



Half Year Report **2012**
JPMorgan Smaller Companies
Investment Trust plc

Half Year Report & Accounts for the six months ended 31st January 2012

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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 2012, the Company's share capital comprised 18,477,064 ordinary shares of 25p each.

Management Company

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

Half Year Performance

Total returns

-16.7%

Return to shareholders¹

-11.2%

Return on net assets²

-11.2%

Benchmark return³

The above are total returns and include dividends reinvested.

Financial Data

	31st January 2012	31st July 2011	% change
Shareholders' funds (£'000)	102,680	120,126	-14.5
Number of shares in issue	18,477,064	18,638,052	-0.9
Net asset value per share	555.7p	644.5p	-13.8
Share price	439.0p	538.0p	-18.4
Share price discount to net asset value per share	21.0%	16.5%	

A glossary of terms and definitions is provided on page 17.

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



Investment Performance

As reported in my last statement in the 2011 Annual Report, this financial year started with substantial stockmarket volatility, which seriously and adversely affected performance. Global markets remained turbulent in the latter half of 2011 as investors focused on the eurozone financial crisis and the expectation of slower economic growth around the world.

Following the Company's strong performance in the previous two financial years, the Company recorded a total return on net assets of -11.2% in line with the same total return delivered by the benchmark, the FTSE Small Cap (excluding Investment Trusts) Index during the six months reporting period to 31st January 2012. The total return to shareholders over the reporting period was down -16.7%, as the discount to the net asset value widened further. It is reassuring to note that markets have recovered to a considerable extent in 2012 and since the period end, the Company's net asset value and share price have increased by 10.9% and 14.1% respectively, comfortably exceeding the benchmark. During the reporting period, a final dividend in respect of the financial year ended 31st July 2011 of 8.5p per share (2010: 8.5p) was paid on 9th December 2011.

Despite the negative returns over the six months reporting period, the long term performance record against the benchmark at 31st January 2012 remains strong as shown below:

	1 year	2 years	3 years	5 years	10 years
Net Asset Value Total Return	9%	26%	105%	-5%	143%
Share Price Total Return	15%	29%	103%	-11%	125%
Benchmark Total Return	10%	4%	77%	-29%	24%

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

Share Repurchases

During the six months to 31st January 2012, the Company has continued to use the authority given by shareholders to repurchase its shares in the market to help maintain an orderly market for the Company's shares, thereby reducing the volatility of the discount. The Company repurchased a total of 160,988 ordinary shares for cancellation for a total consideration of £676,000 representing 0.86% of the issued share capital at the beginning of the year. The shares were repurchased at a discount of 20.0% and added approximately 0.88p per share to the net asset value for continuing shareholders. The Company's average discount during the reporting period was 18.5%. Since the period end, the Company has repurchased 22,061 further shares.

Gearing and Loan Facility

Gearing levels reduced during the period from 107.3% at the beginning of the period to 105.7% at 31st January 2012. A flexible loan facility of £10 million is currently in place with ING Bank N.V., which expires in April 2013. This facility enables the Company to use gearing tactically as investment opportunities arise, with the aim of enhancing returns. At the end of January 2012, £9 million had been drawn on the facility.

Outlook

While central banks' policies continue to provide support for global growth, and, in turn, cyclically sensitive assets, the outlook for the second half of the Company's financial year appears more positive. The Board has confidence in the Investment Manager's approach of identifying companies with strong growth potential and financial characteristics. This coupled with prospects of further corporate activity in the small cap sector in the medium term should continue to deliver superior longer term returns to our shareholders. However, your Board remains mindful of the continuing uncertainty and the associated risk of a possible downturn in markets.

Strone Macpherson

Chairman

23rd March 2012

Investment Manager's Report



Market Background

After a very strong run in the last financial year to July 2011, the start of this year saw a sharp correction in stockmarkets. Over the summer a number of issues came to the fore. Concerns over a stalling US recovery, the possibility of a sharp slowdown in China, and the Eurozone crisis brought the stockmarket run to an abrupt halt. Cyclical assets were hardest hit as investors took fright at the global outlook and sought out defensive companies which were least likely to be affected. This meant that they moved out of smaller-sized companies, and bought into large 'blue chip' names, which led to sharp falls in share prices of a number of smaller companies.

