

JUPITER US SMALLER COMPANIES PLC

Annual Report & Accounts

For the year ended 30 June 2020

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Corporate Purpose, Strategic and Investment Objectives and Benchmark Index

Corporate Purpose

Jupiter US Smaller Companies PLC (the 'Company') exists to generate a capital return to shareholders by investing in small and medium-sized US companies.

Strategic Objectives

The strategic objectives of the Company are:

1. To achieve long-term capital growth by investing in a diversified portfolio primarily of quoted US smaller and medium-sized companies; and
2. To market and explain the attractiveness of the Company to existing and potential investors.

Arkansas, home to America's Car-Mart

Investment Policy

The Investment Adviser takes a risk-averse approach to investment, emphasising capital preservation. The approach is long-term and focuses on good quality companies whose share valuation reflects limited downside risk. The Investment Adviser believes that this sector is a diverse and dynamic part of the North American market and continues to provide opportunities for capital growth over the long-term. The sector is highly diversified with a great many investment opportunities. Many companies are relatively immature, whether financially or operationally or in terms of management or market position. They tend to be highly geared to growth and are particularly vulnerable to market and other changes.

Against this background, the Company has adopted a disciplined and relatively conservative investment style that focuses on companies with a strong franchise, free cash flow and insider ownership by management, and whose shares are considered by the Investment Adviser to be cheap at the time of investment. Whilst shares in these companies will not always be the best performing, the Investment Adviser believes that this is an excellent approach to long-term investment in this sector.

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

Benchmark Index

Sterling adjusted Russell 2000 Total Return Index (the 'benchmark')

THE COMPANY IS A MEMBER OF THE

aic

The Association of
Investment Companies

Strategic Report

Financial Highlights for the year ended 30 June 2020

Ordinary Share Performance

	30 June 2020	30 June 2019	% change
Net asset value (pence) [□]	1,116.35	1,152.66	-3.2
Middle market price (pence)	942.00	1,045.00	-9.9
Russell 2000 Total Return Index (sterling adjusted)*	5,942.78	6,178.90	-3.8
Discount to net asset value (%) [□]	(15.6)	(9.3)	-
Ongoing charges ratio (%) [□]	0.98	0.93	-

Ten year record

Year ended 30 June	Net assets £'000	Net asset value per Ordinary share p	Year- on-year change in net asset value per Ordinary share %	Year- on-year change in benchmark index* %
2011	96,201	464.6	+24.5	-
2012	99,248	468.3	+0.8	+0.2
2013	147,688	618.4	+32.1	+28.4
2014	164,957	686.3	+11.0	+9.8
2015	174,033	724.1	+5.5	+15.8
2016	174,163	787.3	+8.7	+9.7
2017	181,687	911.1	+15.7	+28.2
2018	163,339	1,103.4	+21.1	+15.7
2019	161,520	1,152.7	+4.5	+0.3
2020*	145,011	1,116.3	-3.2	-3.8

* With effect from 11 March 2020, the Company retrospectively changed its benchmark from the Russell 2000 Index to the Russell 2000 Total Return Index, both expressed in sterling terms, and has been restated accordingly.

□ For definitions of the above Alternative Performance Measures please refer to the Glossary of Terms on pages 73 and 74.

Chairman's Statement

Dear Fellow Shareholder

It was a disappointing year for the US smaller companies market and consequently for the Company. Net asset value (NAV) per share fell 3.2% to 1,116.35 pence from 1,152.66 pence in the twelve months to 30 June 2020.

During the year the Company bought back 1,023,002 shares at an average discount of 9.4% which enhanced the asset value by £1,132,132 equivalent to 8.72 pence per share.

The 3.2% fall in NAV compares to a fall of 3.8% in the Company's benchmark, the sterling adjusted Russell 2000 Total Return Index.

Although we outperformed the benchmark the performance in absolute terms was disappointing as our conservative value style approach fell out of favour over the past year as investors preferred to chase after large cap growth companies, particularly in the technology sector.

Looking at the market indices in dollar terms the Russell 2000 TR index fell by 6.7% while the Standard & Poor's Composite Index rose by 7.5% and the more technologically focused NASDAQ Composite Index rose by 27.1%.

COVID-19

The COVID-19 outbreak had little effect on the running of the Company. Our manager was able to work from home with access to the usual systems and the Board met remotely.

Planned retirement of fund manager

For family reasons our fund manager, Robert Siddles, has decided to retire in April 2021. Whilst this is disappointing to us as shareholders, we fully understand his reasons.

We would like to extend our thanks to Robert for the strong long term performance he has delivered to shareholders over the past 19 years across a variety of market conditions and would like to wish him all the best in his retirement.

As a result of Robert's retirement, the Board will review options for the future management of the Company and will make a further announcement in due course.

Market review

The US smaller companies sector made steady, if unspectacular, gains in the first half of the year but fell sharply in March as the threat from COVID-19 became clearer. Having reached a high in mid-January, the sector lost 42% to its low on 18 March 2020. At that point the Federal Reserve slashed interest rates to zero and a recovery began so that, by the year end, smaller companies had climbed back to within 8% of their level a year before.

Investor risk aversion meant that smaller companies lagged behind larger companies. Technology stocks went from strength to strength, reaching new highs in June. The underperformance of value stocks mentioned above seems to reflect investors rushing into "growth at any price" stocks: investors seemed willing to pay extremely high prices for the perceived likelihood of growth from stocks, such as biotech and high tech.

Although markets largely recovered, it was a different story in the real economy. It fell into recession as the ISM Manufacturing (Purchasing Managers) Index, dropped to 41.5 in April (below 47 signifies a general contraction) and the four week moving average of weekly jobless claims reached six million in the same month. For comparison, the peak in the 2008 Financial Crisis was around 660,000, which was a similar level to the deep 1982 recession. Both measures partially recovered, with June's ISM at 52.6 (indicating expansion). Residential construction in particular has proved to be resilient. The recession was worsened by a collapse in oil prices as demand dropped dramatically at a time of burgeoning supply: fracking activity is a significant swing factor in overall US economic growth.

The best-performing sectors were health care and technology, both of which increased in value. The worst sector was energy (halving in value) followed by financial services, banks suffered from low interest rates and fears of credit losses.

Chairman's Statement *(continued)*

Discount management

The Board remains committed to its policy using share buybacks with the intention that over a period and in normal market conditions the market price of its shares is limited to around 10% discount to NAV per share. For the period of exceptional market volatility the Board decided to suspend the buyback programme which was then reinstated.

Gearing

In response to increased volatility in the second half of the year the Company reduced the amount of its borrowing and terminated the facility and repaid the loan on 15 September 2020.

Board composition

Succession plans are in place. We believe that independence of directors and the mix of skills on the Board is critical but tenure alone is not a valid criterion for determining independence. Retaining long serving directors with relevant specialist experience in areas such as investing in the US market can be beneficial to the Company.

We conducted a search for an experienced non-executive to become chairman-designate. I am pleased to confirm our recent announcement that Mr Stephen White joined the Board on 1 October as chairman designate and I welcome him to the Board. As you will see from his details on page 35 he has extensive and relevant experience of investment trusts and overseas investing. It is intended he will take over from me as chairman at the 2021 Annual General Meeting. Stephen has also been appointed as a member of the Audit & Management Engagement Committee.

It is with great personal sadness that I have to report that during the year Mr Norman Bachop had to resign from the Board owing to ill health. With his background as a US investment manager at Mercury Asset Management he made an immensely valuable contribution to the Board following his appointment in February 1999. My fellow directors and I would like to thank him and wish him well for the future.

As noted in the Half Yearly Financial Report Ms Tina Soderlund-Boley joined the Board in January 2020.

Ms Soderlund-Boley and Mr White are automatically subject to election by shareholders at this year's Annual General Meeting ('AGM'). In accordance with corporate governance best practice, all remaining directors will offer themselves for re-election.

Annual General Meeting

This year's AGM will be held on Tuesday, 22 December 2020 at 11:00 a.m. at the offices of Jupiter Asset Management Limited, The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ. However, in consideration of the wellbeing of the Company's shareholders and in light of Government guidance around social distancing, the Board, with the advice of the Company Secretary, have made the decision that shareholders will not be permitted to attend this year's AGM in person.

A short presentation by the Investment Adviser on the performance of the Company over the past year, as well as an outlook for the future will be made available on the Company's website from mid-November. Despite shareholders not being able to attend in person, the Board and Investment Adviser would welcome questions which shareholders may submit to Magnus.Spence@jupiteram.com. Subject to confidentiality, we will respond to any questions submitted either directly or by publishing our response on the Company website.

Electronic proxy voting is now available and shareholders are encouraged to submit voting instructions using the web-based voting facility at www.eproxyappointment.com and www.proxymity.io for institutional shareholders. In order to use electronic proxy voting, shareholders will require their shareholder registration number, control number and pin. If you do not have access to these details please contact the Company's Registrar, Computershare, their contact details can be found on page 69 of this report.

Notice of the AGM, containing full details of the business to be conducted at the meeting, is set out on pages 75 to 77 of this report.

Your attention is also drawn to the Report of the Directors on pages 32 and 33 where various resolutions relating to special business are explained,

including a resolution to amend the Company's Articles of Association to allow a 'virtual AGM' to be held in the future. This would allow shareholder attendance and voting using appropriate technology should public health or other measures so require.

PRIPs Key Information Documents

We are required by new EU regulations introduced at the beginning of 2018 to provide investors with a Key Information Document ("KID") which includes performance projections which are the product of prescribed calculations based on the Company's past performance. The content and format of the KID cannot be amended under the applicable EU regulations. The AIC has stated that these documents are potentially misleading for shareholders. The Board is strongly of the view that these projections are not an appropriate or helpful way to assess the Company's future prospects. Accordingly, the Board urges shareholders to consider the more complete information set out in both the Company's Half Yearly Financial Report and Annual Report & Accounts, together with the monthly fact sheets, and daily NAV announcements, when considering an investment in the Company's shares. These documents are available on the Company's website at www.jupiteram.com/JUS.

Continuation Vote

The Board considers that the proposal to be considered at the AGM for the continuation of the Company as an investment trust is in the best interests of the Company and its shareholders as a whole.

Outlook

At present, the outlook for the US is very concerning. Ordinarily the US election has only limited impact on stock markets, but there is the potential for a Democratic President and control of both houses of Congress.

This may lead to policies that are damaging to the prospects for US corporate profits, such as higher corporate and personal tax rates and greater regulation of labour.

In addition, the spectre of increasing violence and looting has to make one very nervous about the effect of de-funding police forces notwithstanding the uncertainties engendered by COVID-19.

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

Gordon Grender

Chairman

19 October 2020

Investment Adviser's Review

The sudden emergence of the novel COVID-19 virus and consequent economic recession made for a difficult year. It was especially tough for managers with a value style of investing, like the Company's Investment Adviser, as, in the second half of the year, value suffered one of its worst periods on record.

Nonetheless, the portfolio marginally beat the benchmark: the Russell 2000 TR index in sterling terms fell 3.8% but NAV per share lost 3.2%. The company's performance against the style headwind was a result of good stock selection, particularly in the portfolio's largest holdings.

We continued to apply the enhancements to the investment process introduced three years ago aimed at increasing the contribution from good stock selection.

Investment approach

There has been no change to the Company's investment philosophy or to the way the Investment Adviser chooses stocks, although the use of Environmental, Social and Governance (ESG) factors was expanded as discussed below. The Company takes a conservative investment approach that aims to preserve capital rather than aggressively chase growth. We take a long-term view of business prospects and buy shares of good quality growing companies when they are trading at valuations that represent limited downside risk. At the same time, we avoid expensive popular growth stocks.

Sustainable investing

Governance has always been an important area for us, particularly the alignment of management incentives: in investee companies we require that management hold a significant shareholding in their company. During the year, we began placing greater emphasis on other ESG factors as well. Including relevant and material environmental and social factors, as well as governance, is a natural extension of our approach, which involves a careful risk assessment of potential investments. Changes in consumer preferences and the increased government regulation make this important: following good ESG practices is simply good business sense. For clarity,

the objective of our approach is not to exclude particular industries, although shareholders may notice that new investments this year have a more asset-light flavour than in the past.

Performance

Nine stocks contributed 1% or more to performance and six of these were top ten holdings. The largest contributor was Palomar Holdings (earthquake insurance) which almost tripled. Its intensive use of data to improve underwriting and its customer friendly technology platform produced high margins and rapid growth. Old Dominion Freight Line (regional trucking) saw continued market share gains from its better service, despite a slowing economy. Recently acquired Chegg (online education) directly benefits from the need for social distancing. StoneX Group (formerly INTL FC Stone, a niche investment bank specialising in commodities) also benefited from the crisis as profits were boosted by market volatility. TechTarget (marketing services for technology companies) was not immune to the effects of the crisis, but investors liked the increased proportion of its business that is now under long term contract as well as its strong balance sheet. Addus HomeCare (social care for the elderly poor) saw surprisingly little impact from the virus, but achieved good growth in the year helped by an acquisition that allowed it to enter new adjacent states as well as solidify existing coverage.

As ever in small company investing, there were disappointments. Five stocks detracted from performance by more than one percent. The worst detractor was Hallmark Financial Services (insurance underwriter) which took a large charge in its standard commercial auto business where losses had been running ahead of claims reserves. The timing was unfortunate as this came just as the market took fright from COVID-19. The illiquid position was reduced on a rebound and we await further details of the run-off arrangements. Intrepid Potash (fertiliser and water services to the fracking industry) was hit by the collapse in oil prices and was sold. Virtusa (outsourcing of corporate apps) suffered as projects were delayed post crisis and was sold as a recovery in profits looks distant. Grid Dynamics (enterprise digital

transformation) fell as this unseasoned stock – a private company recently acquired by a public special purpose acquisition company - faced a slow down among retail clients. Business is growing in other areas and the position was retained. Reading International (cinemas and real estate development) suffered firstly because of delays in developing its Union Square, NY property and then as a result of virus-fears. It was sold in view of the challenges facing cinemas. Finally, Alleghany (commercial insurance and reinsurance) fell due to anticipated losses from business continuation exposure in its international segment and it was reduced as a precaution.

