succession planning, the Directors recommend that the Company's Articles of Association be amended to increase the permitted maximum aggregate of Directors' fees payable from £150,000 to £200,000 per annum.

Recommendation

The Board considers that resolutions 6 to 8 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 41,230 shares representing approximately 0.1% of the voting rights in the Company.

By order of the Board
Alison Vincent, ACIS for and on behalf of
JPMorgan Asset Management (UK) Limited, Secretary
8th February 2010

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities in respect of the Accounts on page 25, indicates how the Company has applied the principles of good governance of the Financial Reporting Council Combined Code (the 'Combined Code') and the AIC's Code of Corporate Governance, (the 'AIC Code'), which complements the Combined Code and provides a framework of best practice for investment trusts.

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

Role of the Board

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

The Board 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.

On an annual basis each Director submits a list of potential conflicts of interest for approval. These are considered carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved for a period of one year. During the year the potential conflicts of interest were reviewed and considered by the Board. However, in future years they will be reviewed by the Nomination Committee which will then make a recommendation to the Board on whether or not the potential conflicts should be authorised.

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

Board Composition

The Board consists of six non-executive Directors, chaired by Pamela Idelson Smith, all of whom are regarded by the Board as independent of the Company's Manager. The Chairman's independence was assessed upon her appointment and is re-assessed on an annual basis.

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 13.

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

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be elected by shareholders. Thereafter, a Director's appointment will run for a term of three years. 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 Combined Code, including the need to refresh the Board and its sub-Committees. The Company's Articles of Association require that Directors stand for re-election at least every three years. Any Director who has served for a period of more than nine years will stand for annual re-election thereafter.

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.

As a result of the evaluation process described below, the Board confirms that James Nicholson and Lysander Tennant, who will both retire by rotation at this year's Annual General Meeting, continue to be effective Directors. Accordingly, the Board recommends the re-election of both Mr Nicholson and Mr Tennant.

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 13. Directors who are not members of Committees may attend at the invitation of the Chairman.

The table below details the number of Board, Audit and Nomination Committee meetings attended by each Director. During the year there were five Board meetings, one of which included the evaluation of the Manager and another was largely devoted to strategy, two Audit Committee meetings and a Nomination Committee meeting.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended
Pamela Idelson Smith	5	2	1
Patrick Gifford	5	2	1
George Nianias	5	2	1
James Nicholson	5	2	1
Paul Teleki	5	2	1
Lysander Tennant	4	2	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.

The Board conducts a formal evaluation of the Manager, its own performance and that of its committees and individual Directors. Questionnaires, drawn up by the Board, are completed by each Director, the responses are collated and then discussed at a private meeting. The evaluation of individual Directors is led by the Chairman, and the Chairman of the Audit Committee leads the evaluation of the Chairman's performance. The Board as a whole evaluates the Manager, its own performance and that of its Committees.

Board Committees

Nomination Committee

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

The Nomination Committee undertakes an annual performance evaluation to ensure that all members of the Board have devoted sufficient time and contributed adequately to the work of the Board. The Committee also reviews Directors' fees and makes recommendations to the Board as and when required.

Audit Committee

The Audit Committee, chaired by Paul Teleki, consists of all the Directors and meets at least twice each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee.

The Audit Committee reviews the actions and judgements of Manager in relation to the half year and annual accounts of the Company and the Company's compliance with the Combined Code. It reviews the terms of the management agreement and examines the effectiveness of the Company's internal control systems, reviews information from the Manager's Compliance department and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. No non-audit work was undertaken by the auditors in the year under review and the Directors remain satisfied as to their independence. Representatives of the Company's auditors attend the Audit Commitee meeting at which the draft annual report and accounts are considered. The Directors' statement on the Company's system of internal control is set out on page 22.

Terms of Reference

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

Corporate Governance continued

Relations with Shareholders

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

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 managers who review the Company's performance. During the year the Company's broker, the investment managers and JPMAM hold regular discussions with larger shareholders. The Directors are made fully aware of their views. 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 55.

The Company's Annual Report and Accounts is published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 55.

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

Internal Control

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by JPMAM and its associates, the Company's system of internal control mainly comprises monitoring the services provided by JPMAM and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. Whilst the Company does not have an internal audit function of its own, the Board considers that it is sufficient to rely on the internal audit department of JPMAM. This arrangement is reviewed on an annual basis. The key elements designed to provide effective internal control are as follows:

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

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

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

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

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

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

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of internal control for the year ended 31st October 2009, and to the date of approval of this Annual Report and Accounts.

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

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM. The following is a summary of JPMAM's policy statement on corporate governance and voting policy which has been noted by the Board. The full policy is available from JPMAM on request, or can be downloaded from the internet as follows:

Go to www.jpmorganassetmanagement.co.uk/institutional and within the "Commentary + Analysis" tab you will find a section on Corporate Governance.

"JPMAM is committed to delivering superior investment performance to its clients worldwide. We believe that one of the drivers of investment performance is an assessment of the corporate governance principles and practices of the companies in which we invest our clients' assets and we expect those companies to demonstrate high standards of governance in the management of their business.

Proxy voting is an important part of the corporate governance process, and we view seriously our obligation to manage the voting rights of the shares entrusted to us as we 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.

In order to do this we have formulated detailed guidelines for each region, which set out our stance on a variety of key corporate governance issues, including disclosure and transparency, board composition and independence, control structures, remuneration, as well as social and environmental issues. These guidelines form the basis of our proxy voting decisions, although it should be noted that JPMAM makes all of its voting decisions on a case by case basis, taking into account the individual circumstances of each vote."

Corporate Social Responsibility

The following is a summary of JPMAM's policy statement on corporate social responsibility which has been noted by the Board:

"We believe it is our primary duty to act in the best financial interests of our clients and to achieve good financial returns consistent with an acceptable level of risk. We recognise that non financial issues, such as social and environmental issues, can have an economic impact and that any company run in the long term interests of its shareholders will need to manage effectively relationships with its employees, suppliers and customers, to behave ethically and to have regard to the environment and society as a whole. Our investment managers take these factors into account as part of any investment decision."

