



Half Year Report **2013/14**
JPMorgan Smaller Companies
Investment Trust plc

Half Year Report & Accounts for the six months ended 31st January 2014

Features

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Objective

Capital growth from UK listed smaller companies.

Investment Policies

- To provide capital appreciation for shareholders from a diversified portfolio of UK listed small companies, emphasising capital rather than income growth.
- To invest no more than 15% of its gross assets in other listed investment companies (including investment trusts).
- Liquidity and borrowings are managed with the aim of increasing returns to shareholders.

Benchmark

The FTSE Small Cap Index (excluding investment trusts).

Capital Structure

At 31st January 2014, the Company's share capital comprised 18,219,372 ordinary shares of 25p each.

Management Company

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

FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares issued by JPMorgan Smaller Companies Investment Trust plc can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

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

Half Year Performance

Total returns

+21.1%

Return to shareholders¹

+14.0%

Return on net assets²

+19.5%

Benchmark return³

The above are total returns and include dividends reinvested.

Financial Data

	31st January 2014	31st July 2013	% change
Shareholders' funds (£'000)	173,847	154,116	+12.8
Number of shares in issue	18,219,372	18,219,372	0.0
Net asset value per share	954.2p	845.9p	+12.8
Share price	826.0p	690.8p	+19.6
Share price discount to net asset value per share	13.4%	18.3%	

A glossary of terms and definitions is provided on page 16.

¹Source: Morningstar.

²Source: J.P. Morgan.

³Source: Datastream. The Company's benchmark is the FTSE Small Cap Index (excluding investment trusts) which is on a total return basis.

Chairman's Statement



Performance and discount

After the Company's strong results of the previous financial year, I am pleased to report that UK smaller companies continued to rise during the first half of the current year as investors have become increasingly positive about the UK economy. The total return on the Company's net assets was +14.0% for the six months to 31st January 2014. By comparison, the benchmark, the FTSE Small Cap Index (excluding investment trusts) recorded a rise of 19.5% during the same period. This short-term underperformance against the benchmark was largely due to disappointing results from a small number of holdings in a particularly unforgiving market. Recent performance should be considered in the light of substantial outperformance in past years, and by way of example the return on the Company's net assets has exceeded the benchmark by 27.6% over the five years to 31st January 2014.

The Company's discount to net asset value reduced significantly from 18.3% to 13.4% during the period as part of a general reduction in discounts for smaller company investment trusts. The Company did not engage in any share repurchases during the half year.

The combination of underlying performance and the reduction in the discount resulted in a share price total return for the reporting period of +21.1%. UK equity markets have continued to rise strongly since the period end, with the net asset value and share price increasing by 2.0% and 4.8% respectively up to the time of writing.

The Investment Manager provides a detailed commentary on markets and the portfolio performance in her Report.

Gearing and Loan Facility

The use of gearing in a period of low interest rates is an attractive way of amplifying the effect of rising markets, but inevitably increases the risk of loss if markets fall. The Board sets the overall gearing guidelines and regularly discusses them with the investment manager. The guidelines set a maximum level of gearing with the facility for temporary increases under special circumstances. The Company's gearing level increased during the period from 8.4% at the beginning of the period to 8.9% at 31st January 2014. At the time of writing the Company was 9.6% geared. This was after drawing down fully on the £19 million flexible loan facility with Scotiabank in December 2013. The loan facility which expires in April 2014 has been reviewed by the Board and will be replaced with a £24 million two year flexible loan facility again with Scotiabank. This increased facility reflects the rise in net assets and allows sufficient headroom for further drawdowns subject to the Board's overall guidelines.

Outlook

Your company and smaller companies in general have delivered particularly strong absolute performance over the last two years. The rise in valuations has outstripped growth in earnings, leaving smaller companies less cheap than they were, increasing the likelihood of a period of consolidation in share prices. Near term prospects for equity markets will also be influenced by the pace of economic recovery and the inevitable tightening in monetary conditions. Notwithstanding these short-term factors, the Board remains confident in the Investment Manager's approach and the long-term growth prospects for smaller company shares.