Portfolio

Before the crisis developed, and with economic growth already slowing, we sold the portfolio's more leveraged positions. This was fortunate given what happened later. Sales included Covanta Holdings (waste to energy services), Lions Gate Entertainment (film and tv production and distribution) and Navigator Holdings (refrigerated LPG carriers). Two large positions were sold for different reasons. Genesee & Wyoming (short line rails) was sold following an agreed bid from private equity. The share price had risen 12 times since its purchase in 2002. Last year's largest position, *The Chefs' Warehouse* (food distributor to restaurants), which performed well in recent years, was sold because of concerns about margins: unusually for a growing distributor these showed little improvement. The timing of the sale was fortunate as a few weeks later the shares were crushed because of its exposure to restaurants.

New investments in the first half of the financial year emphasised companies that use technology to give them a business edge. Palomar Holdings, our top performer, was one of these. Another was Chegg, the leading provider of online education for students. Its reasonably-priced online courses address major issues such as the very high cost of higher education and the difficulty of studying while working. Slower economic growth in the Far East gave us the opportunity to acquire ON Semiconductor, a leading provider of analogue semiconductors: analogue semis are lower risk than digital because of longer product

cycles. It targets industries such as automobiles where there is growing demand for sensors and power management for electric vehicles. Controversy surrounded ABIOMED (heart assistance pumps), giving us the opportunity to buy one of the medical device companies with outstanding growth potential. The shares were temporarily depressed by a critical study that is now widely discounted for its poor design. The products help patients with serious heart conditions survive medical intervention.

The Pennant Group (home care, hospice and assisted living) is a new portfolio position that was spun out of The Ensign Group (nursing homes). It takes a similar approach to Ensign by buying underperforming businesses, improving them and using the cash generated to make further acquisitions.

When the crisis broke in March, our first response was to sell stocks whose prospects were compromised because of the close proximity of their customers to one another. An example was Allegiant Travel, an ultra-low cost airline. As the crisis unfolded, a thorough review of the portfolio was undertaken to identify stocks whose growth prospects might also be impaired and several positions were sold. An example of this was Colliers Group International (real estate services) because the commercial real estate market is likely to suffer as a result of working from home. The Ensign Group (nursing homes) faces potential for disruption and it was reduced as a precaution.

Stocks with strong balance sheets performed very well and some were trimmed when relative valuations became very stretched, such as Old Dominion Freight Line.

New positions were added which offer growth over the next two to three years that is less dependent on the state of the general economy. Examples were Perficient, an IT services company that has rising exposure to enterprise digital transformation. BioDelivery Sciences addresses the scourge of US opioid addiction: its products deliver an opioid in a safer manner via a film placed inside the cheek. Vectrus is winning contracts to outsource the management of US military and other facilities

Investment Adviser's Review *(continued)*

because of its competitive costs and approach to saving energy. In addition, ON Semiconductor was raised to a top ten holding.

Outlook

The outlook is particularly uncertain with the US COVID-19 situation changing by the day. In addition, instability has entered the political arena and spilled onto the streets, something not widely seen since the Civil Rights and anti-Vietnam War protests of the 1960s. Those then seemingly insurmountable problems were resolved when new political leaders took tough choices: Winston Churchill famously said that you can always count on Americans to do the right thing – after they've tried everything else.

The portfolio has undergone significant change in the last year which I believe puts it in a better position to cope with more uncertain times in the future.

Robert Siddles

Fund Manager
Jupiter Asset Management Limited
Investment Adviser
19 October 2020

Twenty Largest Equity Holdings as at 30 June 2020

Company	30 June 2020		30 June 2019	
	Market value £'000	Percentage of Portfolio	Market value £'000	Percentage of Portfolio
Palomar Holdings Palomar Holdings is an insurer specialising in earthquake risks. Its intensive use of data to underwrite gives it superior profitability. Its technology platform makes it easier for agents to use its services and it is growing quickly. Insiders own 6% representing \$128m of market cap.	8,358	5.8	–	–
America's Car-Mart America's Car-Mart sells and finances used cars. Its stores are located in small towns in the Sun Belt. The ability to offer its own credit gives it a competitive edge and it has considerable scope for growth. Insiders own 6% representing \$37m of market cap.	7,744	5.4	7,393	4.5
Addus HomeCare Addus HomeCare is the leading provider of social care and medical services to so-called "dual eligibles", those that qualify for both Medicare and Medicaid, i.e. the elderly poor. This group consumes a large share of health care spending and helping them to live at home can provide significant savings. The company is consolidating a highly fragmented industry. Insiders own 1% representing \$21m of market cap.	6,313	4.4	4,956	3.0
MSC Industrial Direct 'A' MSC Industrial Direct is the leading distributor to the metal working industry: its 'Big Book' catalogue is an industry benchmark. The company is using its free cash flow to supplement growth with acquisitions. Insiders own 16% representing \$662m of market cap.	5,295	3.7	5,243	3.2
LCI Industries LCI Industries is the leading supplier of assemblies for "towable" recreational vehicles (caravans). Millennials enjoy the outdoors and have been buying towables in growing numbers. Insiders own 4% representing \$104m of market cap.	5,213	3.6	3,956	2.4
ON Semiconductor ON Semiconductor is a leading manufacturer of analogue semiconductors used in sensors and power management for applications in automobiles, industrial and cloud power. Its power management products benefit from the growth of electric cars and cloud computing whereas sensors are also experiencing expansion in cars and machine vision for industrial automation. Insiders own 2% representing \$131m of market cap.	5,112	3.6	–	–

Twenty Largest Equity Holdings as at 30 June 2020 *(continued)*

Company	30 June 2020		30 June 2019	
	Market value £'000	Percentage of Portfolio	Market value £'000	Percentage of Portfolio
Construction Partners 'A' Construction Partners provides road repair services in the south east. Its vertical integration into asphalt plants gives it a cost advantage and it is expanding by acquisition. Insiders own 36% representing \$15m of market cap.	5,081	3.5	4,692	2.9
StoneX Group (formerly INTL FC Stone) StoneX Group (formerly INTL FC Stone) is a financial services provider focusing on commodities that also offers consulting services. It was founded by South African bankers who brought a zero-tolerance approach to trading losses. It aims to compound growth in book value per share. Insiders own 9% representing \$96m of market cap.	5,010	3.5	3,519	2.2
GMS GMS is the leading US distributor of interior building products, a market that it is consolidating via acquisitions. Insiders own 4% representing \$38m of market cap.	4,973	3.5	4,325	2.6
TechTarget TechTarget operates a wide range of leading websites that provide IT professionals with up to date information and advice on products. It uses the data it collects from subscribers to design effective marketing campaigns for technology companies. Insiders own 11% representing \$95m of market cap.	4,785	3.3	3,281	2.0
Chegg Chegg is the leading provider of online educational services for students. Its courses are modestly priced and address the need to be able to learn while working. It has very high brand recognition. Insiders own 3% representing \$280m of market cap.	4,641	3.3	–	–
The Pennant Group The Pennant Group operates homecare, hospice and assisted living services. It buys underperforming businesses and then improves them, clustering them geographically for efficiency and to allow cross-selling. It was spun out from The Ensign Group which pursues a similar strategy in nursing homes. Insiders own 10% representing \$64m of market cap.	4,164	2.9	–	–

Company	30 June 2020		30 June 2019	
	Market value £'000	Percentage of Portfolio	Market value £'000	Percentage of Portfolio
Bottomline Technologies (DE) Bottomline Technologies is a fintech company specialising in the automation of corporate payments for corporations and banks. It has a very high level of recurring revenues. Insiders own 3% representing \$55m of market cap.	4,054	2.8	3,438	2.1
American Vanguard American Vanguard acquires niche agricultural chemicals that help farmers deal with bio resistance and other problems. Business conditions are temporarily depressed and the stock offers recovery potential. Insiders own 12% representing \$51m of market cap.	3,816	2.7	4,141	2.5
Univar Solutions Univar Solutions is the leading distributor of chemicals in North America. The industry is immature with many chemicals going direct without third party distribution. As well as the opportunity to grow the market and gain market share, its acquisition of Nexeo Solutions should yield greater efficiencies. Insiders own 1% representing \$22m of market cap.	3,814	2.6	3,208	2.0
ABIOMED ABIOMED is the leading developer and supplier of heart support pumps. Its Impella product line gives patients suffering from cardiac shock and other life-threatening conditions a better chance of surviving heart interventions. New products and approvals for additional indications should drive growth in a potentially very large market. Insiders own 2% representing \$255m of market cap.	3,803	2.6	–	–
Home BancShares Home BancShares is based in Arkansas, but also operates in Florida and Alabama. Management have been particularly astute at making acquisitions that increase book value per share. Insiders own 8% representing \$203m of market cap.	3,462	2.4	3,521	2.2
Upland Software Upland Software provides a suite of cloud-based work management software for enterprises, in areas such as sales, customer relations, document management and project management. What sets it apart is its approach to buying from Venture Capitalists small innovative software businesses that are profitable but lack scale. It then integrates these into a single platform. It was founded by serial entrepreneur Jack McDonald who also led the IPO of Perficient (held in the portfolio). Insiders own 10% representing \$90m of market cap.	3,400	2.4	–	–

Twenty Largest Equity Holdings as at 30 June 2020 *(continued)*

Company	30 June 2020		30 June 2019	
	Market value £'000	Percentage of Portfolio	Market value £'000	Percentage of Portfolio
B Riley Financial B Riley Financial is a highly entrepreneurial niche West Coast investment bank that not only provides the usual M&A and capital raising activities (typically for microcap companies) but also makes its own proprietary investments in other businesses. It owns a retail liquidation operation that benefits indirectly from the success of Amazon. Insiders own 29% representing \$165m of market cap. CEO and founder Bryant Riley owns 19%.	3,381	2.3	3,135	1.9
TTEC Holdings TTEC Holdings is a leading customer experience technology provider. Its focus is on transforming traditional call centres by training staff to solve customers' issues rather than just manage call flow. It also offers its customer experience management as a cloud service with multiple communication channels (text, email, video, social network etc). Partnerships with Cisco and LivePerson boost its growth prospects. Insiders own 61% representing \$1,329m of market cap of which the founder Kenneth Tuchman owns 60%.	3,277	2.3	–	–
Total	95,696	66.6		

The value of the twenty largest equity holdings represents £95.7 million (2019: £103.6 million) and 66.6% (2019: 63.1%) of the Company's total investments.

List of Investments

as at 30 June 2020

Company	Industry	Market value £'000	Percentage of Portfolio
Consumer Discretionary 12.3% (2019: 11.9%)			
America's Car-Mart	Used car retail	7,744	5.4
LCI Industries	Recreational vehicle manufacture	5,213	3.6
Chegg	Online Education	4,641	3.3
		17,598	12.3
Consumer Staples 1.7% (2019: 7.4%)			
Limoneira	Lemon production	2,367	1.7
		2,367	1.7
Energy 1.3% (2019: 2.0%)			
Parsley Energy 'A'	Oil & gas production	1,898	1.3
		1,898	1.3
Financial Services 23.9% (2019: 22.1%)			
Palomar Holdings	Insurance	8,358	5.8
StoneX Group	Investment bank	5,010	3.5
Home BancShares	Bank	3,462	2.4
B Riley Financial	Investment bank	3,381	2.3
Franklin Financial Network	Bank	2,971	2.1
Markel	Insurance	2,831	2.0
Pacific Premier Bancorp	Bank	2,772	1.9
Alleghany	Insurance	2,284	1.6
Tejon Ranch	Land development	2,271	1.6
Hallmark Financial Services	Insurance	980	0.7
		34,320	23.9
Health Care 19.0% (2019: 14.2%)			
Addus HomeCare	Social care	6,313	4.4
The Pennant Group	Home care	4,164	2.9
ABIOMED	Medical devices	3,803	2.6
The Ensign Group	Nursing homes	3,159	2.2
Omniceil	Automated drug dispensing systems	2,756	1.9
BioDelivery Sciences International	Pharmaceuticals	2,523	1.8
Healthcare Services Group	Services for nursing homes	2,523	1.8
ICU Medical	Medical devices	1,946	1.4
		27,187	19.0
Materials & Processing 14.2% (2019: 10.0%)			
Construction Partners 'A'	Road repair	5,081	3.5
GMS	Building products distribution	4,973	3.5
American Vanguard	Agri chemicals	3,816	2.7
Univar Solutions	Chemicals distribution	3,814	2.6
UFP Technologies	Medical packaging	2,799	1.9
		20,483	14.2

List of Investments *(continued)*

Company	Industry	Market value £'000	Percentage of Portfolio
Producer Durables 10.0% (2019: 20.5%)			
MSC Industrial Direct 'A'	Industrial distribution	5,295	3.7
TTEC Holdings	Consumer care services	3,277	2.3
Old Dominion Freight Line	Regional trucking	3,142	2.2
Vectrus	Management of defence facilities	2,609	1.8
		14,323	10.0
Technology 15.5% (2019: 8.8%)			
ON Semiconductor	Semiconductors	5,112	3.6
TechTarget	Marketing services for technology	4,785	3.3
Bottomline Technologies (DE)	Automation of corporate payments	4,054	2.8
Upland Software	Work management software	3,400	2.4
Perficient	Enterprise digital transformation	2,752	1.9
Grid Dynamics Holdings	Enterprise digital transformation	2,163	1.5
		22,266	15.5
Utilities 2.1% (2019: 3.1%)			
ATN International	Niche telecom services	2,978	2.1
		2,978	2.1
Total Investments		143,420	100.0

The number of companies in the portfolio is 39 (2019: 40).

* Sector categories correspond to those used in the Russell Indices.

Strategic Review

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

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

Business and Status

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

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

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

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

Reviews of the Company's activities are included in the Chairman's Statement and Investment Adviser's Review on pages 5 to 10.

There has been no significant change in the activities of the Company during the year to 30 June 2020 and the Directors anticipate that the Company will continue to operate in the same manner during the current financial year.

Investment Objective

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

Investment Strategy

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

Investment Policy

The investment policy of the Company is to invest primarily in quoted US smaller and medium-sized companies and its objective is achieved through diversification of holdings across a variety of economic/industrial sectors. A full list of investments by sector is included on pages 15 and 16.

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

In accordance with the requirements of the UK Listing Authority, any material changes in the principal investment policies and restrictions of the Company would only be made with the approval of shareholders by ordinary resolution.