By order of the Board
Alison Vincent, ACIS for and on behalf of
JPMorgan Asset Management (UK) Limited, Secretary
8th February 2010

Directors' Remuneration Report

The Board has prepared this Report in accordance with the requirements of Section 421 of the Companies Act 2006. An ordinary resolution to approve this Report is to be put to shareholders at the forthcoming Annual General Meeting.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 26 and 27.

Directors' Remuneration[1]

Director's Name	2009 £	2008 £
Pamela Idelson Smith (Chairman)	**27,000**	27,000
Patrick Gifford	**20,000**	20,000
George Nianias[2]	**20,000**	12,897
James Nicholson	**20,000**	20,000
Paul Teleki	**23,000**	23,000
Lysander Tennant	**20,000**	20,000
Total	**130,000**	122,897

[1] Audited information.

[2] Appointed on 10th March 2008.

The total Directors' fees of £130,000 (2008: £122,897) were all paid to Directors and £nil (2008: £nil) paid to third parties for making available the services of Directors.

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 high calibre are recruited to the Board. The Chairman of the Board and the Chairman of the Audit Commitee are paid higher fees than the other Directors, reflecting the greater commitment involved in fulfilling those roles.

As all of the Directors are non-executive, the Board has not established a Remuneration Committee. Instead, the policy of the Board is for the Nomination Committee to review Directors' fees on a regular basis and make recommendations to the Board as and when appropriate. Reviews are based on information provided by the Manager, JPMorgan Asset Management (UK) Limited and relevant third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The Directors' fees are not performance-related. The Articles of Association of the Company stipulate that aggregate fees must not exceed £150,000 per annum. Any increase in the maximum aggregate amount requires both Board and shareholder approval.

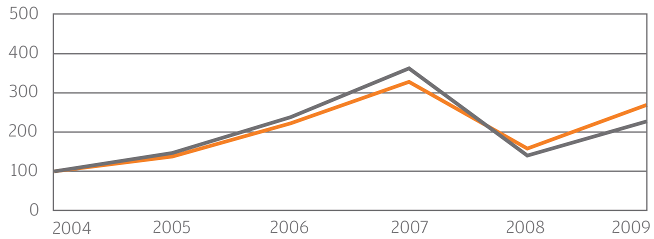
Although there are no immediate plans to increase the level of Directors' fees, the Board will seek shareholder approval at the forthcoming Annual General Meeting to increase the maximum aggregate amount payable per annum to £200,000. The current maximum has been in place since the inception of the Company.

The terms and conditions of Directors' appointments are set out in formal letters of appointment. 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, a Director's appointment will run for a three year term. A Director may then be invited by the Board to serve for a further three years. A Director's continuing appointment is subject to re-election by shareholders on retirement by rotation in accordance with the Company's Articles of Association, which require that at the Annual General Meeting in every year, all directors who held office at the time of the two preceding Annual General Meetings and did not retire by rotation at either of them shall retire from office by rotation.

The Company does not operate any type of incentive 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 paid compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in connection with attending to the Company's business.

A graph showing the Company's share price total return compared with the Company's benchmark index, is set out below.

Five year share price and benchmark total return to 31st October



Source: Morningstar/MSCI/CSFB

Share Price Total Return

Benchmark Total Return[1]

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

By order of the Board
Alison Vincent ACIS, for and on behalf of
JPMorgan Asset Management (UK) Limited
8th February 2010

Directors' Responsibilities in Respect of the Accounts

The Directors are responsible for preparing the Annual Report and the Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare Accounts for each financial year. Under that law, the Directors have elected to prepare the Accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Accounts are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts 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.

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

Statement under the Disclosure & Transparency Rules 4.1.12

The Directors each confirm to the best of their knowledge that:

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

b) this Annual Report includes 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 it faces.

For and on behalf of the Board
Pamela Idelson Smith
Chairman
8th February 2010

Independent Auditors' Report

Independent Auditors' Report to the members of JPMorgan Russian Securities plc.

We have audited the financial statements of JPMorgan Russian Securities plc ('the Company') for the year ended 31st October 2009 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement, and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 25, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on 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 2009 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 20 to 23, with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures, is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches 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; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 17, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Caroline Gulliver (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London
8th February 2010

Income Statement

for the year ended 31st October 2009

	Notes	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Gains/(losses) on investments held at fair value through profit or loss	2	–	**119,124**	**119,124**	–	(256,143)	(256,143)
Net foreign currency gains/(losses)		–	**554**	**554**	–	(5,242)	(5,242)
Income from investments	3	**885**	–	**885**	9,482	–	9,482
Other interest receivable and similar income	3	**65**	–	**65**	150	–	150
Gross return/(loss)		**950**	**119,678**	**120,628**	9,632	(261,385)	(251,753)
Management fee	4	**(2,391)**	–	**(2,391)**	(6,007)	–	(6,007)
VAT recoverable on management fee	4	–	–	–	636	–	636
Other administrative expenses	5	**(719)**	–	**(719)**	(900)	–	(900)
Net return/(loss) on ordinary activities before finance costs and taxation		**(2,160)**	**119,678**	**117,518**	3,361	(261,385)	(258,024)
Finance costs	6	**(69)**	–	**(69)**	(1,581)	–	(1,581)
Net return/(loss) on ordinary activities before taxation		**(2,229)**	**119,678**	**117,449**	1,780	(261,385)	(259,605)
Taxation	7	**(70)**	–	**(70)**	(1,251)	–	(1,251)
Net return/(loss) on ordinary activities after taxation		**(2,299)**	**119,678**	**117,379**	529	(261,385)	(260,856)
Return/(loss) per share	8	**(4.11)p**	**213.97p**	**209.86p**	0.95p	(467.32)p	(466.37)p

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

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

The accompanying notes on pages 32 to 46 form an integral part of these accounts.