Portfolio

Your Company suffered from the move towards defensives, as we were positioned for an on-going recovery in global markets. This led to a very sharp decline in the smaller companies' index, and in your Company's performance, in the month of August. We believed that this sharp decline was an over-reaction, and retained our positioning, which led us to recover the losses of August, relative to the benchmark.

The FTSE Small Cap (ex IT) Index failed to enjoy the sharp rebound seen in the larger stocks towards the year end, and, despite a rise of over 7% in January alone, returned a very disappointing -11.2% for the six months. Your Company's total return on net assets was exactly in line with this.

As stated above, we believed that the excessive negativity over the global growth outlook was misplaced so we did not make large changes to the portfolio over the six months. Sticking with our theme of being under-exposed to the UK consumer, we went further underweight in domestic stocks such as general retailers, travel and leisure companies, and the UK real estate sector. We renewed our emphasis on niche growth companies where the market dynamics remain compelling, adding to positions in companies such as Anite (telecoms testing), Dialight (specialist LED lighting) and Tribal Group (software into the education market).

As we have been predicting (somewhat prematurely) for some time, corporate activity (M&A) was a feature in the half year. Hamworthy, the oil services company, was bought by a large industrial player, Wartsila, in November; and two of our long-term and significant positions, Cove Energy and Globeop, are currently the subject of recommended bids.

Outlook

Uncertainty remains a key feature of the world today, and the risks remain manifold. The fate of Greece continues to be a major concern; the French election has the potential to disrupt the Eurozone; global growth forecasts have been reduced and may be further hit by the rising oil price; Europe and perhaps the UK may re-enter recession. In addition, significant tensions in the Middle East and North Africa look likely to remain at elevated levels for some time to come.

Against these concerns, abundant liquidity is being pumped into the markets, as evidenced by further quantitative easing in the UK, and the European Central Bank's provision of three-year funding for banks, the so-called Long Term Refinancing Operations. In addition, recent economic data has been more positive in the USA, the UK, and even Europe, where fears of a severe recession this year look misplaced.

At the company level, balance sheets are strong, valuations are compelling and growth forecasts for individual companies have been rebased to a sensible level. Add to this the spice of further M&A as larger companies look to buy additional growth, and the case for investing in smaller companies remains one that we strongly believe in.

Georgina Brittain
Investment Manager

23rd March 2012

List of Investments

As at 31st January 2012

Company	Sector	Valuation £'000	% ¹
Brammer	Industrials	2,848	2.5
Anite	Technology	2,847	2.5
Hyder Consulting	Industrials	2,630	2.4
Cove Energy ²	Oil & Gas	2,571	2.3
Diploma	Industrials	2,405	2.2
Menzies (John)	Industrials	2,359	2.1
Dialight	Industrials	2,304	2.1
RPC	Industrials	2,283	2.0
Fenner	Industrials	2,181	2.0
NCC	Technology	2,171	1.9
Cape	Oil & Gas	2,144	1.9
Senior	Industrials	2,133	1.9
Nautical Petroleum ²	Oil & Gas	2,122	1.9
Yule Catto	Basic Materials	2,020	1.8
Oxford Instruments	Industrials	1,983	1.8
Elementis	Basic Materials	1,929	1.7
Interserve	Industrials	1,849	1.7
E2V Technologies	Industrials	1,836	1.6
TT electronics	Industrials	1,804	1.6
KCOM	Telecommunications	1,774	1.6
Entertainment One	Consumer Services	1,686	1.5
Kentz	Oil & Gas	1,633	1.5
Volex	Industrials	1,614	1.4
Novae	Financials	1,578	1.4
Fuller Smith & Turner	Consumer Services	1,572	1.4
Carclo	Basic Materials	1,525	1.4
Quintain Estates & Development	Financials	1,515	1.4
CLS	Financials	1,484	1.3
Hogg Robinson	Industrials	1,450	1.3
Hargreaves Services ²	Industrials	1,436	1.3
Avon Rubber	Industrials	1,405	1.3
LSL Property Services	Financials	1,394	1.2
UMECO	Industrials	1,358	1.2
Innovation	Technology	1,355	1.2
Hilton Food	Consumer Goods	1,335	1.2
Chime Communications	Consumer Services	1,331	1.2