Benchmark Index

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

Strategic Review *(continued)*

Gearing

Gearing is defined as the ratio of a company's debt less cash held, compared to its equity capital, expressed as a percentage. The effect of gearing is that, in rising markets, the Company will benefit to the extent that the growth of the Company's investment portfolio exceeds the cost of paying interest and charges to lenders and other creditors. Conversely, in falling markets the Company suffers more if the Company's investment portfolio underperforms the cost of such interest and charges.

During the year, in order to improve the potential for capital returns to shareholders the Company has, had in place a flexible loan facility with Scotiabank for up to £20 million (with an option to increase to £30 million if desired). This facility was terminated on 15 September.

Further details of the loan facility with Scotiabank can be found in Note 13 to the Accounts on page 62.

Key Performance Indicators

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

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

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

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

Discount to Net Asset Value

The Directors review the level of the discount or premium between the middle market price of the Company's Ordinary shares and their Net Asset Value on a regular basis. The Directors will issue shares when there is sufficient demand. Such issues are always at a price which is in excess of the NAV. No shares were issued during the year under review.

The Board will continue to apply its policy of buying back shares at appropriate times with a view to limiting any discount in the longer term to around 10%. The Directors had powers granted to them at the last Annual General Meeting ('AGM') held on 26 November 2019 to purchase Ordinary shares and either cancel or hold them in treasury as a method of controlling the discount to Net Asset Value and enhancing shareholder value.

The Company repurchased 1,023,002 Ordinary shares during the year under review at an average discount of 9.4%.

Under the Listing Rules, the maximum price that may be paid by the Company on the repurchase of any Ordinary shares is 105% of the average of the middle market quotations for the Ordinary shares for the five business days immediately preceding the date of repurchase. The minimum price will be the nominal value of the Ordinary shares. The Board is proposing that its authority to repurchase up to approximately 14.99% of its issued share capital be renewed at the AGM. The new authority to repurchase will last until the conclusion of the AGM of the Company in 2021 (unless renewed earlier). Any repurchase made will be at the discretion of the Board in light of prevailing market conditions and within guidelines set from time to time by the Board, the Companies Act, the Listing Rules and the Market Abuse Regulation.

Treasury Shares

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

As at 30 June 2020 there were 5,233,614 Ordinary shares held in Treasury.

Management

The Company has no employees and most of its day to day responsibilities are delegated to Jupiter Asset Management Limited ('JAM'), who act as the Company's Investment Adviser and Company Secretary. Further details of the Company's arrangement with JAM and the Alternative Investment Fund Manager ('AIFM'), Jupiter Unit Trust Managers Limited ('JUTM'), can be found in Note 21 to the Accounts on page 68.

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

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

Viability Statement

In accordance with Provision 36 of the Code of Corporate Governance as issued by the Association of Investment Companies in February 2019 (the 'AIC Code'), the Board has assessed the prospects of the Company over a longer period than the twelve months required by the 'Going Concern' provision, reviewing the next three years until the required

vote on the continuation of the Company at the 2023 AGM. The Company's investment objective is to achieve capital growth and the Board regards the Company's shares as a long-term investment.

The Board has considered the Company's business model including its investment objective and investment policy as well as the principal and emerging risks and uncertainties that may affect the Company as detailed on pages 20 and 21.

In addition, the Board has considered the reporting produced by the Jupiter Investment Risk Team concerning a number of potential future scenarios resulting from the COVID-19 pandemic including a material and prolonged fall in equity markets and a significant rise in operating expenses along with the portfolio's liquidity. The Board continues to monitor income and expense forecasts for the Company. The Board has also assessed the operational resilience of its key service providers in light of COVID-19.

The Board has noted that:

- The Company holds a liquid portfolio invested predominantly in US listed equities.
- The Company maintains a relatively low level of gearing.
- The Company has maintained a consistent performance and share price discount to NAV.
- The investment management fee is the most significant expense of the Company. It is charged as a percentage of the portfolio value and so would reduce if the market value of the portfolio were to fall. The remaining expenses are more modest in value and are predictable in nature. No significant increase to ongoing charges or operational expenses is anticipated.
- The Board is satisfied that Jupiter and the Company's other key third-party suppliers maintain suitable processes and controls to ensure that they can continue to provide their services to the Company in spite of the COVID-19 pandemic.

Strategic Review *(continued)*

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

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

The Investment Adviser and the Company's brokers engage with shareholders on an ongoing basis and the Board, having taken into account the results of previous continuation votes, considers it to be likely, at this juncture, that the Company's continuation vote by shareholders at this year's AGM will be passed.

Principal and Emerging Risks and Uncertainties

The principal and emerging risks and uncertainties that may affect the Company are described below:

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

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

Liquidity Risk – The Company may invest in securities that have a very limited market which will affect the ability of the Investment Adviser to dispose of securities when it is no longer felt that

they offer the potential for future returns. Likewise the Company's shares may experience liquidity problems when shareholders are unable to realise their investment in the Company because there is a lack of demand for the Company's shares. At its quarterly meetings the Board considers the current liquidity in the Company's investments when setting restrictions on the Company's exposure. The Board also reviews, on a quarterly basis, the Company's buy back programme and in doing so is mindful of the liquidity in the Company's shares.

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

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

Regulatory Risk – The Company operates in a complex regulatory environment and faces a number of regulatory risks. A breach of section 1158 of the CTA 2010 could result in the Company being subject to capital gains tax on portfolio movements. Breaches of other regulations such as the UKLA Listing rules, could lead to a number of detrimental outcomes and reputational damage. Breaches of controls by service providers such as the Investment Adviser could also lead to reputational damage or loss. The Board relies on the services of its Company Secretary, JAM, and its professional advisers to ensure compliance with, amongst other regulations, the

Companies Act 2006, the UKLA Listing Rules, the FCA's Disclosure and Transparency Rules and the Alternative Investment Fund Managers Directive. The Investment Adviser is contractually obliged to ensure that its conduct of business conforms to applicable laws and regulations.

Credit and Counterparty Risk – The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss. Further details of the management of this risk can be found in Note 14 to the Accounts on page 65.

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

Operational – Failure of the core accounting systems, or a disastrous disruption to the Investment Adviser's business or that of the administration provider, JPMCB, could lead to an inability to provide accurate reporting and monitoring.

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

Details of how the Board monitors the operational services and financial controls of Jupiter and J.P. Morgan are included within the Internal Control section of the Report of the Directors on page 29.

Enterprise risk is reviewed twice a year, taking into its remit emerging risks as they become immediate, whilst still maintaining a long-term perspective where they are evolving at a fast rate.

COVID-19 – The outbreak of the COVID-19 pandemic poses additional risks to the Company beyond the risks described under market risks above. They include liquidity risks to markets and business continuity risks for the Investment Adviser. Each of these risks is being assessed on a daily basis by the Investment Adviser.

Directors

Details of the Directors of the Company and their biographies are set out on page 25.

The Company's policy on Board diversity is included in the Corporate Governance section of the Report of the Directors on page 35.

As at 30 June 2020 the Board comprised two female and three male Directors.

Employees, Environmental, Social and Human Rights issues

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

Integration of Environmental, Social and Governance ('ESG') considerations into the Investment Adviser's Investment Process

JAM has a 30 year record of integrating ESG factors into the investment process. Its Governance and Sustainability team leverages its relationships with partner organisations such as the UN Principles for Responsible Investment (UN PRI), the Investor Forum and Institutional Investors Group on Climate Change (IIGCC) and regularly engages with these and other industry bodies to ensure it remains at the forefront of ESG integration. Where relevant, lessons learned are disseminated across JAM's wider investment team via its Stewardship Committee.

JAM's Sustainability Investment team considers stewardship to be an integral component of its investment process. Typically, the team does not seek to exclude companies based on headline risk factors, disclosures or practices, instead believing

Strategic Review *(continued)*

that engagement aimed at enhancing long-term outcomes for investors requires a more rigorous and nuanced approach. Moreover, the Investment Adviser is of the view that compelling opportunities can arise in companies where there is evidence of positive change in the areas of environmental and social risk mitigation and governance practices, but where the market may be yet to reflect this in investee company share prices.

Modern Slavery Act

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

Global Greenhouse Gas Emissions

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

Section 172 Statement

Under Section 172 ('S172') of the Companies Act 2006, the Directors have a duty to act in good faith and to promote the success of the Company for the benefit of its shareholders as a whole. This includes taking into consideration the likely consequences of their decisions on the long term and on the Company's stakeholders such as its shareholders, employees and suppliers, while acting fairly between shareholders.

The Directors must also consider the impact of the Company's decisions on the environment, the community and its reputation for maintaining high standards of business conduct.

The Company ensures that the Directors are able to discharge this duty by, amongst other things, providing them with relevant information and training on their duties. The Company also ensures that information pertaining to its stakeholders is

provided, as required, to the Directors as part of the information presented in regular Board meetings in order that stakeholder considerations can be factored into the Board's decision making. The Directors' responsibilities are also set out in the schedule of Matters Reserved for the Board and the terms of reference of its committees, both of which are reviewed regularly by the Board. At all times the Directors can access as a Board, or individually, advice from its professional advisers including the Company Secretary and independent external advisers.

The Company's investment objective, to achieve capital growth over the long term, supports the Directors' statutory obligations to consider the long term consequences of the Company's decisions. How the long-term focus of the Company is achieved, is set out in more detail on page 24 and above where the Investment Adviser's approach to environmental, social and governance issues is explained in the section entitled Integration of ESG considerations into the Investment Adviser's Investment Process. This approach is fundamental to the Company achieving long-term success for the benefit of all of its stakeholders.

As set out on page 2, the Company's corporate purpose is to generate a capital return to shareholders by investing in small and medium-sized US companies.

The Company is also aware of its own potential impact on the environment and has a number of practical policies in place to reduce that impact.

Examples include the use and sharing of electronic documents by the Board rather than printing documentation and the provision of electronic copies of the annual report and accounts which are available to shareholders and others on the Company website. Where physical copies of the annual and half yearly financial reports are made, they use materials and processes designed to both minimise the environmental impact and to maximise the recycling potential as described in more detail on the inside back cover of this document.

Engagement with suppliers, customers and others and the effect on principal decisions

The Shareholders – The shareholders of the Company are both institutional and retail and details of those with substantial shareholdings are detailed on page 26.

The Board believe that shareholders have a vital role in encouraging a higher level of corporate performance and is committed to listening to the views of its shareholders and giving useful and timely information by providing open and accessible channels of communication including those listed below.

The AGM – The Company encourages participation from shareholders at its AGMs where they can communicate directly with the Directors and Investment Adviser. A short presentation by the Investment Adviser on the performance of the Company over the past year, as well as an outlook for the future will be made available on the Company's website from mid-November. Despite shareholders not being able to attend in person, the Board and Investment Adviser would welcome questions which shareholders may submit to Magnus.Spence@jupiteram.com. Subject to confidentiality, we will respond to any questions submitted either directly or by publishing our response on the Company website. All views of the shareholders will be taken into consideration and action taken where appropriate.

Online Information – The Company website contains the Annual and Half Yearly Financial Report along with monthly factsheets and commentaries from the Investment Adviser. The daily NAV per share, monthly top ten portfolio listings and other regulatory announcements can be found on the regulatory news service of the London Stock Exchange.

Shareholder Communications

Shareholders can raise issues or concerns at any time by writing to the Chairman or the Senior Independent Director at the registered office.

Further details about how the Board incorporates the views of the Company's shareholders can be found in the UK Stewardship Code and the Exercise of Voting Powers section on pages 29 and 30. Further

information about how the Board ensures that each Director develops an understanding of the views of the Company's shareholders and can be found in the section entitled Shareholder Relations on page 31 of this report.

The Investment Adviser

The investment management function is critical to the long-term success of the Company. The Board and the Investment Adviser maintain an open and constructive relationship, with meetings taking place a minimum of four times per annum, with monthly updates and additional meetings as circumstances require. The Audit & Management Engagement Committee meets at least twice a year and as part of its role considers the internal controls put in place by the Investment Adviser. The 'Management of the Company' section on page 28 in this report details the Board's consideration of the Investment Adviser's performance, its terms of appointment and their annual assessment of its continued stewardship of the portfolio and its oversight of the administrative functions.

The day to day responsibilities of the Company are delegated to the Investment Adviser which as the key service provider supplies investment management, administration and company secretarial services. The Investment Adviser oversees the activities of the Company's other third-party suppliers on behalf of the Company and maintains open and collaborative relationships to maintain quality, efficiency and cost control through regular communication with dedicated members of the Investment Adviser's operational teams. The Board regularly reviews reports from its Investment Adviser, the AIFM, the depositary, the Company broker, the investor relations research provider and the Independent Auditors.

These provide vital information concerning changes in market practice or regulation which affect the Company and assist the Board in its decision-making process. Representatives from these providers attend Company Board meetings and give presentations on a regular basis enabling in depth discussions concerning both their findings and their performance.

Strategic Review *(continued)*

Other Third-Party Service Providers

As an externally managed investment company with no employees or physical assets, the principal stakeholders of the Company are its shareholders, investment adviser, AIFM, depositary, custodian, administrator and registrar. The continuance, or otherwise, of engagement of key third-party service providers are principal decisions taken by the Board every year.

Principal Decisions

The Directors take into account the S172 considerations in all material decisions of the Company. Examples of this can be seen as follows.

- With the rise in status of COVID-19 to a pandemic, the Board requested that the Investment Adviser increase the frequency of its monitoring of key suppliers to ensure the safety of working conditions and continuity of operational functions.
- The Board decided to increase its monitoring of the portfolio and is in more frequent discussion with the Investment Adviser.
- Succession Planning – following the retirement of Mr Bachop, Ms Soderlund-Boley was appointed as a non-executive director and member of the Audit & Management Engagement Committee of the Company. The Board also announced that it had appointed Nurole Limited to undertake the search for an additional non-executive director who would act as chairman designate with a view to taking over as chairman of the Company from Mr Grender with effect from the 2021 AGM. Mr Stephen White was appointed as non-executive director and member of the Audit & Management Engagement Committee of the Company with effect from 1 October 2020.
- The appointment of Mr Clive Parritt as Senior Independent Director which is in compliance with the AIC Code and governance best practice which states that for a Company to promote long term sustainable success it must be led by an effective Board.