Reconciliation of Movements in Shareholders' Funds

	Called up share capital £'000	Other reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st October 2007	559	52,397	42	352,914	(2,398)	**403,514**
Net return/(loss) on ordinary activities	–	–	–	(261,385)	529	**(260,856)**
At 31st October 2008	559	52,397	42	91,529	(1,869)	**142,658**
Net return/(loss) on ordinary activities	–	–	–	119,678	(2,299)	**117,379**
At 31st October 2009	559	52,397	42	211,207	(4,168)	**260,037**

The accompanying notes on pages 32 to 46 form an integral part of these accounts.

Balance Sheet

at 31st October 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Equity investments held at fair value through profit or loss		**261,277**	132,743
Investment in liquidity fund held at fair value through profit or loss		**431**	10,565
Total investment portfolio	9	**261,708**	143,308
Current assets	10		
Debtors		**3,207**	5,627
Cash and short term deposits		**16**	177
		3,223	5,804
Creditors: amounts falling due within one year	11	**(4,894)**	(6,454)
Net current liabilities		**(1,671)**	(650)
Total assets less current liabilities		**260,037**	142,658
Capital and reserves			
Called up share capital	12	**559**	559
Other reserve	13	**52,397**	52,397
Capital redemption reserve	13	**42**	42
Capital reserves	13	**211,207**	91,529
Revenue reserve	13	**(4,168)**	(1,869)
Shareholders' funds		**260,037**	142,658
Net asset value per share	14	**464.9p**	255.1p

The accounts on pages 28 to 46 were approved and authorised for issue by the Directors on 8th February 2010 and were signed on their behalf by:

Pamela Idelson Smith
Chairman

The accompanying notes on pages 32 to 46 form an integral part of these accounts.

Cash Flow Statement

for the year ended 31st October 2009

	Notes	2009 £'000	2008 £'000
Net cash inflow/(outflow) from operating activities	15	**2,761**	(2,811)
Returns on investments and servicing of finance			
Interest paid		**(69)**	(1,722)
Capital expenditure and financial investment			
Purchases of investments		**(178,573)**	(475,189)
Sales of investments		**175,534**	501,476
Other capital charges – handling fees		**(368)**	(189)
Net cash inflow/(outflow) from capital expenditure and financial investment		**(3,407)**	26,098
Net cash inflow/(outflow) before financing		**(715)**	21,565
Financing			
Net drawdown/(repayment) of loans		**25**	(40,275)
Net cash inflow/(outflow) from financing		**25**	(40,275)
Decrease in cash for the year	16	**(690)**	(18,710)

The accompanying notes on pages 32 to 46 form an integral part of these accounts.

Notes to the Accounts

for the year ended 31st October 2009

1. Accounting policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (the 'SORP') issued by the Association of Investment Companies in January 2009.

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

(b) Valuation of investments

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

Gains and losses on sales of investments including the related foreign exchange gains and losses of a capital nature and other capital receipts and payments, are 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 and unrealised foreign exchange gains and losses are dealt with in capital reserves within 'Holding gains and losses on investments'.

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

(c) 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 taken to capital.

Overseas dividends are shown gross of any withholding tax.

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 income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

Deposit interest receivable and stock lending income are taken to revenue on an accruals basis.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to revenue with the exception of expenses incidental to the purchase and sale of investments which are charged to capital. These expenses are commonly referred to as transaction costs and comprise mainly brokerage commission. Details of transaction costs are given in note 9 on page 36.

(e) Finance costs

Finance costs are accounted for on an effective interest rate basis and in accordance with the provisions of FRS 25: 'Financial instruments: presentation' and FRS 26: 'Financial instruments: measurement'.

Finance costs are allocated wholly to revenue.

(f) Financial instruments

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

Other receivables and payables do not carry any interest and are accordingly stated at nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(g) Foreign currency

In accordance with FRS23: 'The effects of changes in foreign currency exchange rates' the Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the accounts are presented.

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

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

(h) Taxation

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

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

(i) VAT

Irrecoverable VAT is included in the expense on which it has been suffered. The basis on which it has been calculated is the partial exemption method using the proportion of taxable supplies to non taxable supplies. Further information regarding VAT on management fees is given in note 4 on page 34.

	2009 £'000	2008 £'000
2. Gains/(losses) on investments held at fair value through profit or loss		
Gains/(losses) on sales of investments held at fair value through profit or loss based on historical cost	**(41,622)**	107,856
Amounts recognised in investment holding gains/(losses) at the previous balance sheet date in respect of investments sold during the year	**63,088**	(88,022)
Gains on sales of investments based on carrying value at the previous balance sheet date	**21,466**	19,834
Net movement in investment holding gains/(losses)	**98,011**	(275,711)
Other capital charges	**(353)**	(266)
Total capital gains/(losses) on investments held at fair value through profit or loss	**119,124**	(256,143)

Notes to the Accounts continued

for the year ended 31st October 2009

	2009 £'000	2008 £'000
3. Income		
Dividends from investments listed overseas	**844**	9,035
Income from liquidity fund	**41**	447
	885	9,482
Other interest receivable and similar income		
Deposit interest	**6**	150
Interest on VAT recoverable	**59**	–
Sub total	**65**	150
Total	**950**	9,632

	2009 £'000	2008 £'000
4. Management fee		
Management fee[1]	**2,391**	6,007
VAT recoverable[2]	**–**	(636)
Total	**2,391**	5,371

[1]Details of the management fee are given in the Directors' Report on pages 16 and 17.

[2]No VAT has been charged on management fees since November 2007 when HM Revenue & Customs announced acceptance that VAT was not chargeable on investment trust management fees. The Company has since recovered VAT amounting to £636,000 in respect of VAT paid in the past. This amount was credited to the revenue column of the income statement in the previous year. Interest on this VAT recoverable amounting to £59,000 has also been received and is allocated wholly to revenue in this year and is included within 'Other Interest receivable and similar income' in note 3 above.

	2009 £'000	2008 £'000
5. Other administrative expenses		
Other management expenses	**404**	351
Safe custody fees	**91**	335
Savings scheme expenses[1]	**68**	67
Directors' fees[2]	**130**	123
Auditors' remuneration for audit services[3]	**26**	24
Total	**719**	900

[1]These fees were paid to JPMAM for the marketing of "wrapper" products.

