
JPMorgan Smaller Companies Investment Trust plc Annual General Meeting

28 November 2017

Georgina Brittain, Portfolio Manager

Katen Patel, Portfolio Manager

Agenda

- Introduction
- Performance Review
- Current Portfolio & Performance
- Key Themes
- Outlook

JPMorgan Smaller Companies Investment Trust plc

Key features

Investment objective

- To provide capital growth from investing in UK smaller companies

Investment policies

- To specialise in FTSE Small Cap companies
- Use long and short-term borrowing to increase returns

Benchmark

- FTSE Small Cap (ex IT)

Yield

- Current yield 2.3%

Current discount

- 17%

Investment guidelines

Stock actives*	+/- 5%
Sector actives**	+/- 20%
AIM holdings	Max 50%
Gearing	Max 110%

* Stock active broadened from +/-3%

** Sector active broadened from +/-10%

Source: J.P. Morgan Asset Management. Yield as of 14 November 2017. The Alternative Investment Market (AIM) is the London Stock Exchange's international market for smaller growing companies. The above portfolio characteristics are shown for illustrative purposes only and are subject to change without notice.

JPMorgan Smaller Companies Investment Trust plc

Key contributors to returns for year ended 31 July 2017

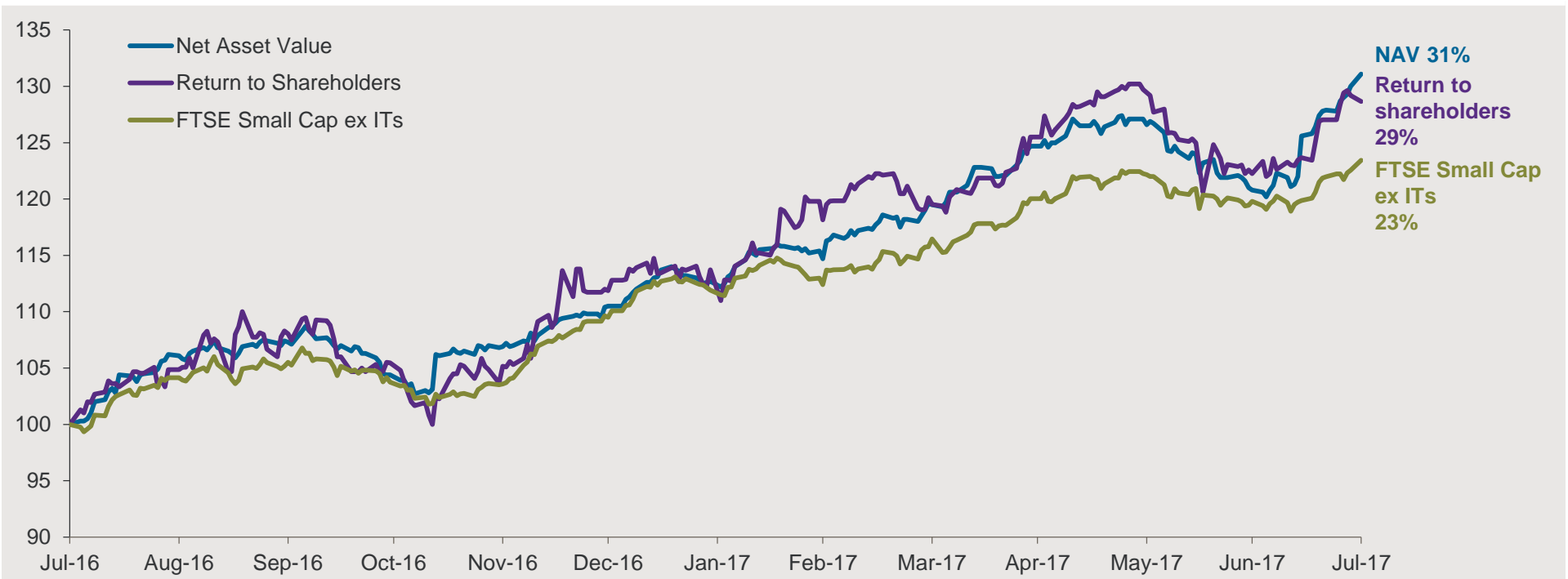
	12 months to 31st July 2017		12 months to 31st July 2016		12 months to 31st July 2015	
	%	%	%	%	%	%
PERFORMANCE ATTRIBUTION						
Contributions to total returns						
Benchmark return		23.4		2.1		10.5
Sector and stock selection	6.5		-8.9		4.7	
Gearing/net cash	2.0		-0.4		0.8	
Currency	-		0.1		-	
Investment Managers' contribution		8.5		-9.2		5.5
Portfolio total return		31.9		-7.1		16.0
Management fee/other expenses	-1.1		-1.2		-1.1	
Repurchase of shares for cancellation	0.7		0.4		0.8	
Effect of Subscription shares exercised in the period	-0.5		0.2		-	
Other effects		-0.9		-0.6		-0.3
Enhancement/(dilution) effect of potential exercise of remaining Subscription shares	-		1.3		-2.3	
Return on net assets		31.0		-6.4		13.4
Impact of change in discount		-2.3		-3.7		1.2
Return to shareholders		28.7		-10.1		14.6
Source: JPMAM/Morningstar.						
All figures are on a total return basis.						
A glossary of terms and alternative performance measures is provided on page 65.						