- The Board decided to seek shareholder approval at the forthcoming AGM to take advantage of the provisions of the Companies Act 2006 to allow future general meetings to be held either as a physical meeting or an electronic meeting, or a combination of both. This will provide shareholders with the ability to attend future AGM's remotely if the Company is unable to hold a physical meeting.

In Summary

The structure of the Board and its various committees and the decisions it makes are underpinned by the duties of the Directors under S172 on all matters. The Board firmly believes that the sustainable long-term success of the Company depends upon taking into account the interests of all the Company's key stakeholders.

For and on behalf of the Board

Gordon Grender

Chairman

19 October 2020

Report of the Directors & Governance

Directors

Gordon Grender

(Chairman of the Board)

Chairman, a Director of the Company since its inception in 1993, he became Chairman in October 1998. He has been actively involved in fund management in North American stock markets since 1974. He has been the investment adviser to GAM North American Growth Fund since its inception in 1985.

Norman Bachop*

Appointed to the Board in February 1999. He was with Mercury Asset Management PLC and its predecessor companies for 30 years, 21 of which were spent managing US equities.

Peter Barton

Appointed to the Board in February 1998. He is a solicitor and investment banker. Following a career of over 20 years as a corporate lawyer, he acquired extensive financial services experience as an investment banker with Lehman Brothers for nine years, followed by four years with Robert Fleming & Co and then nine years as a director of Alliance & Leicester plc, of which he was deputy chairman. He is also a director of easyGroup Holdings Ltd. He has previously chaired or been a director of a number of other financial services, real estate and other businesses.

Lisa Booth¹

(Chairman of the Audit & Management Engagement Committee)

Chairman of the Audit & Management Engagement Committee, appointed to the Board in September 2015. Ms Booth is a solicitor specialising in corporate and commercial law who has many years' experience in private practice in London and overseas. She specialises in corporate finance and investment and in 2003 she co-founded a law firm in the City of London. Over the next ten years she developed and managed a practice focusing on private equity and investment fund transactions. She currently works as General Counsel for a micro-mobility company based in Germany.

Clive Parritt¹

(Senior Independent Director)

Appointed to the Board in January 2007. He is a chartered accountant with over 30 years' experience of providing strategic, financial and commercial advice to medium sized businesses. He is chairman of BG Training Limited and a non-executive director of London and Associated Properties PLC. He was president of the Institute of Chartered Accountants in England & Wales in 2011 to 2012. Until April 2016 he was Group Finance Director of Audiotonix Limited (an international manufacturer of audio mixing consoles) and, until 2001, he was chairman of Baker Tilly (now RSM), having been its national managing partner for ten years until June 1996. He has previously chaired or been a director of a number of investment trusts, VCTs and media businesses.

Tina Soderlund-Boley^{1**}

Appointed to the Board in January 2020. She has a Swedish law degree and spent 18 years as Head of Sales Institutional and Intermediaries Northern Europe for GAM. Since then she has continued to focus on cross territory investment in smaller companies and is a consultant for Fiera Capital on sales and strategy. She is also a non-executive director of Res Capital Investments.

¹ Members of the Audit & Management Engagement Committee.

* Retired as a Director of the Company with effect from 26 November 2019.

** Appointed as a Director of the Company with effect from 1 January 2020.

Report of the Directors

The Directors present the Annual Report and Accounts of the Company for the year ended 30 June 2020.

Results and Dividends

The Company's Net Asset Value per Ordinary share decreased by 3.2% in the year ended 30 June 2020, compared to a fall of 3.8% in the sterling adjusted Russell 2000 Total Return Index. Results and reserve movements for the year are set out in the Income Statement on page 52 and the Notes to the Accounts on pages 55 to 68.

The Net Assets of the Company as at 30 June 2020 were £145.0 million (2019: £161.5 million). No distributable revenue is available for payment of dividends.

Capital Structure

As at 30 June 2020 the Company's issued share capital consisted of 18,223,413 Ordinary shares of 25p each of which 5,233,614 were held in Treasury. As a result the total voting rights as at 30 June 2020 was 12,989,799. All Ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement to which the Company is party that affects its control following a takeover bid.

Details of the capital structure can be found in Note 15 to the Accounts on page 66. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro rata to their holdings of Ordinary shares.

Notifiable Interests in the Company's Voting Rights

In accordance with the Disclosure and Transparency Rules as issued by the Financial Conduct Authority ('FCA'), the Company is required to be notified of any new or changes to previously disclosed substantial interests in its Ordinary shares.

Substantial shareholders

During the financial year, the following shareholders declared a notifiable interest in the Company's voting rights:

Shareholder	Ordinary % of total		Date of notification
	Shares held	voting rights*	
Smith & Williamson holdings Limited	643,886	4.92	10 June 2020

The following updates to notifiable interests in the Fund's voting rights have been declared post the financial year-end:

Shareholder	Ordinary % of total		Date of notification
	Shares held	voting rights*	
1607 Capital Partners, LLC	650,195	5.03	23 July 2020
Tilney Smith & Williamson Limited	621,157	5.00	29 September 2020

* Based on the number of shares in issue at the date of notification

As at 30 June 2020, the Board is also aware of the following material interests which amount to 3% or more of the share capital of the Company:

Shareholder	30 June 2020	
	Ordinary Shares held	% of total voting rights
Investec Wealth & Investment	1,073,694	8.26
Hargreaves Lansdown, stockbrokers (execution only)	909,007	6.99
Brewin Dolphin, stockbrokers	770,274	5.92
Interactive Investor (execution only)	712,616	5.48
British Airways Pensions	514,212	3.95
Charles Stanley	408,004	3.14
Rathbones	397,560	3.06
Close Brothers Asset Management	391,573	3.01

Directors

The Directors of the Company and their biographies can be found on page 25. Mr Grender, Mr Barton, Ms Booth and Mr Parritt held office throughout the year under review.

Mr Bachop retired as a Director of the Company on 26 November 2019. Ms Soderlund-Boley was appointed as a Director of the Company on 1 January 2020.

Following the retirement of Mr Bachop, the Board appointed Mr Parritt as Senior Independent Director ('SID').

The SID serves as a sounding board for the Chairman and acts as an intermediary for other directors and shareholders. The SID is responsible for:

- working closely with and supporting the Chairman;
- leading the annual assessment of the performance of the Chairman;
- holding meetings with the other directors without the Chairman being present, when required;
- carrying out succession planning for the Chairman's role;
- working with the Chairman, other directors and shareholders to resolve major issues; and
- being available to shareholders and other directors to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication (i.e. through the Chairman).

Repurchase of Shares

Authority to Repurchase Shares

At the AGM held on 26 November 2019 shareholders renewed the authority to buy back the Company's Ordinary shares for cancellation or holding in Treasury. The Board are seeking to renew the Company's buy-back powers at the forthcoming AGM. It is believed that these provisions provide a valuable tool in the management of the Company's share value against Net Asset Value. The current authority allows the Company to purchase up to 14.99 per cent. of the issued Ordinary shares.

Purchases would be made at the discretion of the Board and within guidelines set from time to time. Under the Listing Rules and the buy-back and stabilisation regulation the maximum price for such a buy-back cannot be more than the higher of (i) 105 per cent. of the average middle market price for the five days immediately preceding the date of repurchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid.

Directors' Remuneration and Interests

The Directors' Remuneration Report and Policy on pages 40 to 43 provides information on the remuneration and shareholdings of the Directors.

Conflicts of Interest

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

Directors' and Officers' Liability Insurance and Indemnification

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

Directors' and Company Secretary's Indemnification

The Company has indemnified its Directors and Company Secretary in respect of their duties as Directors and officers of the Company, certain civil claims brought by third parties and associated legal

Report of the Directors (continued)

costs to the extent that they are permitted by the Companies (Audit, Investigations and Community Enterprise) Act 2004.

Management of the Company

JUTM was appointed as AIFM to the Company on 22 July 2014. JUTM subsequently delegated the portfolio management of the Company to JAM. JUTM and JAM are wholly owned subsidiaries of Jupiter Fund Management plc ('Jupiter'). Further details of the Company's arrangement with JUTM and JAM can be found in Note 21 to the Accounts on page 68.

The Directors have reviewed the performance and terms of appointment of JUTM as the Company's AIFM and of JAM as the delegated Investment Adviser. A summary of the terms of the appointment including the notice of termination period and annual fee is set out in Notes 4 and 21 to the Accounts on pages 58 and 68. The Directors believe that it is in the best interests of all shareholders for the Company to continue the appointment of the Investment Adviser on its existing terms of appointment having reviewed the company secretarial, accounting, fund management and other services provided by Jupiter, and having regard to the Company's performance against its Benchmark Index during the year under review. The Directors are of the view that the portfolio should remain under the Investment Adviser's stewardship.

Leverage

In accordance with the requirements under the Alternative Investments Fund Managers Directive ('AIFMD'), the leverage employed by the Company as at 30 June 2020 was 1.05 as determined using the Gross method, and 1.0 as determined using the Commitment method.

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

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

	Gross exposure		Commitment exposure	
	Average leverage employed during the year to		Average leverage employed during the year to	
	Maximum limit	30 June 2020	Maximum limit	30 June 2020
	2.1	1.05	2.1	1.0

Going Concern

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

In determining the appropriateness of the going concern basis, the Directors gave particular focus this year to the operational resilience and ongoing viability of the Investment Adviser and other key third-party suppliers in light of the economic uncertainty arising from the COVID-19 pandemic. The Directors were satisfied that all key third-party suppliers had quickly and effectively put in place contingency planning measures to ensure that operational functionality was not affected as a result of the COVID-19 pandemic and that regular monitoring of these measures was in place.

In assessing the viability of the Company the Directors focused on: whether the Company's strategic and investment objectives continue to be achievable in the current economic climate; the size threshold below which the fund would be considered uneconomic or unviable; and the company performance and attractiveness to investors in the current environment.

The Directors remain satisfied that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

ISA Qualification

The Company currently manages its affairs so as to be a qualifying investment trust under the Individual Savings Account ('ISA') rules. As a result, under current UK legislation, the Ordinary shares qualify for investment via the stocks and shares component of an ISA up to the full annual subscription limit, currently £20,000 (2020/21) in each tax year. It is the present intention that the Company will conduct its affairs so as to continue to qualify for ISA products.

Bribery Prevention Policy

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

Internal Controls

In accordance with the AIC Code, the Board is responsible for monitoring the Company's risk management and internal control systems and reviewing their effectiveness, at least annually, and report on that review in the Company's annual report. Internal control systems are designed to meet the particular requirements of the Company and to manage rather than eliminate the risks of failure to achieve its objectives. The systems by their very nature can provide reasonable but not absolute assurance against material misstatement or loss. The Board has reviewed the effectiveness of the Company's internal control systems including the financial, operational and compliance controls and risk management. These systems have been in place for the period under review and to the date of signing the accounts.

The Company receives services from JAM and JPMCB relating to its investment advice, global custody and

certain administration activities and from JPME as Depository to the Company. Documented contractual arrangements are in place with these service providers which define the areas where the Company has delegated authority to them. The Directors have considered the report on the internal control objectives and procedures of Jupiter and J.P. Morgan together with the opinion of the service auditors for these reports which detail the measures and the testing of the measures which are in place to ensure the proper recording, valuation, physical security and protection from theft of the Company's investments and assets and the controls which have been established to ensure compliance with all regulatory, statutory and fiscal obligations of the Company.

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

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

UK Stewardship Code and the Exercise of Voting Powers

The Investment Adviser is responsible for voting the shares it holds on the Company's behalf. The Investment Adviser supports the UK Stewardship Code 2012 as issued by the Financial Reporting Council, which sets out the responsibilities of institutional shareholders in respect of monitoring and engaging with investee companies and intends to be a signatory to the new UK Stewardship Code 2020. The Investment Adviser's UK voting policies are consistent with the UK Stewardship Code. The Investment Adviser's Corporate Governance & Voting Policy can be found at www.jupiteram.com/JUS.

Report of the Directors (*continued*)

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

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

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

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

Common Reporting Standards

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

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

AIFMD Remuneration Code

Under the requirements of the AIFMD, JUTM is required to comply with certain disclosure and reporting obligations for funds that are considered to be Alternative Investment Funds ('AIFs'). This includes the Company.

Jupiter operates a group-wide remuneration policy. All employees are incentivised in a similar way and are rewarded according to personal performance and Jupiter's success. Details of the remuneration policy, including the applicable financial and non-financial criteria, are set out in the detailed remuneration policy disclosures available via the following link: <https://jupiteram.com/corporate/Governance/Risk-management>

Remuneration decisions are governed by Jupiter's Remuneration Committee (the 'Committee'), which meets on a regular basis to consider remuneration matters across the Group. In order to avoid conflicts

of interest, the Committee comprises independent non-executive directors, and no individual is involved in any decisions regarding their own remuneration.

JUTM's board includes two independent, non-executive directors who are remunerated directly by the company. No other members of the board receive remuneration from JUTM and are instead remunerated directly by their employing entity in the Jupiter Group. JUTM does not employ any other staff. In the interests of transparency, Jupiter has apportioned the total employee remuneration paid to all 508 Jupiter staff in respect of JUTM's AIFMD duties performed for the AIFs on a 'number of funds' basis. It has estimated that the total amount of employee remuneration paid in respect of duties for the Fund is £838,459 of which £493,426 is fixed remuneration and £345,033 is variable remuneration.

The aggregate total remuneration paid to AIFMD Identified Staff that is attributable to duties for the Company is £381,050 of which £103,915 is paid to Senior Management and £277,135 is paid to other staff. It should be noted that the aforementioned Identified Staff also provide services to other companies within Jupiter and its clients. They are included because their professional activities are considered to have a material impact on the risk profile of the Company.

Shareholder Relations

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

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

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

Engagement with Stakeholders

More information about how the Board fosters the relationships with its shareholders and other stakeholders, and how the Board considers the impact that any material decision will have on relevant stakeholders, can be found in the Section 172 statement in the Strategic Report on pages 22 to 24.