[2]Full disclosure is given in the Directors' Remuneration Report on page 24.

[3]Includes £3,000 (2008: £3,000) VAT.

	2009 £'000	2008 £'000
6. Finance costs		
Bank loans and overdrafts	**69**	1,581

	2009 £'000	2008 £'000
7. Taxation		
(a) Analysis of tax charge in the year		
UK corporation tax at 28% (2008: 28.83%)	**274**	–
Double taxation relief	**(274)**	–
Overseas withholding tax	**70**	1,251
Current tax	**70**	1,251

(b) Factors affecting current tax charge for the year

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Net return/(loss) on ordinary activities before taxation	**(2,229)**	**119,678**	**117,449**	1,780	(261,385)	(259,605)
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 28% (2008: 28.83%)	**(624)**	**33,510**	**32,886**	513	(75,357)	(74,844)
Effect of:						
Non taxable capital (gains)/losses	**–**	**(33,510)**	**(33,510)**	–	75,357	75,357
Income taxed in different periods	**1,395**	**–**	**1,395**	(1,297)	–	(1,297)
Overseas witholding tax	**70**	**–**	**70**	1,251	–	1,251
Unrelieved expenses and charges	**–**	**–**	**–**	784	–	784
Double taxation relief	**(274)**	**–**	**(274)**	–	–	–
Prior year expenses utilised	**(497)**	**–**	**(497)**	–	–	–
Current tax charge for the year	**70**	**–**	**70**	1,251	–	1,251

The Company has an unrecognised deferred tax asset of £763,000 (2008: £2,632,000). This has arisen due to deductible expenses exceeding taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future.

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 deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

Notes to the Accounts continued

for the year ended 31st October 2009

8. Return/(loss) per share

The revenue return per share is based on the revenue loss attributable to the ordinary shares of £2,299,000 (2008: £529,000 return) and on the weighted average number of shares in issue during the year of 55,932,812 (2008: 55,932,812).

The capital return per share is based on the capital return attributable to the ordinary shares of £119,678,000 (2008: £261,385,000 loss) and on the weighted average number of shares in issue during the year of 55,932,812 (2008: 55,932,812).

The total return per ordinary share is based on the total return attributable to the ordinary shares of £117,379,000 (2008: £260,856,000 loss) and on the weighted average number of shares in issue during the year of 55,932,812 (2008: 55,932,812).

	2009 £'000	2008 £'000
9. Investments		
Investments listed on a recognised investment exchange[1]	**261,708**	143,308
Opening book cost	**346,750**	281,513
Opening investment holding gains/(losses)	**(203,442)**	160,291
Opening valuation	**143,308**	441,804
Movement in the year:		
Purchases at cost	**177,033**	457,258
Sales - proceeds	**(178,110)**	(499,877)
Sales - realised gains on investments	**21,466**	19,834
Net movement in revaluation gains/(losses)	**98,011**	(275,711)
Total	**261,708**	143,308
Closing book cost	**304,051**	346,750
Closing revaluation losses	**(42,343)**	(203,442)
Closing valuation	**261,708**	143,308

[1] Includes the investment in the JPM US Dollar Liquidity Fund.

Transaction costs on purchases during the year amounted to £525,000 (2008: £641,000) and on sales during the year amounted to £125,000 (2008: £242,000). These costs mainly comprise brokerage commission.

During the year, prior year holding losses amounting to £63,088,000 have been transferred to gains and losses on sales of investments as disclosed in note 13.

	2009 £'000	2008 £'000
10. Current assets		
Debtors		
Securities sold awaiting settlement	**2,601**	25
Dividends and interest receivable[1]	**595**	4,898
VAT recoverable	**–**	636
Other debtors	**11**	68
Total	**3,207**	5,627

[1] Includes £221,000 (2008: £1,141,000) falling due after more than one year.

The Directors consider that the carrying amount of debtors approximates to their fair value.

Cash and short term deposits

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

	2009 £'000	2008 £'000
11. Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	**4,697**	6,237
Other creditors and accruals	**197**	217
Total	**4,894**	6,454

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

	2009 £'000	2008 £'000
12. Share capital		
Authorised:		
1,000,000,000 ordinary shares of 1p each	**10,000**	10,000
500,000,000 conversion shares of 1p each	**5,000**	5,000
1,000,000,000 redeemable "B" shares of £1 each	**1,000,000**	1,000,000
Closing balance	**1,015,000**	1,015,000

There are no conversion shares or redeemable "B" shares in issue.

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.

Notes to the Accounts continued

for the year ended 31st October 2009

12. Share capital (continued)

	2009 £'000	2008 £'000
Issued and fully paid:		
Ordinary shares of 1p each		
Opening balance of 55,932,812 shares (2008: 55,932,812)	**559**	559
Closing balance of 55,932,812 shares (2008: 55,932,812)	**559**	559

13. Reserves

			Capital reserves		
	Other reserve £'000	Capital redemption reserve £'000	Gains and losses on sales of investments £'000	Holding gains and losses on investments £'000	Revenue reserve £'000
Opening balance	52,397	42	294,971	(203,442)	(1,869)
Foreign exchange gains on cash and short term deposits	–	–	529	–	–
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	21,466	–	–
Net movement in investment holding gains/(losses)	–	–	–	98,011	–
Transfer on disposal of investments	–	–	(63,088)	63,088	–
Net exchange gains on repayment of foreign currency loans	–	–	25	–	–
Other capital charges – handling fees	–	–	(353)	–	–
Revenue loss for the year	–	–	–	–	(2,299)
Closing balance	52,397	42	253,550	(42,343)	(4,168)

14. Net asset value per share

The net asset value per share is based on the net assets attributable to the ordinary shareholders of £260,037,000 (2008: £142,658,000) and on the 55,932,812 (2008: 55,932,812) shares in issue at the year end.