Michael Quicke
Chairman

24th March 2014

Investment Manager's Report



Performance and Market Background

Your Company produced a total return on net assets of 14.0% over the first six months of the financial year. While a good absolute return, this was disappointing compared to the Company's benchmark, the FTSE Small Cap Index (ex Investment Trusts), which rose by 19.5%. However, the Company's discount to its net asset value narrowed significantly, which led to a strong return to shareholders of +21.1%.

Prior to the start of your Company's financial year, the stock market declined as investors digested the implications of the likelihood of tapering by the US Federal Reserve. Subsequently, markets rallied strongly through the six month period. In the UK, the key reason for this rally was the growing strength of the UK economy. Forecasts for UK GDP growth for 2014 rose from 1.8% a year ago to the OBR's current expectation of 2.7%, a 50% increase over the year. The domestic bias of mid and smaller companies led to their continued strong performance.

Portfolio

As the UK recovery gained traction, we made significant changes to the portfolio. Most notably, we significantly reduced our exposure to the larger FTSE 250 stocks, reinvesting the gains from certain long-held positions into the smaller end of the market, and we increased our exposure to UK domestic-facing companies, particularly in the retail and media areas. This can be seen in the chart (overleaf), where the key change in the period was the increase in the portfolio's exposure to Consumer Services.

Strong positives over the six months include our positions in a number of IPOs we participated in during 2013, notably Fusionex and Plus500. Another notable contributor to performance was the zero weighting in mining stocks, which underperformed significantly in the half year. However, while we avoided a number of underperforming stocks, we had some significant disappointments in the portfolio, namely Carclo, Dialight and International Personal Finance. All of these were long-term holdings which seriously disappointed. We have sold out of the latter, and substantially reduced our positions in the former two companies. We remained geared throughout the period, which was beneficial to returns.

Outlook

One year ago market forecasters were concerned that the UK was going to enter a 'triple dip' recession. It subsequently transpired that the UK economy never even had a 'double dip' recession. The recent strength of the recovery has taken everyone by surprise; the UK is now the fastest growing economy in the Western World.

There are a number of other positives: the inflation rate has now fallen below the Bank of England's 2% target, unemployment has fallen more rapidly than was expected, business and consumer confidence are both on the rise. Key indicators for growth such as the Purchasing Managers' Index indicate that the UK will continue to be in an expansionary phase, and business investment has begun to increase, notably in the fourth quarter of 2013.

Investment Manager's Report continued

Inevitably, there are potential concerns: the impact of US tapering, its knock-on effects on emerging markets, the slowdown in China, and, key for us, the timing and magnitude of interest rate rises in the UK. However, it is our view that interest rates will not rise until 2015 and will follow a path that ensures the sustainability of the economic recovery. Taken overall, this is a strong backdrop for domestically-focused companies. Unsurprisingly, valuations have risen as the outlook has steadily improved. Smaller companies are no longer cheap, but we remain comfortable with valuations due both to the strength of the companies we are invested in and to the growth potential of those companies.

Georgina Brittain
Investment Manager

24th March 2014

List of Investments

As at 31st January 2014

Company	Sector	Valuation £'000	%
Brammer	Industrials	5,611	2.9
Trinity Mirror	Consumer Services	5,466	2.9
Quintain Estates & Development	Financials	5,406	2.8
Hyder Consulting	Industrials	4,636	2.4
Caracal Energy	Oil & Gas	4,583	2.4
Vectura	Health Care	4,461	2.3
Tribal	Industrials	4,448	2.3
Darty	Consumer Services	4,335	2.3
NCC	Technology	3,645	1.9
Lookers	Consumer Services	3,579	1.9
Pendragon	Consumer Services	3,571	1.9
Thomas Cook	Consumer Services	3,549	1.9
Avon Rubber	Industrials	3,409	1.8
Novae	Financials	3,337	1.7
Innovation	Technology	3,250	1.7
Hill & Smith	Industrials	3,240	1.7
St Ives	Industrials	3,228	1.7
Heritage Oil	Oil & Gas	3,120	1.6
Speedy Hire	Industrials	3,014	1.6
4Imprint Group	Consumer Services	2,961	1.5
Ricardo	Industrials	2,955	1.5
Lavendon Group	Industrials	2,951	1.5
Smith News	Industrials	2,922	1.5
CLS	Financials	2,840	1.5
Chime Communications	Consumer Services	2,809	1.5
LSL Property Services	Financials	2,792	1.5
Utilitywise ¹	Industrials	2,626	1.4
Cape	Oil & Gas	2,492	1.3
E2V Technologies	Industrials	2,432	1.3
Premier Foods	Consumer Goods	2,421	1.3
Topps Tiles	Consumer Services	2,390	1.2
Fusionex International ¹	Technology	2,345	1.2
Hilton Food	Consumer Goods	2,336	1.2
Arrow Global	Financials	2,333	1.2
Development Securities	Financials	2,277	1.2
Hellermannntyton Group	Industrials	2,237	1.2
Communis	Industrials	2,180	1.1
Chemring Group	Industrials	2,101	1.1
Iomart ¹	Technology	2,070	1.1
Robert Walters	Industrials	2,009	1.0
Findel	Consumer Services	1,857	1.0