Company	Sector	Valuation £'000	% ¹
Severfield-Rowen	Industrials	1,303	1.2
Vectura	Health Care	1,275	1.1
Clarkson	Industrials	1,191	1.1
Lonrho	Financials	1,181	1.1
GlobeOp	Financials	1,179	1.1
Morgan Sindall	Industrials	1,131	1.0
Ashtead	Industrials	1,102	1.0
Development Securities	Financials	1,073	1.0
Anglo-Eastern Plantations	Consumer Goods	1,049	0.9
Trinity Mirror	Consumer Services	1,025	0.9
WSP	Industrials	974	0.9
Avocet Mining	Basic Materials	933	0.8
Tribal	Industrials	931	0.8
Kofax	Technology	926	0.8
Abcam ²	Health Care	902	0.8
Costain	Industrials	883	0.8
Devro	Consumer Goods	841	0.8
Exillon Energy	Oil & Gas	835	0.7
Sportingbet	Consumer Services	818	0.7
St Ives	Industrials	817	0.7
Fiberweb	Industrials	779	0.7
Renold	Industrials	778	0.7
Tarsus	Consumer Services	777	0.7
Capital & Regional	Financials	775	0.7
International Ferro Metals	Basic Materials	758	0.7
St. Modwen Properties	Financials	750	0.7
Alternative Networks ²	Telecommunications	705	0.6
City of London Investment	Financials	702	0.6
Wolfson Microelectronics	Technology	648	0.6
XP Power	Industrials	634	0.6
Unite	Financials	626	0.6
Asian Plantations ²	Consumer Goods	601	0.5
ITE	Consumer Services	573	0.5
Mulberry ²	Consumer Services	560	0.5
Anglo Pacific	Basic Materials	536	0.5
Galliford Try	Industrials	533	0.5
Harvey Nash	Industrials	511	0.5

List of Investments continued

Company	Sector	Valuation £'000	% ¹
Gemfields ²	Basic Materials	447	0.4
International Personal Finance	Financials	444	0.4
AVEVA	Technology	434	0.4
Howden Joinery	Industrials	408	0.4
Advanced Computer Software ²	Technology	402	0.4
Staffline ²	Industrials	401	0.4
H&T ²	Financials	395	0.4
Andor Technology ²	Industrials	395	0.4
MP Evans ²	Consumer Goods	388	0.3
Mood Media ²	Consumer Services	382	0.3
Micro Focus International	Technology	358	0.3
Cupid ²	Consumer Services	356	0.3
Robert Walters	Industrials	343	0.3
Bowleven ²	Oil & Gas	342	0.3
Creston	Consumer Services	341	0.3
Monitise ²	Telecommunications	320	0.3
Hill & Smith	Industrials	306	0.3
Spirit Pub	Consumer Services	281	0.2
Nature ²	Industrials	280	0.2
K3 Business Technology ²	Technology	268	0.2
OPG Power Venture ²	Utilities	265	0.2
Low & Bonar	Industrials	238	0.2
Oilex ²	Oil & Gas	221	0.2
Acal	Industrials	204	0.2
Telit Communications ²	Technology	189	0.2
Immunodiagnostic Systems ²	Health Care	172	0.2
Bahamas Petroleum ²	Oil & Gas	172	0.2
Goldenport	Industrials	142	0.1
Shaft Sinkers	Industrials	127	0.1
Brookwell ²	Financials	44	–
JPMorgan Sterling Liquidity Fund	Liquidity Fund	2,190	2.0
Net current assets		946	0.8
Total		111,680	100.0

¹Based on total assets less current liabilities of £111.7m.

²AIM listed companies, 12.8% (31st July 2011 : 14.7%).

Sector Analysis

Sector	31st January 2012		31st July 2011	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Industrials	47.0	34.1	49.0	39.3
Financials	12.8	22.2	14.7	22.0
Oil & Gas	9.8	2.6	10.5	3.5
Consumer Services	9.5	18.2	8.5	14.8
Technology	9.3	9.2	8.2	6.1
Basic Materials	7.9	2.0	7.5	2.2
Consumer Goods	4.1	7.7	3.5	5.7
Telecommunications	2.7	–	3.4	1.6
Health Care	2.3	4.0	1.6	4.8
Utilities	0.3	–	0.4	–
Liquidity fund	2.1	–	–	–
Net current assets less loan balances	(7.8)	–	(7.3)	–
Total	100.0	100.0	100.0	100.0

Based on net assets of £102.7m (31st July 2011: £120.1m).