	2009 £'000	2008 £'000
15. Reconciliation of total return/(loss) on ordinary activities before finance costs and taxation to net cash inflow/(outflow) from operating activities		
Total return/(loss) on ordinary activities before finance costs and taxation	**117,518**	(258,024)
Less capital (return)/loss before finance costs and taxation	**(119,678)**	261,385
(Increase)/decrease in accrued income	**4,303**	(3,767)
(Increase)/decrease in other debtors	**693**	(675)
Decrease in accrued expenses	**(5)**	(479)
Overseas withholding tax	**(70)**	(1,251)
Net cash inflow/(outflow) from operating activities	**2,761**	(2,811)

	At 31st October 2008 £'000	Cash flow £'000	Exchange movement £'000	At 31st October 2009 £'000
16. Analysis of changes in net funds				
Cash and short term deposits	177	(690)	529	**16**
Bank loans falling due within one year	–	(25)	25	**–**
Net funds	177	(715)	554	**16**

17. Transactions with JPMorgan

Details of the management contract are set out in the Directors' Report on pages 16 and 17. The management fee payable to JPMAM for the year was £2,391,000 (2008: £6,007,000) of which £nil (2008: £nil) was outstanding at the year end. In addition £68,000 (2008: £61,000) excluding VAT was payable to JPMAM for the marketing and administration of the Company's savings products, of which £nil (2008: £nil) was outstanding at the year end.

Included in other management expenses in note 5 on page 34 are safe custody fees amounting to £91,000 (2008: £335,000) payable to JPMorgan Chase of which £31,000 (2008: £62,000) was outstanding at the year end.

Handling charges on transactions during the year amounting to £2,000 (2008: £10,000) were payable to JPMorgan Chase of which £nil (2008: £2,000) was outstanding at the year end.

During the year, the Company held an investment in the JPM US Dollar Liquidity Fund. At 31st October 2009, the Company's investment in this fund was valued at £0.4m (2008: £10.6m) representing 0.2% (2008: 7.4%) of the Company's investment portfolio. During the year, the Company made purchases of this fund with a total value of £68.9m (2008: £199.9m) and sales with a total value of £79.0m (2008: £209.6m). Income receivable from this fund in the year amounted to £41,000 (2008: £447,000) of which £nil (2008: £nil) was outstanding at the year end.

At the year end, a bank balance of £16,000 (2008: £177,000) was held with JPMorgan Chase and placed on deposit with an approved list of banks. A net amount of interest of £6,000 (2008: £150,000) was received by the Company during the year from JPMorgan Chase.

Notes to the Accounts continued

for the year ended 31st October 2009

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

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

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

The Company's financial instruments may comprise the following:

– investments in Russian equity shares which are held in accordance with the Company's investment objective;

– a US$ liquidity fund; and

– short term debtors, creditors and cash arising directly from its operations.

(a) Market risk

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

(i) Currency risk

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

Management of currency risk

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

Foreign currency exposure

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

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

(i) Currency risk (continued)

Foreign currency exposure (continued)

	2009			2008			
	US$ £'000	RUB £'000	Total £'000	US$ £'000	RUB £'000	Other £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	**431**	**–**	**431**	10,565	–	–	10,565
Net current assets/(liabilities)	**3,145**	**67**	**3,212**	(2,100)	911	–	(1,189)
Foreign currency exposure on net monetary items	**3,576**	**67**	**3,643**	8,465	911	–	9,376
Equity investments held at fair value	**256,525**	**–**	**256,525**	124,340	3,907	4,257	132,504
Total net foreign currency exposure	**260,101**	**67**	**260,168**	132,805	4,818	4,257	141,880

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

Foreign currency sensitivity

The following tables illustrate the sensitivity of net return on ordinary activities after taxation for the year and net assets with regard to the Company's overseas income and monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and assumes a 10% (2008: 10%) appreciation or depreciation in sterling against the US$, and the Rouble. The Company's monetary currency financial instruments are predominantly exposed to the US$ and this is deemed a reasonable illustration based on the volatility of the sterling/US$ exchange rate during the year.

If sterling had weakened this would have had the following effect:-

	2009 £'000	2008 £'000
Income statement return after taxation		
Revenue return	**89**	948
Capital return	**364**	938
Total return on ordinary activities after taxation for the year	**453**	1,886
Net assets	**453**	1,886

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

(i) Currency risk (continued)

Foreign currency sensitivity (continued)

Conversely, if sterling had strengthened this would have had the following effect:-

	2009 £'000	2008 £'000
Income statement return after taxation		
Revenue return	**(89)**	(948)
Capital return	**(364)**	(938)
Total return on ordinary activities after taxation for the year	**(453)**	(1,886)
Net assets	**(453)**	(1,886)

In the opinion of the Directors, the above sensitivity analysis with respect to monetary financial assets and liabilities is broadly representative of the whole year. The sensitivity with regard to the pricing of the Company's investments and foreign currency is subsumed into other price risk sensitivity on page 44.

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits, investments in liquidity funds and the interest payable on the Company's variable rate cash borrowings.

Management of interest rate risk

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

Interest rate exposure

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

	2009 £'000	2008 £'000
Exposure to floating interest rates		
JPM US Dollar Liquidity Fund	**431**	10,565
Cash and short term deposits	**16**	177
Total exposure	**447**	10,742

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

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

The Company's credit facility agreement with ING Bank expired in June 2009 and has not been renewed. The facility was undrawn at the comparative year end.

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

The exposure to floating interest rates during the year fluctuated between net cash and liquidity funds as follows:

	2009 £'000	2008 £'000
Maximum net cash and liquidity fund balances	15,210	86,971
Minimum net cash and liquidity fund balances	191	1,532

Interest rate sensitivity

The following table illustrates the sensitivity of the net return on ordinary activities after taxation for the year and net assets to a 1% (2008: 1%) 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.