List of Investments continued

Company	Sector	Valuation £'000	%
Plus500 ¹	Financials	1,836	1.0
STV Group	Consumer Services	1,770	0.9
Xaar	Industrials	1,751	0.9
UK Mail Group	Industrials	1,686	0.9
Dialight	Industrials	1,672	0.9
Staffline ¹	Industrials	1,632	0.9
Lamprell	Oil & Gas	1,619	0.8
Tarsus	Consumer Services	1,602	0.8
Renold	Industrials	1,593	0.8
Greencore Group	Consumer Goods	1,586	0.8
Wincanton	Industrials	1,389	0.7
Exillon Energy	Oil & Gas	1,352	0.7
Spirit Pub	Consumer Services	1,349	0.7
Fuller Smith & Turner	Consumer Services	1,333	0.7
Advanced Computer Software ¹	Technology	1,302	0.7
Norcos	Industrials	1,296	0.7
Johnston Press	Consumer Services	1,286	0.7
Sepura	Technology	1,243	0.6
Costain	Industrials	1,234	0.6
Porvair	Oil & Gas	1,226	0.6
Hargreaves Services ¹	Industrials	1,221	0.6
Telit Communications ¹	Technology	1,198	0.6
UTV Media	Consumer Services	1,098	0.6
Clinigen ¹	Consumer Services	1,069	0.6
Carclo	Basic Materials	1,059	0.6
Harvey Nash	Industrials	1,046	0.5
Amerisur Resources ¹	Oil & Gas	1,014	0.5
Punch Taverns	Consumer Services	982	0.5
Mecom Group	Consumer Services	980	0.5
St. Modwen Properties	Financials	881	0.5
Galliford Try	Industrials	831	0.4
Anite	Technology	824	0.4
Mothercare	Consumer Services	805	0.4
Ithaca Energy ¹	Oil & Gas	769	0.4
Fisher (James) & Sons	Industrials	747	0.4
Wandisco ¹	Technology	724	0.4
JD Sports Fashion	Consumer Services	710	0.4
Xcite Energy ¹	Oil & Gas	681	0.4
Dart Group ¹	Consumer Services	678	0.4
Regeneris ¹	Industrials	677	0.4
OPG Power Venture ¹	Utilities	662	0.3

Company	Sector	Valuation £'000	%
Trinity Exploration & Production ¹	Oil & Gas	646	0.3
Accesso Technology ¹	Technology	646	0.3
Treatt	Basic Materials	626	0.3
Asian Plantations ¹	Consumer Goods	623	0.3
Crest Nicholson	Consumer Goods	613	0.3
Howden Joinery	Industrials	602	0.3
WYG ¹	Industrials	583	0.3
Stanley Gibbons Group ¹	Consumer Services	566	0.3
Moss Bros Group	Consumer Services	556	0.3
Senior	Industrials	546	0.3
Anglo-Eastern Plantations	Consumer Goods	530	0.3
Action Hotels ¹	Consumer Services	508	0.3
McKay Securities	Financials	500	0.3
Optimal Payments ¹	Financials	463	0.2
Globo ¹	Technology	459	0.2
IQE ¹	Technology	431	0.2
Bowleven ¹	Oil & Gas	323	0.2
Blinkx ¹	Technology	288	0.2
Providence Resources ¹	Oil & Gas	267	0.1
888	Consumer Services	252	0.1
Eland Oil & Gas ¹	Oil & Gas	234	0.1
Snoozebox ¹	Consumer Services	217	0.1
Petroceltic International ¹	Oil & Gas	195	0.1
Brookwell	Financials	19	–
JPMorgan Sterling Liquidity Fund	Liquidity Funds	2,650	1.4
Total Investments		191,980	100.0