Statement in Respect of the Annual Report & Accounts

Having taken all available information into consideration, the Board has concluded that the Annual Report & Accounts for the year ended 30 June 2020, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 44.

There were no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4 during the financial period under review.

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

Report of the Directors (*continued*)

Significant votes against at the 2019 Annual General Meeting

At the Company's 2019 Annual General Meeting, 40.08% of the total votes cast in respect of Resolution 3: to re-elect Mr Grender as a Director of the Company, were lodged against the resolution. In line with Investment Association guidance, these votes against are deemed to be 'significant'. Since 59.92% of the total votes cast were in favour, the resolution was passed. On 29 June 2020, the Company announced that as part of its succession planning programme, it had appointed Nurole Limited to undertake the search for a non-executive director of the Company, the result of which can be found under the section entitled 'Succession Planning' on page 35 of this report.

Annual General Meeting

This year's AGM will be held on Tuesday, 22 December 2020 at 11:00 a.m. at the offices of Jupiter Asset Management Limited, The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ.

In consideration of the wellbeing of the Company's shareholders and in light of Government guidance around social distancing, shareholders will not be permitted access to the building. Please refer to the Notes for the AGM on pages 78 and 79 for full details on how to vote and to the Chairman's Statement on page 6 on how to communicate any questions that would usually be raised at the meeting.

Resolution 3:

In accordance with the Large and Medium sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, shareholders are required to approve the Remuneration Policy of the Company every three years. As detailed on page 40 of this report, the Board proposes that the maximum aggregate fees payable to the Directors of the Company be increased from £150,000 to £185,000 per annum and that shareholders approve this increase as part of the new Remuneration Policy.

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

Resolution 12: Continuation vote (ordinary resolution)

In accordance with the Articles, the Directors are required to propose an ordinary resolution at the forthcoming AGM (and at every third annual general meeting thereafter) that the Company shall continue in being as an investment trust. Accordingly, the Directors are proposing Resolution 12, which will be proposed as an ordinary resolution.

Resolution 13: Authority to allot shares (ordinary resolution)

Resolution 13 seeks authority for the Directors to allot Ordinary shares up to an aggregate nominal amount of approximately £309,558. This authority represents 10% of the Company's issued share capital as at the date of this document. This authority will expire at the conclusion of the Company's AGM in 2021 (unless renewed earlier) and it is the intention of the Directors to seek renewal of this authority at that AGM. The Board will only use this authority where it believes that it is in the best interests of the Company to issue shares for cash.

Resolution 14: Disapplication of Pre-emption rights (special resolution)

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

The authority will expire at the conclusion of the AGM of the Company in 2021 (unless renewed earlier) and it is the intention of the Directors to seek

renewal of this authority at that AGM. Any allotment of new Ordinary shares pursuant to the authority conferred by this Resolution will dilute the voting power of shareholdings of existing shareholders, but will not alter the value of their investment.

Resolution 15: Authority to buy back shares (special resolution)

The Company is seeking shareholder approval to repurchase up to 14.99% of the shares in issue at a price that is not less than the nominal value of each share. The authority being sought will last until the date of the next AGM.

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

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

Resolution 16: Notice of General Meetings (special resolution)

Resolution 16 is required to reflect the Shareholders' Rights Directive (the 'Directive'). The Directive has increased the notice period for General Meetings of the Company to 21 days. If Resolution 16 is passed the Company will be able to call all General Meetings (other than Annual General Meetings) on 14 clear days' notice. In order to be able to do so shareholders must have approved the calling of meetings on 14 clear days' notice. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a General Meeting on 14 clear days' notice. This shorter notice period will only be used where, in the opinion of the Directors, it is merited by the purpose of the meeting.

Resolution 17: Amendment to the Articles of Association to allow electronic general meetings (special resolution)

Having regard to the challenges and uncertainties surrounding shareholder meeting arrangements this year due to COVID-19 restrictions, the Board is proposing an amendment to its Articles of Association ('Articles') to make provision for future general meetings to be held as a physical or electronic meeting, or a combination of both. The proposed amendment will provide more flexibility for future general meetings to facilitate shareholder attendance and participation remotely where the Board consider (in their absolute discretion) that it would be inadvisable or impractical to hold a physical general meeting. Article 99.1 has provisionally been amended to reflect the proposed change in maximum aggregate fees payable to the Directors of the Company from £150,000 to £185,000 per annum. This increase is subject to shareholder approval as part of the new Remuneration Policy as detailed in Resolution 3 on page 32. A copy of the Articles showing the proposed amendments is available on request from Jupiter's Customer Services Team on 0800 561 4000.

Recommendation

The Board considers that the passing of the resolutions being put to the Company's AGM would be in the best interests of the Company and its shareholders as a whole. It therefore recommends that shareholders vote in favour of Resolutions 1 to 17, as set out in the Notice of Annual General Meeting.

By order of the Board

Jupiter Asset Management Limited
Company Secretary

19 October 2020

Corporate Governance

Corporate Governance Compliance Statement

This statement, together with the Statement of Directors' Responsibilities on page 44 and the statement of Internal Controls on page 29, indicates how the Company has complied with the recommendations of the AIC Code as issued in February 2019.

The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the 'UK Code') as issued in July 2018 by the Financial Reporting Council (the 'FRC'), as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC provides more relevant information to shareholders.

The Company has complied with the provisions of the AIC Code (which incorporates the UK Code), except as set out below. The UK Code include provisions relating to:

- The role of the chief executive
- Executive directors' remuneration; and
- The need for an internal audit function.

The Board considers these provisions not relevant to the position of the Company being an externally managed investment company with no employees. The Company has not therefore reported further in respect of these provisions.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

A description of the main features of the Company's internal control and risk management functions can be found on page 29 of this report.

The Board

Role of the board

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

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

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

Composition

As at 30 June 2020 the Board comprised five non-executive Directors, comprising three males and two females, all of whom are independent of the Investment Adviser.

Mr Grender is Chairman of the Board. The Chairman has no conflicts of interest between his interests and those of shareholders – the Chairman is also a shareholder. Potential conflicts are reported to the rest of the board who consider such conflicts and where appropriate approve them. The Chairman is not, and has never been, an employee of the investment adviser nor a professional adviser to the investment adviser or the Company. The Chairman does not serve as a director of any other investment companies managed by Jupiter.

Tenure

The Board is mindful of the AIC and UK Corporate Governance Codes in relation to the tenure of directors (including the Chairman). The Board does not consider it appropriate that directors should

be appointed for a specific term. Rather the Board believes all directors should stand for re-election annually.

The Board undertakes an annual evaluation of its composition and that of its committees taking into account the requirements of the AIC Code. Appropriate recommendations will then be made in respect of the need to refresh the composition of the Board and its committees.

Succession Planning

Following the retirement of Mr Bachop on 26 November 2019 and in light of the votes against the re-election of Mr Grender at the 2019 AGM, the Directors undertook a review of the composition of the Board.

As an initial step, the Board was in agreement that a suitable candidate who would complement the current skills and experience of the Board, should be sought to replace Mr Bachop. After considering a number of potential candidates Ms Soderlund-Boley was appointed as a non-executive Director of the Company with effect from 1 January 2020.

As previously disclosed in the Chairman's Statement on page 6 and the Principal Decisions section on page 24, the Board appointed Nurole Limited to undertake the search for an additional non-executive director who will act as chairman designate with a view to taking over as chairman of the Company from Mr Grender with effect from the 2021 AGM.

After interviewing a number of exceptional candidates, the Board appointed Mr Stephen White as a non-executive director and member of the Audit & Management Engagement Committee of the Company with effect from 1 October 2020.

Stephen is a non-executive director and chairman of the audit committees of BlackRock Frontiers Investment Trust plc and Aberdeen New India Investment Trust plc and a non-executive director of JP Morgan European Smaller Companies Trust plc and Polar Capital Technology Trust plc.

He qualified as a Chartered Accountant at PwC before starting a career in investment management.

He has more than 35 years investment experience, most notably as head of European equities at F&C Asset Management, where he was manager of F&C Eurotrust plc and deputy manager of the F&C Investment Trust plc, and as head of European and US equities at British Steel Pension Fund.

Diversity

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

Re-election of Directors

Having been appointed as a Directors of the Company on 1 January and 1 October 2020 respectively, Ms Soderlund-Boley and Mr White are automatically subject for election at this year's AGM. It is the Company's policy that all Directors stand for re-election on an annual basis. Accordingly, Mr Grender, Mr Barton, Ms Booth and Mr Parritt will be subject to re-election at the forthcoming AGM. The Board is recommending that all Directors be elected/re-elected at the forthcoming AGM.

Training

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

Performance Evaluation

The Board has not arranged an externally facilitated evaluation during this period, although this is considered by the Board on a regular basis. The Directors undertake on an annual basis an appraisal in relation to their oversight and monitoring of the

Corporate Governance (continued)

performance of the Investment Adviser and other key service providers. In addition the Directors undertake, on an annual basis, a written assessment of the effectiveness of the Board as a whole by completion of a formal evaluation questionnaire. The SID also leads a formal evaluation of the performance of the Chairman.

Board Committees

Audit & Management Engagement Committee

The Board has established an Audit & Management Engagement Committee. The report of the Audit & Management Engagement Committee can be found on pages 37 to 39.

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

Other Committees

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

Directors' Attendance at Meetings

	Board	Audit and Management Engagement Committee
Gordon Grender	4/4	n/a
Norman Bachop*	0/2	n/a
Peter Barton	4/4	n/a
Clive Parritt	4/4	2/2
Lisa Booth	4/4	2/2
Tina Soderlund-Boley **	2/2	1/1

* Mr Bachop was unable to attend the Board meetings due to ill health. He retired as a Director of the Company with effect from 26 November 2019.

** Ms Soderlund-Boley was appointed as a Director of the Company with effect from 1 January 2020.

For and on behalf of the Board

Gordon Grender

Chairman

19 October 2020

Report of the Audit & Management Engagement Committee

Role of the Audit & Management Engagement Committee

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

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

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

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

Composition

The Audit & Management Engagement Committee consists of Ms Booth, Mr Parritt and Ms Soderlund-Boley. Ms Booth is chairman of the Audit & Management Engagement Committee. All committee members are independent Non-Executive Directors. Mr Parritt is a past president of the ICAEW (Institute of Chartered Accountants in England and Wales).

As previously noted on page 24 of this report, Mr Stephen White was appointed as a member of the Audit & Management Engagement Committee with effect from 1 October 2020.

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

Independent Auditors and Audit Tenure

As part of its review of the continuing appointment of the auditors, the Audit & Management Engagement Committee considers the length of tenure of the audit firm, its fees and independence from the AIFM and the Investment Adviser along with any matters raised during each audit. The Audit & Management Engagement Committee undertook a formal tendering process and selected Haysmacintyre LLP ('Haysmacintyre') as auditors of the Company commencing with the financial year ended 30 June 2020. The appointment of Haysmacintyre was approved by shareholders at the AGM held on 26 November 2019. The fees paid to Haysmacintyre in respect of audit services are disclosed in Note 5 to the Accounts on page 59.

Report of the Audit & Management Engagement Committee *(continued)*

Significant Accounting Matters

During its review of the Company's Accounts for the year ended 30 June 2020 the Audit & Management Engagement Committee considered the following significant issues, including a robust assessment of principal and emerging risks and uncertainties in light of the Company's activities and issues communicated by the Auditors during its review, all of which were satisfactorily addressed:

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

Auditor Effectiveness & Independence

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

Disclosure of Information to the Auditors

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

Non-Audit Services

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

- confirmation from the auditors that they have adequate arrangements in place to safeguard its objectivity and independence in carrying out such work, within the meaning of the regulatory and professional requirements to which it is subject;
- the non-audit fees to be incurred, relative to the audit fees;
- the nature of the non-audit services; and
- whether the auditors' skills and experience make them the most suitable supplier of such services and whether they are in a position to provide them.

The Committee has adopted a policy that all non-audit services are subject to its approval. No fee for such services was payable to the auditors for the year under review and no services were undertaken (2019: £Nil).

Statement in Respect of the Annual Report & Accounts

Having taken all available information into consideration, and having discussed the content of the Annual Report & Accounts with the AIFM, Investment Adviser, Company Secretary and other third party service providers, the Audit &

Management Engagement Committee has concluded that the Annual Report & Accounts for the year ended 30 June 2020, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board.

For and on behalf of the Audit & Management Engagement Committee

Lisa Booth

Chairman of the Audit & Management Engagement Committee

19 October 2020

Directors' Remuneration Report and Policy

Introduction

The Board is pleased to present the Company's annual remuneration report for the year ended 30 June 2020 in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 46 to 51.

Statement by the Chairman

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

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

During the year, Directors' fees were as follows:

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

Details of the total emoluments paid to Directors for the years ended 30 June 2019 and to 30 June 2020 are provided in the Annual Report on Remuneration on page 41.

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

Directors' Remuneration Policy

The Remuneration Policy of the Company was approved by shareholders at the 2017 AGM for a maximum of three years. Accordingly, as required under the Large and Medium sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, a resolution to

approve the Remuneration Policy for a maximum of a further three years will be put before shareholders at this year's AGM.

Subject to shareholder approval, the Remuneration Policy as set out below will apply until the 2023 AGM unless renewed, varied or revoked by shareholders at a general meeting.

The Company's current remuneration policy is that fees payable to Directors are commensurate with the amount of time Directors are expected to spend on the Company's affairs, whilst seeking to ensure that fees are set at an appropriate level so as to enable candidates of a sufficient calibre to be recruited. The Company's Articles of Association ('the Articles') state the maximum aggregate amount of fees that can be paid to Directors in any one year. This is currently set at £150,000 per annum and shareholder approval is required for any changes to this. The Board is proposing that the maximum aggregate amount of fees be increased to £185,000 per annum. Accordingly, shareholders are being asked to approve this increase as part of the new Remuneration Policy being put to shareholders (Resolution 3) at the 2020 AGM.

Subject to the passing of Resolution 3 at the forthcoming AGM, with effect from 1 January 2021, the Board plans to marginally increase Director fees in line with the Company's peer group. Director fees were last increased in 2015.