	2009		2008	
	1% Increase in rate £'000	1% Decrease in rate £'000	1% Increase in rate £'000	1% Decrease in rate £'000
Income statement – return after taxation				
Revenue return	4	(4)	107	(107)
Capital return	–	–	–	–
Total return on ordinary activities after taxation for the year	4	(4)	107	(107)
Net assets	4	(4)	107	(107)

In the opinion of the Directors, the above sensitivity analysis may not be representative of future years. During the year, the Company's net balance of monetary financial assets, comprising cash plus liquidity fund less loans, fluctuated between £15.2 million and £0.2 million as shown above. During the comparative year the exposure ranged between net cash and liquidity fund balances of £87.0 million and £1.5 million.

(iii) Other price risk

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

Management of other price risk

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

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

(iii) Other price risk (continued)

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

	2009 £'000	2008 £'000
Equity investments held at fair value through profit or loss	**261,277**	132,743

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

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 10 to 12. The equity portfolio comprises entirely Russian companies. Accordingly there is a concentration of exposure to that country. However, it should be noted that an investment may not be wholly exposed to the economic conditions in its country of domicile.

Other price risk sensitivity

The following table illustrates the sensitivity of net return on ordinary activities after taxation for the year and net assets to an increase or decrease of 10% (2008: 10%) in the fair value of the Company's equities. This level of change does not reflect the unusual market volatility over the past year and is presented purely as an illustration. The sensitivity analysis is based on the Company's equities and adjusting for change in the management fee, but with all other variables held constant.

	2009		2008	
	10% Increase in fair value £'000	10% Decrease in fair value £'000	10% Increase in fair value £'000	10% Decrease in fair value £'000
Income statement – return after taxation				
Revenue return	**(392)**	**392**	(199)	199
Capital return	**26,128**	**(26,128)**	13,274	(13,274)
Total return on ordinary activities after taxation and net assets	**25,736**	**(25,736)**	13,075	(13,075)

(b) Liquidity risk

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

Management of the risk

Liquidity risk is not significant as the Company's assets comprise readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft facilities. Short term borrowings may be used to gear the Company, however there is currently no loan facility in place.

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

(iii) Liquidity risk (continued)

Liquidity risk exposure

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

	2009		2008	
	Three months or less £'000	Total £'000	Three months or less £'000	Total £'000
Creditors : amounts falling due within one year				
Securities purchased awaiting settlement	**4,697**	**4,697**	6,237	6,237
Other creditors and accruals	**197**	**197**	217	217
	4,894	**4,894**	6,454	6,454

(c) Credit risk

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

Management of credit risk

Portfolio dealing
The Company invests in markets that operate DVP (Delivery Versus Payment) 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
Counterparties are subject to daily credit analysis by the Manager and trades can only be placed with counterparties that have a minimum rating of A1/P1 from Standard & Poor's and Moody's respectively.

Exposure to JPMorgan Chase
The Company's assets are clearly ring-fenced in client designated accounts. Therefore, in the event that JPMorgan Chase were to cease trading, these assets would be protected.

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

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

(d) Fair values of financial assets and financial liabilities

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

19. Capital management policies and procedures

	2009 £'000	2008 £'000
Equity		
Share capital	**559**	559
Reserves	**259,478**	142,099
Total capital	**260,037**	142,658

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.

Gearing is permitted within the range 90% to 115%. Gearing for this purpose is defined as investments excluding holdings in liquidity funds, expressed as a percentage of shareholders' funds.

	2009 £'000	2008 £'000
Investments excluding holdings in liquidity funds	**261,277**	132,743
Shareholders' funds	**260,037**	142,658
Gearing	**100.5%**	93.0%

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, either for cancellation or to hold in Treasury, which takes into account the share price discount or premium; and
- the need for issues of new shares, including issues from Treasury.

Shareholder Analysis

Class of Shareholder	Number of shares	% Holding
Unit Trusts	20,086,832	35.9
Other Institutions	7,396,310	13.2
Pension Funds	6,916,074	12.4
Investment Trusts	4,721,781	8.4
Charities	315,571	0.6
Insurance Companies	315,286	0.6
Hedge Funds	166,117	0.3
Total Institutions	39,917,971	71.4
Private Client Brokers	7,743,912	13.9
Retail investors[1]	5,205,850	9.3
Individuals in the J.P.Morgan Investment Account[2]	1,701,411	3.0
Individuals in the J.P.Morgan ISA[2]	1,274,228	2.3
Individuals in the J.P.Morgan SIPP[2]	89,440	0.2
Total Retail	16,014,841	28.6
Total Shares in Issue	55,932,812	100.0

[1]Includes shares below threshold of 10,000 shares.

[2]Savings product managed by JPMorgan.

Source: Thomson Financial.

Notice of Annual General Meeting

Notice is hereby given that the seventh Annual General Meeting of JPMorgan Russian Securities plc will be held at Trinity House, Tower Hill, London, EC3N 4DH on Tuesday 9th March 2010 at 12.00 noon for the following purposes:

1 To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st October 2009.

2 To approve the Directors' Remuneration Report for the year ended 31st October 2009.

3 To re-elect James Nicholson a Director of the Company.

4 To re-elect Lysander Tennant a Director of the Company.

5 To re-appoint Ernst & Young LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business:

To consider the following resolution:

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

6 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 8,297,236 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 2011 unless the authority is renewed at a general meeting prior to such time; and

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

Adoption of new Articles of Association – Special Resolution

7 THAT (i) the Articles of Association of the Company be amended by deleting all the provisions formerly in the Company's Memorandum of Association which, by virtue of Section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

(ii) the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

Authority to increase the maximum aggregate Directors fees - Ordinary Resolution

8 THAT in accordance with Article 102 of the Company's new Articles of Association, the maximum aggregate Director's fees payable be increased from £150,000 to £200,000 per annum with immediate effect.

By order of the Board
Alison Vincent ACIS, for and on behalf of
JPMorgan Asset Management (UK) Limited
Secretary
8th February 2010

Notes

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

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.

2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person. If you attend the Meeting in person, your proxy appointment will automatically be terminated.

3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.

4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.00 p.m. two days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.00 p.m. two days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the meeting or adjourned meeting.

6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.

7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative(s) may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.

8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous AGM; which the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.

9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting or if it would involve the disclosure of confidential information.