¹AIM listed companies, 14.03% (31st July 2013: 11.61%).

Sector Analysis

Sector	31st January 2014		31st July 2013	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Industrials	39.5	35.6	40.4	35.6
Consumer Services	26.6	19.5	19.9	19.6
Financials	13.0	18.1	13.3	17.5
Oil & Gas	10.6	6.4	9.6	5.0
Technology	10.6	6.0	12.7	5.9
Consumer Goods	4.7	7.1	6.5	9.4
Health Care	2.5	2.8	2.0	2.6
Basic Materials	1.0	4.5	3.4	4.4
Utilities	0.4	–	0.3	–
Liquidity fund	1.5	–	1.1	–
Net current liabilities and loan balances	(10.4)	–	(9.2)	–
Total	100.0	100.0	100.0	100.0

Based on net assets of £173.8m (31st July 2013: £154.1m).

Income Statement

for the six months ended 31st January 2014

	(Unaudited) Six months ended 31st January 2014			(Unaudited) Six months ended 31st January 2013			(Audited) Year ended 31st July 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	–	21,159	21,159	–	23,349	23,349	–	47,532	47,532
Net foreign currency gains	–	–	–	–	–	–	–	1	1
Income from investments	1,311	–	1,311	1,477	–	1,477	2,910	–	2,910
Other interest receivable and similar income	–	–	–	–	–	–	27	–	27
Gross return	1,311	21,159	22,470	1,477	23,349	24,826	2,937	47,533	50,470
Management fee	(358)	(358)	(716)	(247)	(247)	(494)	(546)	(546)	(1,092)
Other administrative expenses	(187)	–	(187)	(181)	–	(181)	(403)	–	(403)
Net return on ordinary activities before finance costs and taxation	766	20,801	21,567	1,049	23,102	24,151	1,988	46,987	48,975
Finance costs	(55)	(55)	(110)	(55)	(55)	(110)	(98)	(98)	(196)
Net return on ordinary activities before taxation	711	20,746	21,457	994	23,047	24,041	1,890	46,889	48,779
Taxation	5	–	5	(9)	–	(9)	2	–	2
Net return on ordinary activities after taxation	716	20,746	21,462	985	23,047	24,032	1,892	46,889	48,781
Return per share (note 4)	3.93p	113.87p	117.80p	5.40p	126.41p	131.81p	10.38p	257.26p	267.64p

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

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

Reconciliation of Movements in Shareholders' Funds

Six months ended 31st January 2014 (Unaudited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st July 2013	4,555	18,360	2,111	126,167	2,923	154,116
Net return on ordinary activities	–	–	–	20,746	716	21,462
Dividends appropriated in the period	–	–	–	–	(1,731)	(1,731)
At 31st January 2014	4,555	18,360	2,111	146,913	1,908	173,847

Six months ended 31st January 2013 (Unaudited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st July 2012	4,571	18,360	2,095	79,585	2,671	107,282
Repurchase and cancellation of the Company's own shares	(16)	–	16	(307)	–	(307)
Net return on ordinary activities	–	–	–	23,047	985	24,032
Dividends appropriated in the period	–	–	–	–	(1,640)	(1,640)
At 31st January 2013	4,555	18,360	2,111	102,325	2,016	129,367

Year ended 31st July 2013 (Audited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st July 2012	4,571	18,360	2,095	79,585	2,671	107,282
Repurchase and cancellation of the Company's own shares	(16)	–	16	(307)	–	(307)
Net return on ordinary activities	–	–	–	46,889	1,892	48,781
Dividends appropriated in the year	–	–	–	–	(1,640)	(1,640)
At 31st July 2013	4,555	18,360	2,111	126,167	2,923	154,116