Source: J.P. Morgan Asset Management, Morningstar. All data on total return basis at 31 July 2017. *The trust is an actively managed portfolio. Holdings, sector weights, allocations and leverage, as applicable, are subject to change at the discretion of the [investment manager] without notice. Past performance is not a reliable indicator of current and future results*

Financial year performance to 31 July 2017

JPMorgan Smaller Companies Investment Trust plc 31 July 2016 to 31 July 2017

Cumulative returns

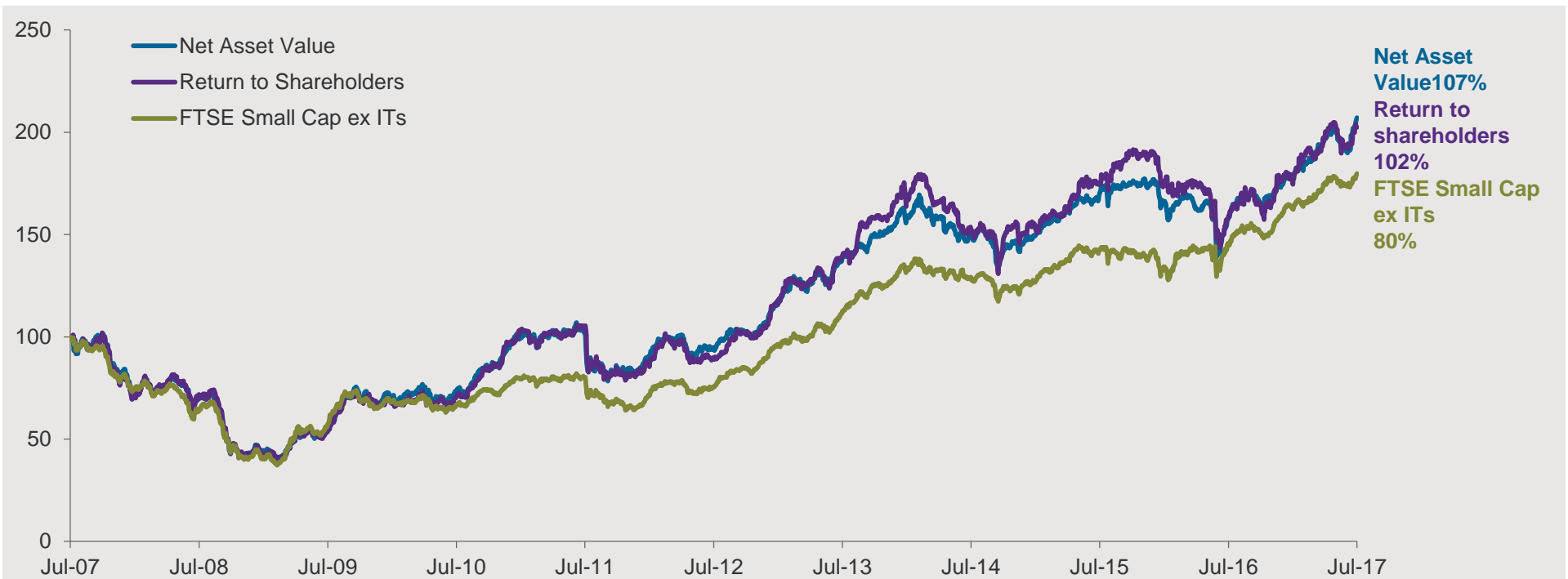


Source: Thomson Reuters Datastream. Data as of 31 July 2017, rebased to 100 as of 31 July 2016, calculated on NAV to NAV basis using cum income NAVs, including ongoing charges and any applicable fees, with any income reinvested, in GBP. Please note Benchmark Indices do not include fees or operating expenses and are not available for actual investment. Data may differ to official numbers due to the source of the data. **Past performance is not necessarily a reliable indicator for current and future performance.**