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

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

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

Directors' Service Contracts

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

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

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

Director	Date of Appointment	Due date for Re-election
Gordon Grender	28 January 1993	Annually
Norman Bachop [†]	23 February 1999	n/a
Peter Barton	18 February 1998	Annually
Lisa Booth	29 September 2015	Annually
Clive Parritt	2 January 2007	Annually
Tina Soderlund-Boley	1 January 2020	Annually

[†] Retired as a Director of the Company on 26 November 2019.

Annual Report on Remuneration

A single figure for the total remuneration of each Director is set out in the table below for the years ended 30 June 2020 and 30 June 2019 respectively. Directors' fees were last increased on 1 July 2015.

Directors' emoluments for the period (audited)

Director	30 June 2020			30 June 2019		
	Fees £	Expenses £	Total remuneration for the year ended £	Fees £	Expenses £	Total remuneration for the year ended £
Gordon Grender*	30,000	–	30,000	30,000	–	30,000
Norman Bachop [†]	8,908	–	8,908	22,000	–	22,000
Peter Barton	22,000	–	22,000	23,933	–	23,933
Lisa Booth**	27,000	1,009	28,009	25,033	1,006	26,039
Clive Parritt	22,000	–	22,000	22,000	–	22,000
Tina Soderlund-Boley ^{††}	11,000	–	11,000	–	–	–
Total	120,908	1,009	121,917	122,966	1,006	123,972

* Chairman of the Board.

** Chairman of the Audit & Management Engagement Committee.

[†] Covers the period 1 July to 26 November 2019.

^{††} Covers the period 1 January to 30 June 2020.

Directors' Remuneration Report and Policy *(continued)*

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

The table adjacent compares the remuneration paid to Directors to distributions made to shareholders during the financial year under review and the prior year. In considering these figures, shareholders should take into account the Company's principal investment objective of achieving capital growth which in the years in question amounted to a loss of £5 million and a gain of £7 million respectively.

	30 June 2020	30 June 2019
Remuneration paid to Directors	121,917	123,972
Distributions to shareholders – dividends	–	–
Total value of shares repurchased	10,797,590	8,035,155

Statement of voting at the last AGM

The following sets out the votes received at the last AGM of the shareholders of the Company, held on 26 November 2019, in respect of the approval of the Directors' Remuneration Report.

Votes cast for*		Votes cast against		Total votes cast	Number of votes withheld
Number	%	Number	%		
4,371,935	99.68	14,066	0.32	4,386,001	16,433

Directors' Interests

The Directors who held office at the end of the financial year covered by these accounts and their beneficial interests in the Ordinary shares of the Company are detailed in the adjacent table.

The Directors' interests in contractual arrangements with the Company are as detailed in Note 21 to the Accounts. Subject to these exceptions, no Director was a party to or had any interest in any contract or arrangement with the Company at any time during the year or subsequently.

Directors' interest in Ordinary shares (audited)

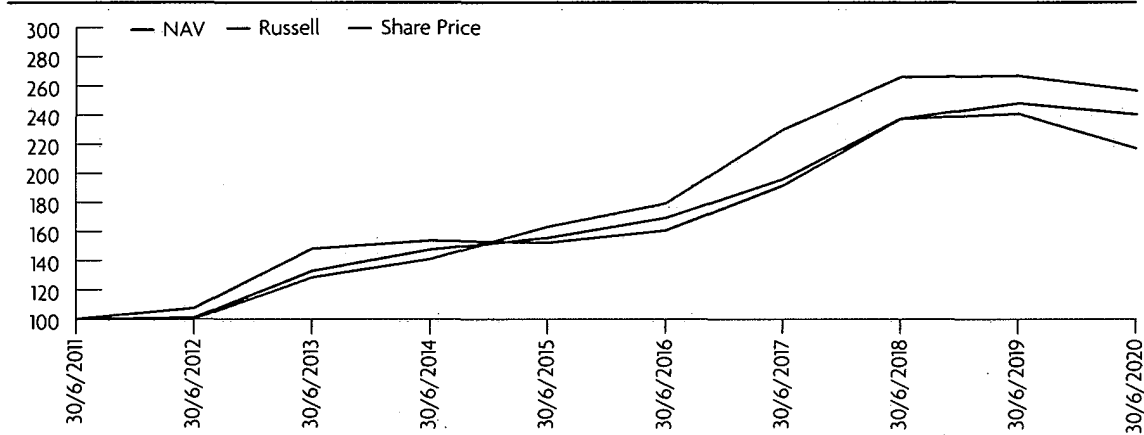
	30 June 2020	30 June 2019
Gordon Grender	34,850	34,850
Peter Barton	10,500	10,500
Lisa Booth	463	463
Clive Parritt	10,000	10,000
Tina Soderlund-Boley	1,011	–

As at 16 October 2020, the latest practicable date prior to publication of this document, no further changes had been notified.

Performance to 30 June 2020

The graph below provides details of the Company's Ordinary share price performance compared against the Russell 2000 Total Return Index, expressed in sterling.

Performance from 30 June 2011 to 30 June 2020



Source: Datastream.
Rebased to 100 as at 30 June 2011.

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the Directors' Remuneration Report and Policy summarises, for the year ended 30 June 2020, the review undertaken and the decisions made

regarding the fees paid to the Board, and the future remuneration policy of the Company which is to be approved by shareholders.

By order of the Board
Gordon Grender
 Chairman
 19 October 2020

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year.

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

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

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

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

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

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

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

Each of the Directors, who are listed on page 25 of this report, confirms to the best of their knowledge that:

- (a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- (b) the Strategic Report and Report of the Directors include a fair review of the development and performance of the Company, together with a description of the principal risks and uncertainties that the Company faces; and
- (c) in their opinion the Annual Report & Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's position and performance, business model and strategy.

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

- (a) there is no relevant audit information of which the Company's auditors are unaware; and
- (b) the Directors have taken all steps required of a company director to make themselves aware of any relevant audit information and to establish that the Company's auditors have been made aware of that information.

By order of the Board

Gordon Greder

Chairman

19 October 2020

Independent Auditors' Report

To the Members of Jupiter US Smaller Companies PLC

Our opinion on the financial statements

We have audited the financial statements of Jupiter US Smaller Companies plc ('the Company') for the year ended 30 June 2020 which comprise the Income Statement, Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2020 and of the loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have any material to add or draw attention to:

- the disclosures in the annual report set out on pages 20 and 21 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 38 in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on pages 28 and 29 in the annual report about whether they consider it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statements relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6.R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation on pages 19 and 20 in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters: Our assessment of risks of material misstatement

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

	The risk	Our response to the risk:
<p>Incomplete or inaccurate revenue recognition, including classification as revenue or capital</p> <p>Revenue for the year is £1,857,000 (2019: £1,205,000) and is disclosed in note 3 to the financial statements.</p> <p>The accounting policy for revenue is described in note 2b(iv).</p>	<p>There is a risk of incomplete or inaccurate recognition income through the failure to recognise proper income entitlements or applying appropriate accounting treatment.</p> <p>In addition to the above, the Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'.</p>	<p>We have undertaken the following procedures to verify the appropriateness of revenue recognition:</p> <ul style="list-style-type: none"> ■ To assess the completeness of dividends for all investments held during the year we reviewed the RNS dividend announcements made by the investee Company's and ensured that the Company had correctly recognised any dividends in respect of those dividends; ■ We agreed the receipt of all dividends to bank statements; ■ For a sample of accrued dividends, we assessed the date of the dividend declaration date and whether the Company had proper legal title to those dividends; ■ We obtained an analysis of special dividends recognised during the year and reviewed the investee company announcements in relation to those dividends and considered whether the classification of these dividends was appropriate; ■ We reviewed and considered the appropriateness of the disclosures contained within the Company's financial statements.
	<p>Key observations communicated to the Audit & Management Engagement Committee</p> <p>We noted that during the year special dividends of £507,000 were recognised all of which were recognised as revenue items. From our review of the dividend announcements we are satisfied with the appropriateness of this judgement.</p> <p>Our audit procedures did not identify any matters or other observations to report to the Audit & Management Engagement Committee.</p>	

Independent Auditors' Report *(continued)*

	The risk	Our response to the risk:
<p>Valuation of investments</p> <p>Investment valuations at the year-end were £143,420,000 (2019: £163,712,000) which were all listed investments.</p> <p>Disclosure of these investments is included in note 10 to the financial statements.</p> <p>The accounting policy for the valuation of investments is described in note 2b(i) of the financial statements.</p>	<p>Investments represent the most significant item in the statement of financial position and an error within the valuation of the Company's investment portfolio could have a material impact on the financial position and performance of the Company.</p>	<p>We have undertaken the following procedures to gain assurance over the valuation of all investments:</p> <ul style="list-style-type: none"> ■ We agreed the bid price to an independent source; ■ We agreed the exchange rates applied to overseas stocks to an independent source; ■ We agreed the year-end investment holdings to custodian confirmation; ■ We re-performed our own calculation of the expected investment valuation and compared this to the actual investment valuation; ■ We assessed the accuracy of the calculation of unrealised gains and losses; and ■ We assessed the appropriateness of the financial statements disclosures.
	<p>Key observations communicated to the Audit & Management Engagement Committee</p> <p>Based on the procedures performed we gained satisfactory assurance over the valuation of the Company's listed investment portfolio and did not identify any matters or other observations to report to the Audit & Management Engagement Committee.</p>	

An overview of the scope of our audit

Our assessment of audit risk, our evaluation of materiality and our calculation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude

of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £1,450,000 which is approximately 1% of the Company's gross assets. Gross assets has been used as the benchmark for materiality as this is considered to be the critical performance measure used by investors to assess the performance of the Company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceed materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment our assessment was that performance materiality should be set at 75% of our overall materiality level, namely £1,088,000. We have set performance materiality at this percentage due to the absence of significant errors noted in the current year audit and based on our assessment of the control framework at the Company.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate performance materiality level of £37,000 for the revenue column of the Statement of Comprehensive Income. We set this level at 2% of gross revenue.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit & Management Engagement Committee that we would report to the Committee all audit differences in excess of £72,500 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit & Management Engagement Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Other information

The other information comprises the information included in the annual report as set out on pages 3 to 45, other than the financial statements and our auditor's report thereon. The Directors' are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the

extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report on that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 31 – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit & Management Engagement Committee reporting set out on pages 37 to 39 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the Audit & Management Engagement Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 34 – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance

Independent Auditors' Report (*continued*)

Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

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.

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level assurance, but not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately

to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, the Listing Rules and the UK Corporate Governance Code.
- We understood how the Company is complying with those frameworks through discussions with the Audit & Management Engagement Committee and management in combination with a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement including how fraud might occur by considering the key risks impacting the financial statements. Given the activities of the Company, we consider management override as being most likely to occur in the recognition of revenue, our procedures in this regard are stated in the Key Audit Matter above.

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

Other matters we are required to address

Following recommendation by the Audit & Management Engagement Committee, we were appointed by the Audit & Management Engagement Committee to audit the financial statements for the year ending 30 June 2020 and subsequent financial periods. The period of total uninterrupted engagement is therefore 1 year.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit & Management Engagement Committee.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



George Crowther

Senior Statutory Auditor
for and on behalf of Haysmacintyre LLP
Statutory Auditor, Chartered Accountants
London

19 October 2020

Income Statement

for the year ended 30 June 2020

	Note	Revenue Return £'000	2020 Capital Return £'000	Total £'000	Revenue Return £'000	2019 Capital Return £'000	Total £'000
(Loss)/gain on investments at fair value through profit or loss	10	–	(5,185)	(5,185)	–	7,104	7,104
Foreign exchange loss		–	(325)	(325)	–	(428)	(428)
Exchange (loss)/gain on loan facility		–	(13)	(13)	–	270	270
Investment income	3	1,857	–	1,857	1,205	–	1,205
Other income	3	12	–	12	32	–	32
Total income/(loss)		1,869	(5,523)	(3,654)	1,237	6,946	8,183
Investment management fee	4	(1,108)	–	(1,108)	(1,169)	–	(1,169)
Other expenses	5	(369)	(2)	(371)	(328)	–	(328)
Total expenses		(1,477)	(2)	(1,479)	(1,497)	–	(1,497)
Return/(loss) before finance costs and taxation		392	(5,525)	(5,133)	(260)	6,946	6,686
Finance costs	7	(305)	–	(305)	(328)	–	(328)
Return/(loss) before taxation		87	(5,525)	(5,438)	(588)	6,946	6,358
Taxation	8	(218)	–	(218)	(87)	–	(87)
Net (loss)/return after taxation		(131)	(5,525)	(5,656)	(675)	6,946	6,271
Net (loss)/return per Ordinary share	9	(0.97p)	(41.22p)	(42.19p)	(4.65p)	47.88p	43.23p

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

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

The Notes on pages 55 to 68 form part of these accounts.

Statement of Financial Position

as at 30 June 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	143,420	163,712
Current assets			
Debtors	12	29	112
Cash at bank and in hand		6,129	9,889
		6,158	10,001
Creditors: amounts falling due within one year	13	(4,567)	(12,193)
Net current assets/(liabilities)		1,591	(2,192)
Total assets less current liabilities		145,011	161,520
Capital and reserves			
Called up share capital	15	4,555	4,555
Share premium account	16	19,550	19,550
Non-distributable reserve	17	841	841
Capital redemption reserve	18	9,628	9,628
Retained earnings	19	110,437	126,946
Total shareholders' funds		145,011	161,520
Net Asset Value per Ordinary share	20	1,116.35p	1,152.66p

The financial statements on pages 52 to 54 were approved by the Board of Directors and signed on its behalf on 19 October 2020.

Gordon Grender
Chairman

Company Registration Number 02781968

Gordon Grender
auth
for the Board
19/10/20

The Notes on pages 55 to 68 form part of these accounts.

Statement of Changes in Equity

for the year ended 30 June 2020

	Note	Called up Share Capital £'000	Share Premium £'000	Non- Distributable Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings* £'000	Total £'000
For the year ended 30 June 2020							
1 July 2019		4,555	19,550	841	9,628	126,946	161,520
Repurchase of Ordinary shares to be held in treasury	15	–	–	–	–	(10,853)	(10,853)
Net loss for the year		–	–	–	–	(5,656)	(5,656)
Balance at 30 June 2020		4,555	19,550	841	9,628	110,437	145,011

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

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

The Notes on pages 55 to 68 form part of these accounts.