Balance Sheet

at 31st January 2014

	(Unaudited) 31st January 2014 £'000	(Unaudited) 31st January 2013 £'000	(Audited) 31st July 2013 £'000
Fixed assets			
Investments held at fair value through profit or loss	189,330	137,895	166,550
Investments in liquidity funds held at fair value through profit or loss	2,650	1,100	1,700
Total investments	191,980	138,995	168,250
Current assets			
Debtors	2,057	680	1,157
Cash and short term deposits	123	1,001	328
	2,180	1,681	1,485
Creditors: amounts falling due within one year	(20,313)	(11,309)	(15,619)
Net current liabilities	(18,133)	(9,628)	(14,134)
Total assets less current liabilities	173,847	129,367	154,116
Net assets	173,847	129,367	154,116
Capital and reserves			
Called up share capital	4,555	4,555	4,555
Share premium	18,360	18,360	18,360
Capital redemption reserve	2,111	2,111	2,111
Capital reserves	146,913	102,325	126,167
Revenue reserve	1,908	2,016	2,923
Total equity shareholders' funds	173,847	129,367	154,116
Net asset value per share (note 5)	954.2p	710.1p	845.9p

Cash Flow Statement

for the six months ended 31st January 2014

	(Unaudited) Six months ended 31st January 2014 £'000	(Unaudited) Six months ended 31st January 2013 £'000	(Audited) Year ended 31st July 2013 £'000
Net cash inflow from operating activities (note 6)	325	758	1,402
Net cash outflow from returns on investments and servicing of finance	(114)	(124)	(267)
Total tax recovered	17	–	9
Net cash (outflow)/inflow from capital expenditure and financial investment	(2,702)	1,028	(5,156)
Dividend paid	(1,731)	(1,640)	(1,640)
Net cash inflow from financing	4,000	693	5,693
(Decrease)/increase in cash for the period	(205)	715	41
Reconciliation of net cash flow to movement in net debt			
Net (debt)/cash movement	(205)	715	41
Net drawdown of loans	(4,000)	(1,000)	(6,000)
Exchange movements	–	–	1
Movement in net debt in the period	(4,205)	(285)	(5,958)
Net debt at the beginning of the period	(14,672)	(8,714)	(8,714)
Net debt at the end of the period	(18,877)	(8,999)	(14,672)
Represented by:			
Cash and short term deposits	123	1,001	328
Debt falling due within one year	(19,000)	–	–
Debt falling due after more than one year	–	(10,000)	(15,000)
Net debt	(18,877)	(8,999)	(14,672)

Notes to the Accounts

for the six months ended 31st January 2014

1. Financial statements

The information contained within the financial statements in this half year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31st July 2013 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009.

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

The accounting policies applied to these half year accounts are consistent with those applied in the accounts for the year ended 31st July 2013.

3. Dividend paid

	(Unaudited) Six months ended 31st January 2014 £'000	(Unaudited) Six months ended 31st January 2013 £'000	(Audited) Year ended 31st July 2013 £'000
Final dividend in respect of the year ended 31st July 2013 of 9.5p (2012: 9.0p)	1,731	1,640	1,640

No interim dividend has been declared in respect of the six months ended 31st January 2014 (2013: nil).

Notes to the Accounts continued

4. Return per share

	(Unaudited) Six months ended 31st January 2014 £'000	(Unaudited) Six months ended 31st January 2013 £'000	(Audited) Year ended 31st July 2013 £'000
Return per share is based on the following:			
Revenue return	716	985	1,892
Capital return	20,746	23,047	46,889
Total return	21,462	24,032	48,781
Weighted average number of shares in issue:	18,219,372	18,232,484	18,225,982
Revenue return per share	3.93p	5.40p	10.38p
Capital return per share	113.87p	126.41p	257.26p
Total return per share	117.80p	131.81p	267.64p

5. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the number of shares in issue at 31st January 2014 of 18,219,372 (31st January 2013: 18,219,372 and 31st July 2013: 18,219,372).