Income Statement

for the six months ended 31st January 2012

	(Unaudited) Six months ended 31st January 2012			(Unaudited) Six months ended 31st January 2011			(Audited) Year ended 31st July 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss									
	–	(15,614)	(15,614)	–	29,568	29,568	–	32,758	32,758
Income from investments	1,129	–	1,129	1,152	–	1,152	2,511	–	2,511
Other interest receivable and similar income	1	–	1	4	–	4	14	–	14
Gross return/(loss)	1,130	(15,614)	(14,484)	1,156	29,568	30,724	2,525	32,758	35,283
Management fee	(223)	(223)	(446)	(214)	(214)	(428)	(472)	(472)	(944)
Other administrative expenses	(140)	–	(140)	(130)	–	(130)	(333)	–	(333)
Net return/(loss) on ordinary activities before finance costs and taxation	767	(15,837)	(15,070)	812	29,354	30,166	1,720	32,286	34,006
Finance costs	(60)	(60)	(120)	(47)	(47)	(94)	(117)	(117)	(234)
Net return/(loss) on ordinary activities before taxation	707	(15,897)	(15,190)	765	29,307	30,072	1,603	32,169	33,772
Taxation	(1)	–	(1)	(1)	–	(1)	(3)	–	(3)
Net return/(loss) on ordinary activities after taxation	706	(15,897)	(15,191)	764	29,307	30,071	1,600	32,169	33,769
Return/(loss) per share (note 4)	3.81p	(85.81)p	(82.00)p	4.05p	155.20p	159.25p	8.50p	170.90p	179.40p

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 2012 (Unaudited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st July 2011	4,660	18,360	2,006	92,516	2,584	120,126
Repurchase and cancellation of the Company's own shares	(40)	–	40	(676)	–	(676)
Net (loss)/return on ordinary activities	–	–	–	(15,897)	706	(15,191)
Dividends appropriated in the period	–	–	–	–	(1,579)	(1,579)
At 31st January 2012	4,620	18,360	2,046	75,943	1,711	102,680

Six months ended 31st January 2011 (Unaudited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st July 2010	4,735	18,360	1,931	61,846	2,588	89,460
Repurchase and cancellation of the Company's own shares	(30)	–	30	(546)	–	(546)
Net return on ordinary activities	–	–	–	29,307	764	30,071
Dividends appropriated in the period	–	–	–	–	(1,604)	(1,604)
At 31st January 2011	4,705	18,360	1,961	90,607	1,748	117,381

Year ended 31st July 2011 (Audited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st July 2010	4,735	18,360	1,931	61,846	2,588	89,460
Repurchase and cancellation of the Company's own shares	(75)	–	75	(1,499)	–	(1,499)
Net return on ordinary activities	–	–	–	32,169	1,600	33,769
Dividends appropriated in the year	–	–	–	–	(1,604)	(1,604)
At 31st July 2011	4,660	18,360	2,006	92,516	2,584	120,126

Balance Sheet

at 31st January 2012

	(Unaudited) 31st January 2012 £'000	(Unaudited) 31st January 2011 £'000	(Audited) 31st July 2011 £'000
Fixed assets			
Investments held at fair value through profit or loss	108,544	126,330	128,948
Investments in liquidity funds held at fair value through profit or loss	2,190	–	–
Total investments	110,734	126,330	128,948
Current assets			
Debtors	1,071	262	212
Cash and short term deposits	41	494	1,313
	1,112	756	1,525
Creditors: amounts falling due within one year	(166)	(705)	(1,347)
Net current assets	946	51	178
Total assets less current liabilities	111,680	126,381	129,126
Creditors: amounts falling due after more than one year	(9,000)	(9,000)	(9,000)
Net assets	102,680	117,381	120,126
Capital and reserves			
Called up share capital	4,620	4,705	4,660
Share premium	18,360	18,360	18,360
Capital redemption reserve	2,046	1,961	2,006
Capital reserves	75,943	90,607	92,516
Revenue reserve	1,711	1,748	2,584
Total equity shareholders' funds	102,680	117,381	120,126
Net asset value per share (note 5)	555.7p	623.7p	644.5p