10. Under sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanies by a statement setting out the grounds for the request.

11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmrussian.co.uk.

13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.

14. You may not use any electronic address provided in this Notice of meeting to communicate with the Company for any purposes other than those expressly stated.

15. As at 5th February 2010 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 55,351,812 Ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 55,351,812.

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.

Appendix

Explanatory Notes for Resolution 7

The Companies Act 2006 ("the 2006 Act"), which is replacing the Companies Act 1985 ("the 1985 Act") has been implemented in stages but is fully in force from 1 October 2009. In addition, the Shareholders' Rights Regulations which amend certain provisions of the 2006 Act relating to meetings of the Company came into force in August 2009. Under Resolution 7, the Company is adopting new Articles of Association ("the Articles") which will reflect the changes in company law brought about by the Shareholders' Rights Regulations and by the provisions of the 2006 Act which came into effect on or before 1 October 2009. The Articles also include some other modernising and clarificatory amendments, including, where appropriate, tracking the wording of the new model form articles for public companies contained in Schedule 3 to the Companies (Model Articles) Regulations 2008 ("the model form articles"), which are replacing the Table A articles under the 1985 Act on which many of the Company's current articles are based. Set out below is a summary of the principal changes.

1. The Company's objects

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The provisions governing the operations of the Company are currently set out in both its memorandum of association and its articles of association. Under the 2006 Act, the memorandum no longer contains an objects clause and simply records the names of the subscribers and the number of shares which each subscriber agreed to take in the Company. Under section 28 of the 2006 Act, the objects clause and all other provisions in the memorandum are treated as part of the articles with effect from 1 October 2009 but the Company can remove these provisions by special resolution. Unless the articles provide otherwise, the Company's objects will be unrestricted. The Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 7 confirms the removal of these provisions and adopts the new Articles.

2. Limited liability (Article 3)

Under the 2006 Act, the memorandum of association also no longer contains a clause stating that the liability of the members of a company is limited. For existing companies, this statement is automatically treated as having moved into the articles on 1 October 2009. As noted in paragraph 1 above, Resolution 7 confirms the removal, from the Company's articles of association, of the provisions of the Company's memorandum of association which are treated as forming part of the Company's articles of association by virtue of section 28 of the 2006 Act, which includes the statement of limited liability. An explicit statement of the members' limited liability is therefore included in the new Articles.

3. Authorised share capital and unissued shares

The 2006 Act abolishes the concept of authorised share capital and under the 2006 Act, the memorandum of association no longer contains a statement of the Company's authorised share capital. For existing companies, this statement is deemed to be a provision of the Company's articles of association setting out the maximum amount of shares that may be allotted by the Company. The adoption of the new Articles by the Company will have the effect of removing this provision relating to the maximum amount. Directors will still need to obtain the usual shareholders' authorisation in order to allot shares, except in respect of employee share schemes.

References to authorised share capital and to unissued shares have therefore been removed from the new Articles.

4. Redeemable shares (Article 5)

Under the 2006 Act, the articles of association need not include the terms on which redeemable shares may be redeemed. The directors may determine the terms, conditions and manner of redemption of redeemable shares provided they are authorised to do so by the articles. The new Articles contain such authorisation.

5. Share certificates (Article 14)

The new Articles contain new provisions for the issue of consolidated share certificates, in line with the model form articles.

6. Transfer of shares (Articles 32 and 33)

The provision which gave the ability to suspend the registration of transfers of shares for periods not exceeding 30 days in any one year has been removed from the new Articles as there is no ability under the 2006 Act to close the register.

7. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital (Article 46)

Under the 1985 Act, a company required specific authorisations in its articles of association to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital. Under the 2006 Act, public companies do not require specific authorisations in their articles of association to undertake these actions; but shareholder authority is still required. Amendments have been made to the new Articles to reflect these changes.

8. Participation in meetings at different places and by electronic means (Article 57)

Amendments made to the 2006 Act by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The new Articles include amendments to provide greater scope for members to participate in meetings of the Company even if they are not present in person at the principal place where the meeting is being held. The amendments allow for members to participate not only by attendance at satellite meeting locations, but also by any other electronic means of participation.

9. Adjournments (Article 59)

The Shareholders' Rights Regulations add a provision to the 2006 Act which requires that, when a general meeting is adjourned due to lack of quorum, at least ten days' notice must be given to reconvene the meeting. The new Articles include amendments to the provisions dealing with notice of adjourned meetings to make them consistent with this new requirement.

10. Removal of chairman's casting vote

Pursuant to changes brought about by the Shareholders' Rights Regulations, a traded company is no longer permitted to allow the chairman to have a casting vote in the event of an equality of votes. Accordingly, this provision has been removed in the new Articles.

11. Voting rights (Article 68)

The Shareholders' Rights Regulations clarify the various powers of proxies and representatives of corporate members in respect of resolutions taken on a show of hands. Where a proxy has been duly appointed by one member, he has one vote on a show of hands unless he has been appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been appointed by more than one member to vote for the resolution and by more than one member to vote against the resolution. Where a corporate member appoints representatives to attend meetings on its behalf, each representative duly appointed by a corporate member has one vote on a show of hands. The new Articles contain provisions which clarify these rights and also clarify how the provisions giving a proxy a second vote on a show of hands should apply to discretionary powers.

12. Voting record date (Article 69)

The new Articles include a new provision which was not previously in the Company's articles of association, dealing with the method for determining which persons are allowed to attend or vote at a general meeting of the Company and how many votes each person may cast. Under this new provision, when convening a meeting the Company may specify a time, not more than 48 hours before the time of the meeting (excluding any part of a day that is not a working day), by which a person must be entered on the register of members in order to have the right to attend or vote at the meeting. This new provision is in line with a requirement for listed companies introduced by the Shareholders' Rights Regulations.

13. Validity of votes (Article 73)

Following the implementation of the Shareholders' Rights Regulations, proxies are expressly required to vote in accordance with instructions given to them by members. The new Articles contain a provision stating that the Company is not required to enquire whether a proxy or corporate representative has voted in accordance with instructions given to him and that votes cast by a proxy or corporate representative will be valid even if he has not voted in accordance with his instructions.