6. Reconciliation of net return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	(Unaudited) Six months ended 31st January 2014 £'000	(Unaudited) Six months ended 31st January 2013 £'000	(Audited) Year ended 31st July 2013 £'000
Net return on ordinary activities before finance cost and taxation	21,567	24,151	48,975
Add back capital return before finance costs and taxation	(20,801)	(23,102)	(46,987)
Scrip dividends received as income	(63)	(7)	(8)
Decrease/(increase) in accrued income	29	(101)	(9)
(Increase)/decrease in other debtors	(11)	4	3
(Decrease)/increase in accrued expenses	(33)	26	–
Tax on unfranked investment income	(5)	(9)	(26)
Management fee charged to capital	(358)	(204)	(546)
Net cash inflow from operating activities	325	758	1,402

Interim Management Report

The Company is required to make the following disclosures in its half year report:

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment and strategy; discount; political; corporate governance and shareholder relations; market; accounting, legal and regulatory; operational and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 31st July 2013.

Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company during the period.

Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Directors' Responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with the Accounting Standards Board's Statement 'Half Yearly Financial Reports' and gives a true and fair view of the state of affairs of the Company and of

the assets, liabilities, financial position and net return of the Company, as at 31st January 2014, as required by the UK Listing Authority Disclosure and Transparency Rules 4.2.4R; and

- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

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

and the Directors confirm that they have done so.

For and on behalf of the Board

Michael Quicke
Chairman

24th March 2014

For further information, please contact:
Divya Amin
For and on behalf of

JPMorgan Asset Management (UK) Limited, Secretary
020 7742 4000

Please note that up to date information on the Company, including daily NAV and share prices, factsheets and portfolio information can be found at www.jpmsmallercompanies.co.uk

Glossary of Terms and Definitions

Return to shareholders

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

Return on net assets

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

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

Benchmark return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the underlying companies at the time the shares were quoted ex-dividend.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not 'track' this index and consequently there may be some divergence between the Company's performance and that of the benchmark.

Share price discount/(premium) to net asset value per share

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

Financial Conduct Authority

Beware of share fraud



In association with:
icsa.
Registrars
Group

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

How to avoid share fraud

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

Report a scam

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

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

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

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

Information about the Company

Financial Calendar

Financial year end	31st July
Final results announced	October
Half year end	31st January
Half year results announced	March
Interim Management Statements announced	May/November
Dividend on ordinary shares paid	December
Annual General Meeting	November/December

History

The Company was formed in June 1990 as River & Mercantile Smaller Companies Trust plc and raised £25 million by a public offer of shares. Its original policy was to invest in a diversified portfolio of investments in UK and foreign smaller companies. Its name was changed to The Fleming Smaller Companies Investment Trust plc in April 1996, and again in November 2002 to JPMorgan Fleming Smaller Companies Investment Trust plc. The Company adopted its present name in 2006.

Directors

Michael Quicke (Chairman)
Ivo Coulson
Frances Davies
Richard Fitzalan Howard
Andrew Robson

Company Numbers

Company registration number: 2515996
London Stock Exchange code: 0741600
Bloomberg code: JMI LN
Reuters code: JMI.L

Market Information

The Company's net asset value ('NAV') per share is published daily via the London Stock Exchange. The Company's shares are listed on the London Stock Exchange and the market price is quoted daily in the Financial Times, The Times, the Daily Telegraph, The Scotsman and on the JPMorgan website at www.jpmsmallercompanies.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmsmallercompanies.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

aic

The Association of
Investment Companies

A member of the AIC

Company's Registered Office

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

With effect from 1st April 2014, the Company's registered office will be:
60 Victoria Embankment
London EC4Y 0JP

For company secretarial and administrative matters please contact Divya Amin.

Custodian

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

Registrars

Equiniti Limited
Reference 1139
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0871 384 2341

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrars quoting reference 1139. Registered shareholders can obtain further details on individual holdings on the internet by visiting www.shareview.co.uk.

Independent Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London EC4A 3ZB

Brokers

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Savings Product Administrators

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

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

Your telephone call may be recorded for your security

www.jpmsmallercompanies.co.uk