Notes to the Accounts

for the year ended 30 June 2020

1. General information

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

The Company conducts its affairs so as to qualify as an investment trust under the provisions of section 1158 of the Corporation Tax Act 2010. The Company has qualified as an investment trust in respect of all relevant years up to and including the year ended 30 June 2020. Section 1158 was amended allowing the Company to seek approval of compliance in advance and for all subsequent financial years. The Company received such advance approval subject to it continuing to meet the relevant eligible conditions and ongoing requirements. The Company intends to conduct its affairs so as to enable it to comply with the requirements. Such approval exempts the Company from UK corporation tax on gains realised in the relevant year on its portfolio of fixed asset investments.

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

2. Accounting policies

(a) Basis of preparation

The financial statements for the year ended 30 June 2020 have been prepared in accordance with UK Generally Accepted Accounting Practice ('UK GAAP') including Financial Reporting Standard 102 ('FRS 102'), the financial reporting standard applicable in the UK and Republic of Ireland and with the Statement of Recommended Practice ('SORP') for Investment Trust Companies and Venture Capital Trusts issued by the Association of Investment Companies ('AIC') in October 2019.

The Company continues to adopt the going concern basis in the preparation of the financial

statements. The financial statements have been prepared in accordance with the company's accounting policies as set out below. They are presented in accordance with the Companies Act 2006 (the 'Act') and the requirements of the SORP 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in October 2019.

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

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

Statement of Compliance

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

(b) Principal accounting policies

(i) Financial instruments

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

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

Notes to the Accounts (*continued*)

2. Accounting policies (*continued*)

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

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

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

(ii) Fixed asset investments

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

Quoted investments are valued at bid value at the close of business on the relevant date on the exchange on which the investment is quoted.

(iii) Foreign currency

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

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

(iv) Income

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

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

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

(v) Expenses, including finance charges

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

- expenses incidental to the acquisition or disposal of fixed asset investments are included within the cost of the investments or deducted from the disposal proceeds of investments and are thus charged to the capital element of retained earnings – arising on investments sold via the capital account; and
- all expenses are accounted for on an accruals basis. Finance charges are accrued using the effective interest rate method.

(vi) Taxation

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

Deferred tax is provided in accordance with FRS102, on an undiscounted basis, on all timing differences that have originated but not reversed by the Statement of Financial Position date, based on the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

(vii) Capital redemption reserve

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

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

(viii) Retained earnings

This consists of the following:

(a) Capital Reserve

The following are accounted for in this reserve:

- gains and losses on the realisation of fixed asset investments;
- increases and decreases in the valuation of fixed asset
- investments held at the year end;
- realised foreign exchange differences of a capital nature;

- unrealised foreign exchange differences of a capital nature;
- costs of professional advice, including related irrecoverable VAT, relating to the capital structure of the company;
- other capital charges and credits charged or credited to this account in accordance with the above policies; and
- the costs of purchasing Ordinary share capital.

(b) Revenue Return

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

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

(ix) Borrowing and finance costs

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

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

Notes to the Accounts (continued)

2. Accounting policies (continued)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements on occasion requires management to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates

could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

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

3. Income

	2020 £'000	2019 £'000
Income from investments		
Dividends from overseas companies	1,857	1,205
	1,857	1,205
Other income		
Deposit interest	12	32
	12	32
Total income	1,869	1,237
Total income comprises		
Dividends	1,857	1,205
Interest	12	32
	1,869	1,237
Income from investments		
Listed overseas	1,857	1,205
	1,857	1,205

4. Investment management fees

	2020			2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,108	–	1,108	1,169	–	1,169
	1,108	–	1,108	1,169	–	1,169

Details of the investment management contract are given in Note 21.

5. Other expenses

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Directors' remuneration	122	–	122	123	–	123
Auditors' remuneration – audit of the Company	35	–	35	38	–	38
Directors' and Officers' liability insurance	9	–	9	8	–	8
Other expenses	203	2	205	159	–	159
	369	2	371	328	–	328

6. Ongoing charges

	2020 £'000	2019 £'000
Investment management fees	1,108	1,169
Other expenses	369	328
Total expenses (excluding finance costs)	1,477	1,497
Average net assets	151,492	161,302
Ongoing charges %	0.98	0.93

7. Finance costs

	2020 £'000	2019 £'000
Short-term loan	281	295
Non-utilisation fee	24	33
	305	328

Notes to the Accounts *(continued)*

8. Taxation

(a) Analysis of charge in year:

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Overseas tax	218	–	218	87	–	87
Total tax (see Note 8b)	218	–	218	87	–	87

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher (2019: lower) than the standard rate of corporation tax for a company (19.00%) (2019: 19.00%). The differences are explained below:

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Net return/(loss) before taxation	87	(5,525)	(5,438)	(588)	6,946	6,358
Corporation tax at 19.00% (2019: 19.00%)	17	(1,050)	(1,033)	(112)	1,320	1,208
Effects of:						
Tax free capital loss/(gains) on investments	–	1,050	1,050	–	(1,320)	(1,320)
Non taxable income received	(353)	–	(353)	(235)	–	(235)
Overseas tax	218	–	218	87	–	87
Unutilised management expenses for the year	336	–	336	347	–	347
Total tax charge for the year	218	–	218	87	–	87

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

There is an unrecognised deferred tax asset of £3,259,000 (2019: £2,620,000) which relates to unutilised excess expenses. The deferred tax asset would only be recovered if the Company were to generate sufficient profits to utilise these expenses. It is considered too uncertain that this will occur and therefore, no deferred tax asset has been recognised.

9. Net (loss)/return per Ordinary share

	2020 £'000	2019 £'000
Net revenue loss	(131)	(675)
Net capital (loss)/return	(5,525)	6,946
Net (loss)/return	(5,656)	6,271
Weighted average number of Ordinary shares in issue during the year	13,403,374	14,506,540
Revenue loss per Ordinary share	(0.97p)	(4.65p)
Capital (loss)/return per Ordinary share	(41.22p)	47.88p
Total (loss)/return per Ordinary share	(42.19p)	43.23p

10. Investments held as at fair value through profit or loss**(a) Portfolio investments**

	2020 £'000	2019 £'000
Valuation at beginning of year	163,712	162,528
Investment holding gains at beginning of year	(35,868)	(46,073)
Cost at beginning of year	127,844	116,455
Purchases at cost	57,932	44,235
Sales at cost	(73,834)	(32,846)
Cost at end of year	111,942	127,844
Investment holding gains at end of year	31,478	35,868
Valuation at end of year	143,420	163,712
Investments listed overseas	143,420	163,712
	143,420	163,712

(b) Gains on investments

	2020 £'000	2019 £'000
Net (loss)/gain realised on sale of investments	(795)	17,309
Movement in investment holding loss	(4,390)	(10,205)
(Loss)/gain on investments	(5,185)	7,104

Notes to the Accounts (continued)

11. Transaction costs

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

	2020 £'000	2019 £'000
Purchases	36	30
Sales	45	27
	81	57

12. Debtors

	2020 £'000	2019 £'000
Prepayments and accrued income	12	14
Dividends receivable	10	92
Taxation	7	6
	29	112

13. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Short-term bank loans	4,047	11,786
Investment management fee	266	289
Other creditors and accruals	254	114
Interest payable	–	4
	4,567	12,193

Bank loan

The company's revolving bank loan is with Scotiabank Europe Plc, with a loan facility available up to a maximum of £30 million.

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

Date	Amount Borrowed	Date Renewed
18 June 2019	\$5.0 million	18 September 2019
27 June 2019	\$10.0 million	27 September 2019
26 September 2019	\$15.0 million	27 December 2019
27 December 2019	\$15.0 million	27 March 2020
27 March 2020	\$5.0 million	26 June 2020

The amount outstanding at 30 June 2020 is \$5.0 million (£4.0 million) and was renewed on 26 June 2020 with an all-in interest rate of 0.98375%. On 15 September 2020 the loan was repaid with the facility being terminated.

14. Financial instruments

Background

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

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

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

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

(a) Foreign Currency Risk

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

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

Foreign currency sensitivity

The principal currency to which the company was exposed during the year was the US dollar as all investments are quoted in that currency.

The exchange rates applying against sterling at 30 June and the average rates during the year ended 30 June were as follows:

	2020		2019	
	At 30 June	Average for the year	At 30 June	Average for the year
US Dollar	1.2356	1.2607	1.2727	1.2943
	1.2356	1.2607	1.2727	1.2943

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

£/US Dollar +/- 10% (2019: +/- 5%)

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

Notes to the Accounts (continued)

14. Financial instruments (continued)

(a) Foreign Currency Risk (continued)

If sterling had weakened by 10% (2019: 5%) against the currencies below this would have the following effect on revenue, capital, total return and, accordingly, net assets:

	Impact on revenue return £'000	2020 Impact on capital return £'000	Total £'000	Impact on revenue return £'000	2019 Impact on capital return £'000	Total £'000
US Dollar	(108)	14,342	14,234	(60)	8,186	8,126
	(108)	14,342	14,234	(60)	8,186	8,126

If sterling had strengthened by 10% (2019: 5%) against the currencies below this would have the following effect:

	Impact on revenue return £'000	2020 Impact on capital return £'000	Total £'000	Impact on revenue return £'000	2019 Impact on capital return £'000	Total £'000
US Dollar	108	(14,342)	(14,234)	60	(8,186)	(8,126)
	108	(14,342)	(14,234)	60	(8,186)	(8,126)

(b) Market Price Risk

By the very nature of its activities, the Company's investments are exposed to market price fluctuations. The board reviews and agrees policies for managing this risk. The Investment Adviser assesses the exposure to market price risk when making each investment decision, and monitors the overall level of market price risk on the whole of the investment portfolio on an ongoing basis. Further information on the investment portfolio and investment policy is set out in the Investment Adviser's Review on page 6.

Other price risk sensitivity

The following illustrates the sensitivity of the profit after taxation for the year and the total equity to an increase or decrease of 20% (2019: 20%) in the fair value of the Company's equities. This level of change is considered to be reasonably possible based on observation of market conditions during the year. The sensitivity analysis is based on the company's equities at each reporting date, with all other variables held constant.

The impact of a 20% increase in the value of investments on the revenue return as at 30 June 2020 is an increase in the loss of £215,000 (2019: £213,000) and on the capital return is an increase of £28,684,000 (2019: £32,742,000).

The impact of a 20% fall in the value of investments on the revenue return as at 30 June 2020 is a decrease in the loss of £191,000 (2019: £224,000) and on the capital return is a decrease of £28,684,000 (2019: £32,742,000).

(c) Interest rate risk

Interest rate movements may affect:

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

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

	Cashflow interest rate risk £'000	2020 No interest rate risk £'000	Total £'000	Cashflow interest rate risk £'000	2019 No interest rate risk £'000	Total £'000
US Dollar	5,829	–	5,829	9,586	–	9,586
GBP	300	–	300	303	–	303
	6,129	–	6,129	9,889	–	9,889

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

The financial liabilities consist of:

	Fixed rate £'000	2020 Non-interest bearing £'000	Total £'000	Fixed rate £'000	2019 Non-interest bearing £'000	Total £'000
US Dollar	4,047	7	4,054	11,786	10	11,796
GBP	–	513	513	–	397	397
	4,047	520	4,567	11,786	407	12,193

The fixed rate liabilities consist of a short-term bank loan with Scotiabank.

(d) Liquidity risk

Liquidity risk is not considered significant. All liabilities are payable within three months.

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

(e) Credit and Counterparty Risk

Credit risk is the exposure to loss from the failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits. The Company manages credit risk by using brokers from a database of approved brokers who have undergone rigorous due diligence tests by the Investment Adviser's Risk Management Team and by dealing through JAM with banks authorised by the Financial Conduct Authority. Any derivative positions are marked to market and exposure to counterparties is monitored on a daily basis by the Investment Adviser; the board reviews it on a quarterly basis. The maximum exposure to credit risk at 30 June 2020 was £6,158,000 (2019: £10,001,000). The calculation is based on the Company's credit exposure as at 30 June 2020 and may not be representative of the year as a whole.

Notes to the Accounts (continued)

14. Financial instruments (continued)

(f) Fair value of financial assets and financial liabilities

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

Fair Value hierarchy

FRS102 'Fair Value Measurement' requires an entity to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 reflects financial instruments quoted in an active market.

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

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

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

	2020				2019			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	143,420	–	–	143,420	163,712	–	–	163,712

(g) Use of derivatives

In order to enhance returns, the Company may take short positions (using contracts for difference) in respect of a small number of larger capital securities. There were no derivative positions held at the year end (2019: nil).

15. Called-up share capital

	2020		2019	
	Number	£'000	Number	£'000
Ordinary shares of 25p each				
Balance brought forward	14,012,801	3,502	14,802,819	3,700
Ordinary shares repurchased into treasury	(1,023,002)	(256)	(790,018)	(198)
Closing balance of Ordinary shares	12,989,799	3,246	14,012,801	3,502
Treasury shares				
Balance brought forward	4,210,612	1,053	3,420,594	855
Repurchase of Ordinary shares into treasury	1,023,002	256	790,018	198
Closing balance of Ordinary shares held in treasury	5,233,614	1,309	4,210,612	1,053
Total		4,555		4,555

16. Share Premium

	2020 £'000	2019 £'000
As at 30 June	19,550	19,550
	19,550	19,550

17. Non-distributable reserve

	2020 £'000	2019 £'000
As at 30 June	841	841
	841	841

18. Capital redemption reserve

	2020 £'000	2019 £'000
As at 30 June	9,628	9,628
	9,628	9,628

19. Retained earnings

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

	Revenue return £'000	Capital return £'000	Total £'000
At 1 July 2019	(6,848)	133,794	126,946
Net loss for the year	(131)	(5,525)	(5,656)
Ordinary shares repurchased into Treasury	–	(10,853)	(10,853)
At 30 June 2020	(6,979)	117,416	110,437

The capital return includes £31,478,000 of investment holding gains (2019: £35,868,000).

20. Net asset value per Ordinary share

The net asset value per Ordinary share is based on the net assets attributable to the equity shareholders of £145,011,000 (2019: £161,520,000) and on 12,989,799 (2019: 14,012,801) Ordinary shares, being the number of Ordinary shares in issue at the year end.