Cash Flow Statement

for the six months ended 31st January 2012

	(Unaudited) Six months ended 31st January 2012 £'000	(Unaudited) Six months ended 31st January 2011 £'000	(Audited) Year ended 31st July 2011 £'000
Net cash inflow from operating activities (note 6)	571	549	1,198
Net cash outflow from returns on investments and servicing of finance	(115)	(94)	(174)
Net cash inflow/(outflow) from capital expenditure and financial investment	527	(81)	1,121
Dividend paid	(1,579)	(1,604)	(1,604)
Net cash (outflow)/inflow from financing	(676)	1,453	501
(Decrease)/increase in cash for the period	(1,272)	223	1,042
Reconciliation of net cash flow to movement in net debt			
Net cash movement	(1,272)	223	1,042
Net drawdown of loans	–	(2,000)	(2,000)
Movement in net debt in the period	(1,272)	(1,777)	(958)
Net debt at the beginning of the period	(7,687)	(6,729)	(6,729)
Net debt at the end of the period	(8,959)	(8,506)	(7,687)
Represented by:			
Cash and short term deposits	41	494	1,313
Debt falling due after more than one year	(9,000)	(9,000)	(9,000)
Net debt	(8,959)	(8,506)	(7,687)

Notes to the Accounts

for the six months ended 31st January 2012

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 2011 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 2011.

3. Dividend paid

	(Unaudited) Six months ended 31st January 2012 £'000	(Unaudited) Six months ended 31st January 2011 £'000	(Audited) Year ended 31st July 2011 £'000
Final dividend in respect of the year ended 31st July 2011 of 8.5p (2010: 8.5p)	1,579	1,604	1,604

No interim dividend has been declared in respect of the six months ended 31st January 2012 (2011: nil).

4. Return/(loss) per share

	(Unaudited) Six months ended 31st January 2012 £'000	(Unaudited) Six months ended 31st January 2011 £'000	(Audited) Year ended 31st July 2011 £'000
Return/(loss) per share is based on the following:			
Revenue return	706	764	1,600
Capital (loss)/return	(15,897)	29,307	32,169
Total (loss)/return	(15,191)	30,071	33,769
Weighted average number of shares in issue:	18,524,648	18,883,070	18,823,179
Revenue return per share	3.81p	4.05p	8.50p
Capital (loss)/return per share	(85.81)p	155.20p	170.90p
Total (loss)/return per share	(82.00)p	159.25p	179.40p

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 2012 of 18,477,064 (31st January 2011: 18,820,271 and 31st July 2011: 18,638,052).

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

	(Unaudited) Six months ended 31st January 2012 £'000	(Unaudited) Six months ended 31st January 2011 £'000	(Audited) Year ended 31st July 2011 £'000
Net (loss)/return on ordinary activities before finance cost and taxation	(15,070)	30,166	34,006
Add back capital loss/(return) before finance costs and taxation	15,837	(29,354)	(32,286)
Scrip dividends received as income	(2)	–	(2)
Decrease/(increase) in accrued income	78	(3)	(49)
Decrease/(increase) in other debtors	1	(4)	4
Decrease in accrued expenses	(49)	(41)	–
Tax on unfranked investment income	(1)	(1)	(3)
Management fee charged to capital	(223)	(214)	(472)
Net cash inflow from operating activities	571	549	1,198

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 2011.

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 year financial report has been prepared in accordance with the Accounting Standards Board's Statement 'Half Yearly Financial Reports'; and
- (ii) the half year 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.

For and on behalf of the Board

Strone Macpherson
Chairman

23rd March 2012

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.

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

Strone Macpherson (Chairman)
Ivo Coulson
Richard Fitzalan Howard
Michael Quicke
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, The Independent 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.jpmorganwealthmanagerplus.co.uk.

Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

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

For company secretarial and administrative matters please contact Divya Amin.

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.

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Investment Companies

A member of the AIC

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Your telephone call may be recorded for your security

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