14. Termination of proxy authority (Article 79)

Article 79 provides that the termination of a proxy's authority should be in writing as this is required by the Shareholders' Rights Regulations.

15. Corporate representatives (Article 81)

The new Articles provide that the Company can require a corporate representative to produce a certified copy of the resolution appointing him before permitting him to exercise his powers.

16. Retirement of directors by rotation (Articles 87 and 88)

The new Articles have been redrafted in order to make this provision clearer and to ensure (as far as possible) a regular number of retiring directors each year, with the number to retire being the number nearest to one-third of the board, excluding those directors who are retiring and seeking re-election for other reasons. Article 87 continues to comply with Combined Code provision A.7.1 which recommends that

Appendix continued

all directors should be subject to re-election at intervals of no more than three years. New Article 88 requires any non-executive director (other than the chairman) who has held office for nine years or more to put himself up for re-election at each annual general meeting. This is in line with Combined Code provision A.7.2.

17. Alternate directors (Articles 94, 96 and 98)

Article 94 now clarifies that an alternate director is entitled to be paid expenses (but not directors' fees). Article 96 is a new provision which effectively applies the provisions of Article 92, regarding removal of directors, to alternate directors. Article 98(c) makes it clear that an alternate is subject to the same restrictions as the director who appointed him.

18. Borrowing powers (Article 100)

A number of presentational and descriptive amendments have been made to the borrowing powers provision:

(i) Article 100(1)(a) – a reference has been added to amounts "credited as paid up" on share capital to clarify that these should be included as well as amounts actually paid up.

(ii) Article 100(1)(b) – this has been amended to refer to total of "any credit balance on the distributable and undistributable reserves of the Group", to clarify that all reserves of the Group will be relevant for the calculation and to reflect the language used by those preparing the accounts. The reference to "including share premium account, capital redemption reserve and credit balance on the profit and loss account reserve" has therefore been deleted.

(iii) Article 100(1) – the last paragraph has been amended to allow the company also to adjust for variations in its capital redemption reserve since the balance sheet date as the directors may reasonably consider to be appropriate.

(iv) Articles 100(1)(a) and 100(3)(e) – additional wording has been included to clarify how any preference shares that might be issued should be treated for the purposes of the borrowing powers. Under IFRS and UK GAAP preference shares are now treated as a debt on a company's balance sheet, rather than equity. The additional wording included in Articles 100(1)(a) and 100(3)(e) reflects this accounting treatment. The effect of this wording is to exclude the amount of any preference share capital from the calculation of the Company's share capital and reserves and to include such amount in the calculation of the Company's borrowings.

19. Delegation to persons or committees (Article 101)

Article 101 follows the new, simplified approach to delegation adopted in the model form articles, allowing the directors to delegate as they decide appropriate.

20. Directors' appointments, interests and conflicts of interest (Article 106)

Article 106, which is the provision for dealing with conflicts in our current articles, allowing directors to be interested in transactions and to be an officer of or employed by or interested in a body corporate in which the company is interested provided that he has disclosed his interest in accordance with the articles and the provisions of the Acts, has been amended so that it contains provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director from being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict falls within the situations covered by Article 106.

21. Procedures regarding board meetings & resolutions in writing (Articles 108 & 111)

The provisions of Article 108 have been amended to make it clear that notice of a board meeting may be given personally, by telephone, in hard copy or in electronic form. The requirements for giving notice to directors who are not in the United Kingdom have also been clarified. In order to clarify the procedure for written resolutions of directors, Article 111 has been amended so that, rather than referring to a resolution in writing by all directors, a resolution in writing will be valid and effectual as if it had been passed at a meeting if executed by all the directors entitled to receive notice of the meeting and who would have been entitled to vote (and whose vote would have been counted) on a resolution at a meeting.

22. Quorum (Article 112)

The proposed amendment to Article 112, which deals with the quorum requirement for board meetings, clarifies that a director cannot count in the quorum for a matter or resolution on which he is not entitled to vote (or when his vote cannot be counted) but he may count in the quorum for the other matters or resolutions to be considered or voted on at the meeting.

23. Permitted interests and voting (article 113)

Article 113 has been amended to allow a director to vote on a resolution which relates to giving him an indemnity or funding for expenditure incurred in defending proceedings provided all the other directors have been given or are to be given arrangements on substantially the same terms. This exception has become a common exception for listed companies to include.

24. Notice when post not available (Article 133)

Article 133 is the article covering service of notice in the event of a postal strike. It has been amended to allow the Company in such circumstances to serve notices only on those members who receive notices via electronic means, provided that, as before, the Company also puts an advert in two national newspapers and sends a confirmatory hard copy notice if the postal service is available again within seven days of the meeting.

25. The seal (Articles 142 and 143)

Article 142 provides an alternative option (in the absence of specific instructions from the directors) for documents (other than share certificates) to which the seal is affixed to be signed by one authorised person in the presence of a witness, in addition to either two directors or a director the secretary.

26. Change of name (Article 145)

Under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006 a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the new Articles enable the directors to pass a resolution to change the Company's name.

Glossary of Terms

Return to shareholders

Total return to the investor, on a mid-market price to mid-market price basis.

Return on net assets

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

Benchmark Return

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

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

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. 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.

Actual Gearing Factor

Investments excluding holdings in liquidity funds, expressed as a percentage of shareholders' funds. This shows the effect of gearing on the net asset value if the market value of the portfolio were to increase by 100%.

Total Expense Ratio

Management fees and all other operating expenses excluding finance costs and VAT recoverable, expressed as a percentage of the average of the opening and closing net assets.

Active Position

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

Information about the Company

Financial Calendar

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

History

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

Company Numbers

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

Market Information

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

Website

www.jpmrussian.co.uk

Share Transactions

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

Manager and Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone: 0207 742 6000

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

Registrar

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

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

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

Auditors

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1 More London Place
London SE1 2AF

Brokers

Cenkos Securities plc
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Savings Product Administrators

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

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