10 year performance to 31 July 2017

JPMorgan Smaller Companies Investment Trust plc 31 July 2007 to 31 July 2017

Cumulative returns



Source: Thomson Reuters Datastream. Data as of 31 July 2017, rebased to 100 as of 31 July 2007, calculated on NAV to NAV basis using capital NAV, including ongoing charges and any applicable fees, with any income reinvested, in GBP. Please note Benchmark Indices do not include fees or operating expenses and are not available for actual investment. Data may differ to official numbers due to the source of the data. **Past performance is not necessarily a reliable indicator for current and future performance.**

Performance attribution

JPMorgan Smaller Companies Investment Trust plc – 12 months to 31 July 2017

Attribution summary	Stock: 1.24 Sector: 5.12
Benchmark	FTSE Small Cap ex IT Index

Stock attribution

Top 10 Contributors	Relative weight (%)	Stock return (%)	Impact (%)
Fevertree Drinks	2.70	137.24	2.18
OneSavings Bank	2.60	98.87	1.34
Lonmin	-0.83	-63.17	1.22
Victoria	1.69	105.22	0.96
JD Sports	2.79	42.83	0.66
Devro	-0.83	-20.37	0.61
KCOM Group	-1.24	-11.00	0.53
Mortgage Advice Bureau	1.15	76.53	0.52
Connect Group	-0.84	-24.01	0.43
FDM Group	1.04	56.19	0.41

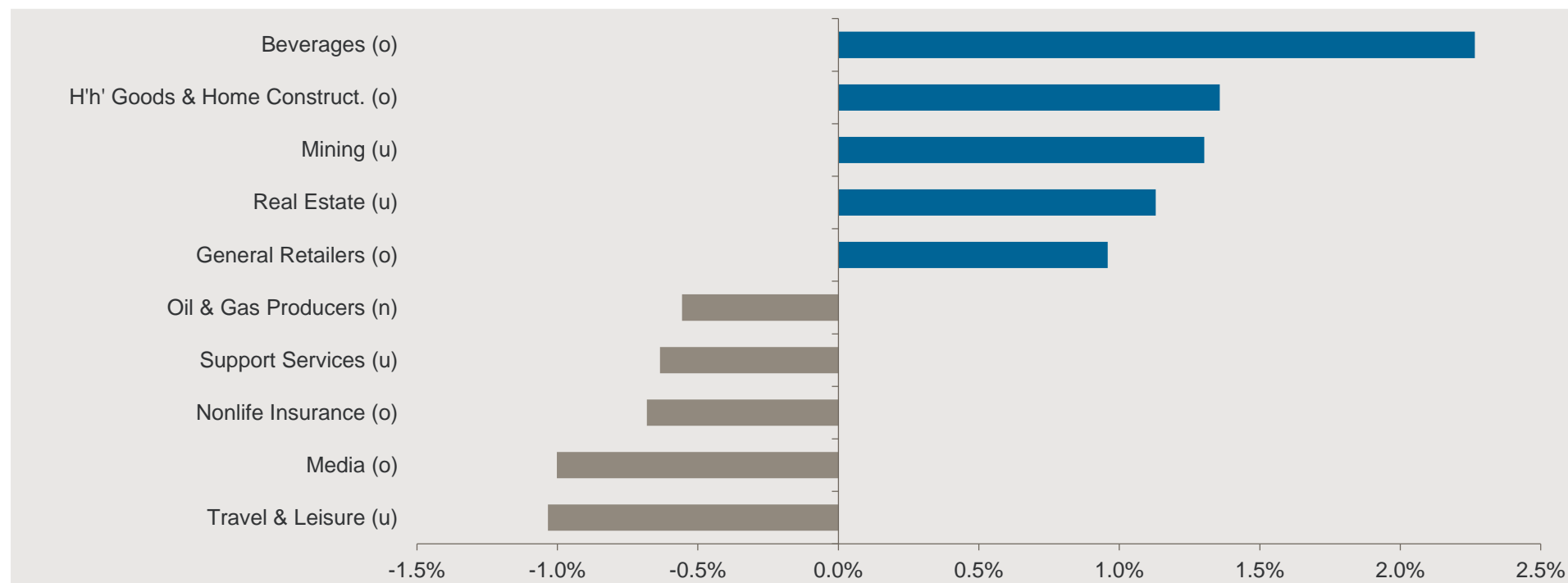
Top 10 Detractors	Relative weight (%)	Stock return (%)	Impact (%)
Plus500	1.91	-1.98	-1.06
NAHL Group	0.96	-42.14	-0.96
Novae Group	1.41	-11.42	-0.70
Sanne Group	-0.62	16.10	-0.63
EnQuest	-0.12	18.58	-0.63
Northgate	-0.98	51.76	-0.51
Stobart Group	-1.13	67.25	-0.51
Ei Group	-1.41	61.47	-0.47
On The Beach Group	-0.58	102.29	-0.40
Equiniti Group	-1.30	55.87	-0.34

Source: Factset. The trust is an actively managed portfolio. Holdings, sector weights, allocations and leverage, as applicable, are subject to change at the discretion of the [investment manager] without notice.