Notes to the Accounts *(continued)*

21. Related parties and transactions with the manager

There are no transactions with the Directors other than aggregated remuneration for services as Directors as disclosed in the Directors' Remuneration Report on page 41 and as set out in Note 5 to the accounts on page 59 and the beneficial interests of the Directors in the Ordinary shares of the Company as disclosed on page 42.

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

The investment management fee is 0.75% of net assets up to £150 million; plus 0.65% of net assets in excess of £150 million but less than or equal to £200 million; plus 0.55% of net assets in excess of £200 million. The investment management fee is paid on a quarterly basis.

The investment management fee payable to JUTM for the year 1 July 2019 to 30 June 2020 was £1,108,000 (2019: £1,169,000) with £266,000 outstanding as at 30 June 2020 (2019: £289,000).

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

22. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments outstanding as at 30 June 2020 (2019: nil).

Company Information

Directors	Gordon Grender, Chairman Norman Bachop (<i>retired 26 November 2019</i>) Peter Barton Lisa Booth Clive Parritt Tina Soderlund-Boley (<i>appointed 1 January 2020</i>)
Registered Office	The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ
Alternative Investment Fund Manager	Jupiter Unit Trust Managers Limited The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ
Investment Adviser & Company Secretary	Authorised and regulated by the Financial Conduct Authority Jupiter Asset Management Limited The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ
Telephone	020 3817 1000
Website	www.jupiteram.com/JUS
Email	investmentcompanies@jupiteram.com Authorised and regulated by the Financial Conduct Authority
Custodian	J.P. Morgan Chase Bank N.A. 25 Bank Street, Canary Wharf, London E14 5JP Authorised and regulated by the Financial Conduct Authority
Depository	J.P. Morgan Europe Limited 25 Bank Street, Canary Wharf, London E14 5JP Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
Registrars	Computershare Investor Services PLC The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
Telephone	0370 889 4089
Website	www.investorcentre.co.uk
Independent Auditors	Haysmacintyre LLP 10 Queen Street Place, London EC4R 1AG
Company Registration Number	02781968 Registered in England & Wales An investment company under s.833 of the Companies Act 2006
Investor Codes	The Ordinary shares of the Company are traded on the London Stock Exchange.
Sedol Number	
Ordinary shares	0346340
ISIN	
Ordinary shares	GB0003463402
Ticker	
Ordinary shares	JUS.L

The company is a member of



Investor Information

Performance Updates

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

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

Retail distribution of non-mainstream products

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

Dividend Tax Allowance

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

Further information on changes to dividend tax allowance can be obtained from the HMRC website at: <https://www.gov.uk/tax-on-dividends>.

Changes to our Data Privacy Notice

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

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

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

Managing your account online

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

Computershare's contact details are as follows:

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

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

Important Risk Warnings

Advice to shareholders

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

Fraudsters will often:

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

You can avoid investment scams by:

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

If you are suspicious, report it

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

For further helpful information about investment scams and how to avoid them please visit **www.fca.org.uk/scamsmart**.

Glossary of Terms including Alternative Performance Measures

Alternative performance measures

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

Benchmark total return index

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

Discount*

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

As at 30 June 2020 the share price was 942.00p and the net asset value per share (cum income) was 1,116.35p, the discount therefore being (15.6)%.

Discount management

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

Gearing*

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

Gearing is the ratio of the Company's net borrowings (£nil) being gross borrowings (£4,407,000) less cash (£6,129,000) to its net assets (£145,011,000) expressed as a percentage (0.0%).

Mid-market price

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

NAV per share

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

As at 30 June 2020, the net asset value per share was 1,116.35p.

Ongoing charges*

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

The calculation of the ongoing charges is provided in Note 6 to the Accounts on page 59.

Premium*

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

Glossary of Terms including alternative performance measures

(continued)

Treasury shares

Treasury shares are the part of the issued share capital that is held by the Company. They do not rank for dividends and do not have voting rights. The Company uses treasury shares for discount management purposes as described above and in more detail in the Strategic Review on page 18 and in the Report of the Directors 'Repurchase of Shares' on page 27.

* *Alternative performance measure.*

Notice of Annual General Meeting

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

The safety and wellbeing of the Company's shareholders is of utmost importance to the Company. In light of Government guidance around social distancing and in accordance with industry guidance on the conduct of annual general meetings, shareholders will not be permitted to attend in person. Please do not travel to the meeting as regrettably you would not be given access to the building. Shareholders are encouraged to exercise their proxy vote online – information on how to do this is provided in the Notes for the AGM on page 78.

The Company will ensure that the meeting is conducted in accordance with its Articles of Association and all legal requirements, including the presence of the minimum number of two shareholders.

The AGM will comprise only the formal votes for each resolution set out in this Notice.

The Company will continue to monitor the UK Government and industry guidance on COVID-19 which could impact the arrangements of the meeting and will issue a statement if this requires any amendment to the arrangements advised above and in Note 2 on page 78.

Notice is hereby given that the Annual General Meeting of Jupiter US Smaller Companies PLC will be held at the offices of Jupiter Asset Management Limited, The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ on Tuesday, 22 December 2020 at 11:00 a.m. for the following purposes:

Ordinary Business

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

1. That the Report of the Directors and the audited Accounts of the Company for the year ended 30 June 2020 be received and adopted.
2. That the Directors' Remuneration Report for the year ended 30 June 2020 be approved.
3. That the Directors' Remuneration Policy (which includes a proposal to increase the maximum aggregate fees payable to Directors from £150,000 to £185,000 per annum) be approved.
4. That Ms T Soderlund-Boley be elected as a Director of the Company.
5. That Mr S White be elected as a Director of the Company.
6. That Mr G Grender be re-elected a Director of the Company.
7. That Mr P Barton be re-elected a Director of the Company.
8. That Ms L Booth be re-elected a Director of the Company.
9. That Mr C Parritt be re-elected a Director of the Company.
10. That Haysmacintyre be re-appointed as Auditors of the Company.
11. That the Directors be authorised to agree the remuneration of the Auditors.

Special Business

To consider, and if thought fit, to pass Resolutions 12 and 13 as Ordinary Resolutions and Resolutions 14, 15, 16 and 17 as Special Resolutions:

Ordinary Resolutions:

12. That the Company continue as an investment trust.
13. That the Directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 ('the Act'), in substitution for and to the exclusion of any outstanding authority previously conferred on the Directors under Section 551 of the Act, to allot shares in the capital of the Company ('shares') up to a maximum aggregate nominal amount of £309,558 (being 10% of the Company's issued share capital) provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company

Notice of Annual General Meeting *(continued)*

after the passing of this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such an offer or agreement as if the authority hereby conferred had not expired.

Special Resolutions:

14. That the Directors of the Company be and are hereby granted power pursuant to Section 570 and/or Section 573 of the Companies Act 2006 ('the Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash either pursuant to the authority conferred by Resolution 13 or by way of a sale of treasury shares, as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities up to an aggregate nominal amount of £309,558 (being 10% of the Company's issued share capital); and
- (b) in addition to the authority referred to in (a) above, in connection with an offer of equity securities by way of a rights issue or open offer to Ordinary shareholders in proportion as nearly as may be practicable to their existing holdings subject to such limits or restrictions or other arrangements as the Directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws or requirements of, any territory or the requirements of any regulatory body or stock exchange or any other matter, and provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority hereby conferred had not expired.

15. That the Company be and is generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make one or more market purchases (within the meaning of Section 693 of the Act) of Ordinary shares provided that:

- (a) the maximum number of shares that may be purchased is 1,856,114 Ordinary shares, being 14.99% of the issued number of shares at the date of this document or, if lower, such number as is equal to 14.99% of the issued number of shares at the date of passing the resolution;
- (b) the minimum price which may be paid shall be each of their respective nominal values;
- (c) the maximum price (excluding the expenses of such purchase) which may be paid for each Ordinary share is the higher of:
 - (i) 105% of the average middle market quotations for such Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is purchased; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation EC 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No. 2273/2003); and
- (d) unless renewed, this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2021 save that the Company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry.

16. That a General Meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

17. That subject to the passing of resolution 3, 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 Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

By Order of the Board

Jupiter Asset Management Limited Company
Company Secretary
19 October 2020

Notes for the Annual General Meeting

1. A Member entitled to attend and vote may appoint a proxy or proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed which, if used, must be lodged at the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than forty-eight hours before the Meeting. Alternatively you can appoint a proxy electronically by visiting www.eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy or contained within the email sent to you. To appoint more than one proxy you may photocopy this form. You may appoint a person other than the Chairman as your proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the shareholders AGM (and for the purpose of the determination by the Company of the number of votes they may cast), Members must be entered on the Company's Register of Members at 11:00 a.m. on 18 December 2020. If the meeting is adjourned then, to be so entitled, Members must be entered on the Company's Register of Members at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
3. As at 5 October 2020 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital was 18,223,413 Ordinary shares and the total voting rights were 12,384,680.
4. The vote 'Withheld' is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Withheld' vote is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
5. The completion and return of this form will not preclude a Member from attending the meeting and voting in person.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 22 December 2020 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent ID (3RA50) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. Any corporation which is a Member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For

further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11:00 a.m. on 18 December 2020 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

8. If you have disposed of your holding in the Company this document should be passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.
9. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. A copy of the Notices of Meetings and other information required by section 311A of the Companies Act 2006, can be found at www.jupiteram.com/JUS.
11. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a Member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
12. Under Sections 338 and 338A of the 2006 Act, Members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to Members of the Company entitled to receive notice of the Meeting, notice of a resolution which those Members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
13. Under Section 527 of the Act, shareholders meeting the threshold requirement set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's Accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with the auditors of the Company ceasing to hold office since the previous AGM at which the annual accounts and reports were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to cover any costs incurred in complying with Section 527 or 528 and is required to forward any statement placed on a website to the Company's auditors not later than the time when it makes the statement on the website. The business which may be dealt with at the meeting includes any statements that the Company has been required under Section 527 of the Act to publish on a website.
14. Shareholders are advised that, unless otherwise stated, any telephone number, website and email address set out in this Notice of Meeting, Form of Proxy, or Annual Report should not be used for the purpose of serving information on the Company (including the service of documents or information relating to the proceedings at the Company's AGM).

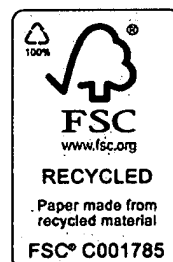
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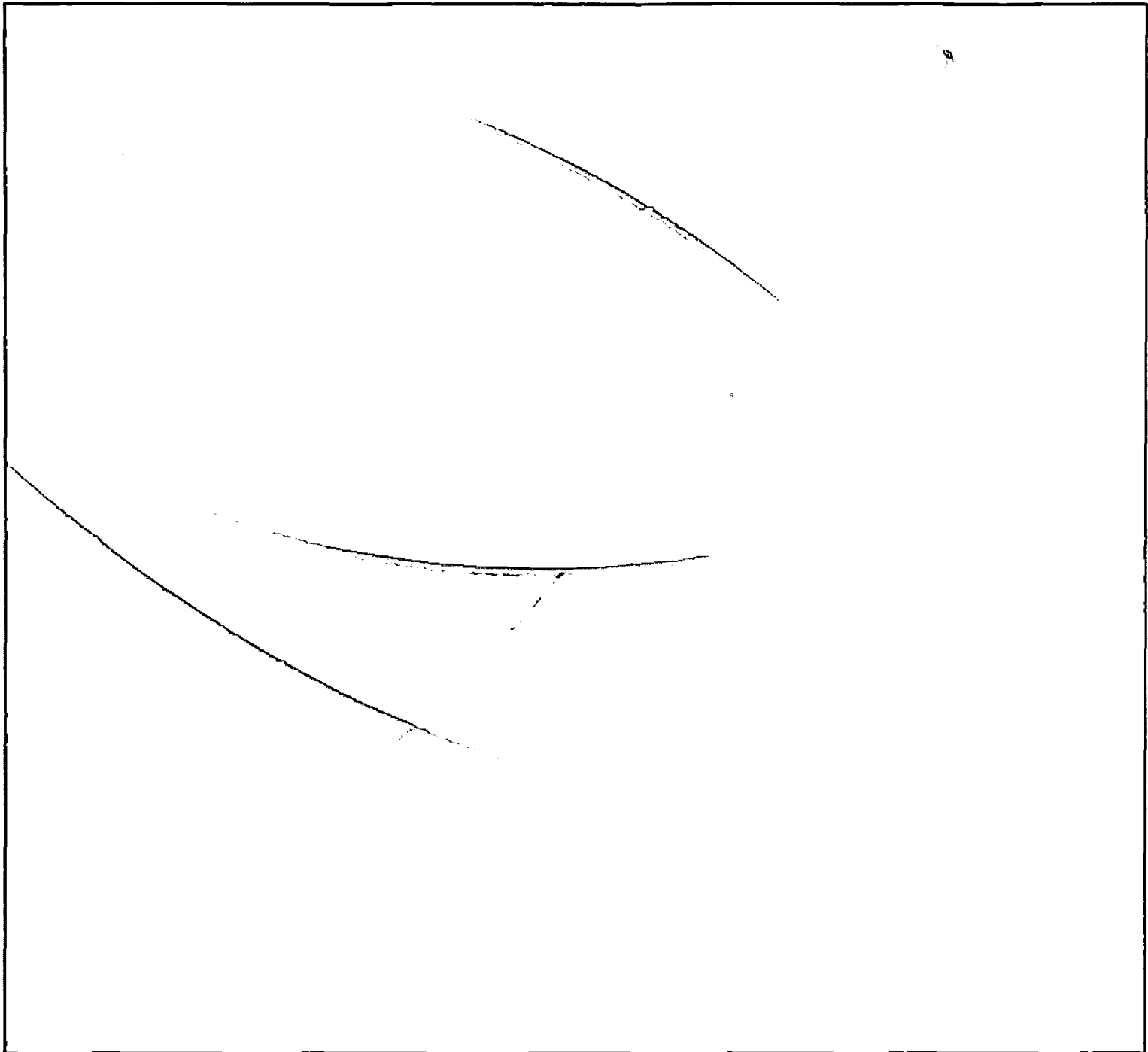
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