Performance attribution

Major sector contributors to returns – 12 months to 31 July 2017

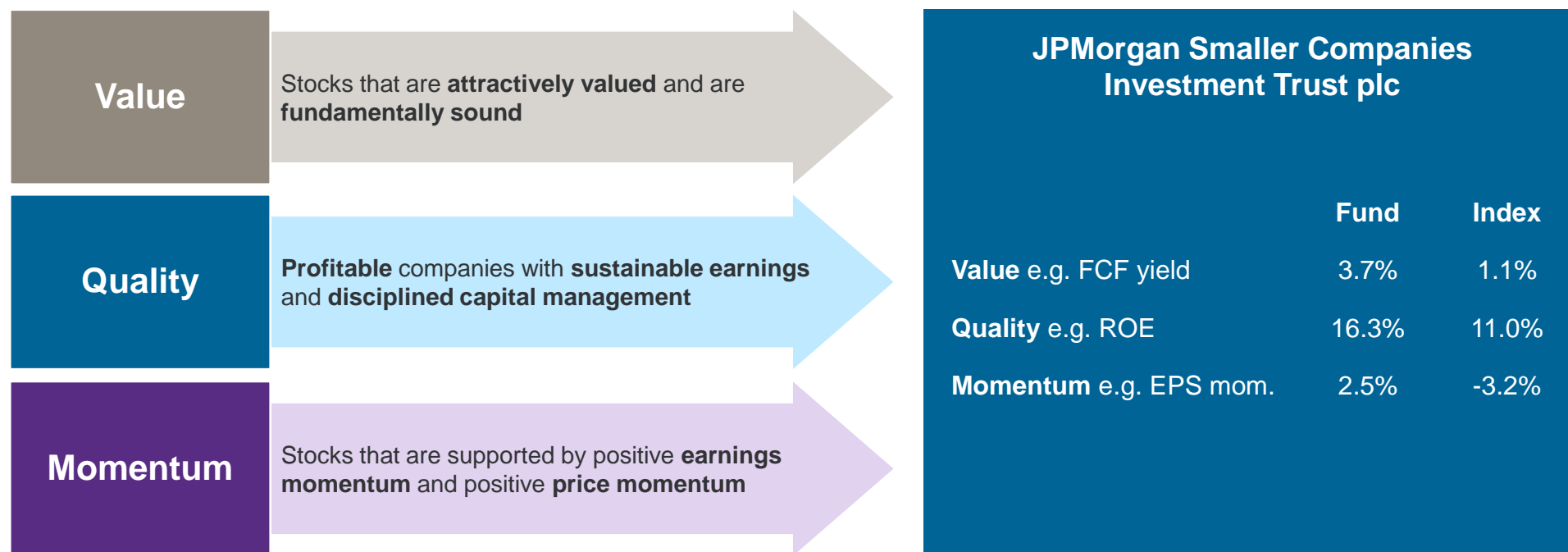
Sector level attribution



Source: J.P. Morgan Asset Management, FactSet. The Trust is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

Our investment philosophy

We believe that attractively valued, high quality stocks with positive momentum outperform the market



Source: J.P. Morgan Asset Management, FactSet, as of 16th November 2017. Figures reported are weighted medians. Figures shown are Value = Free Cash Flow Yield, Quality = return on equity, Momentum = 3 month historic earnings per share revisions. The above portfolio characteristics are shown for illustrative purposes only and are subject to change without notice. Benchmark = FTSE Small Cap Index (ex Investment Trusts) (£).

Portfolio positions

JPMorgan Smaller Companies Investment Trust plc as of 30 September 2017

Benchmark

FTSE Small Cap ex IT Index

Top 10 overweight positions

Stock	Business	Relative position (%)
Victoria	Flooring products	3.0
4imprint Group	Promotional products	2.7
OneSavings Bank	Banking	2.7
Fevertree Drinks	Premium drink mixers	2.6
Plus500	Online trading platform	2.5
McBride	Household and personal products	2.4
JD Sports	Sports fashion retailer	2.2
Fenner	Engineering services	2.2
FDM Group	IT services provider	2.0
Hill & Smith	Roadwork barrier supplier	1.7

Source: Factset. The Trust is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

Sector positions

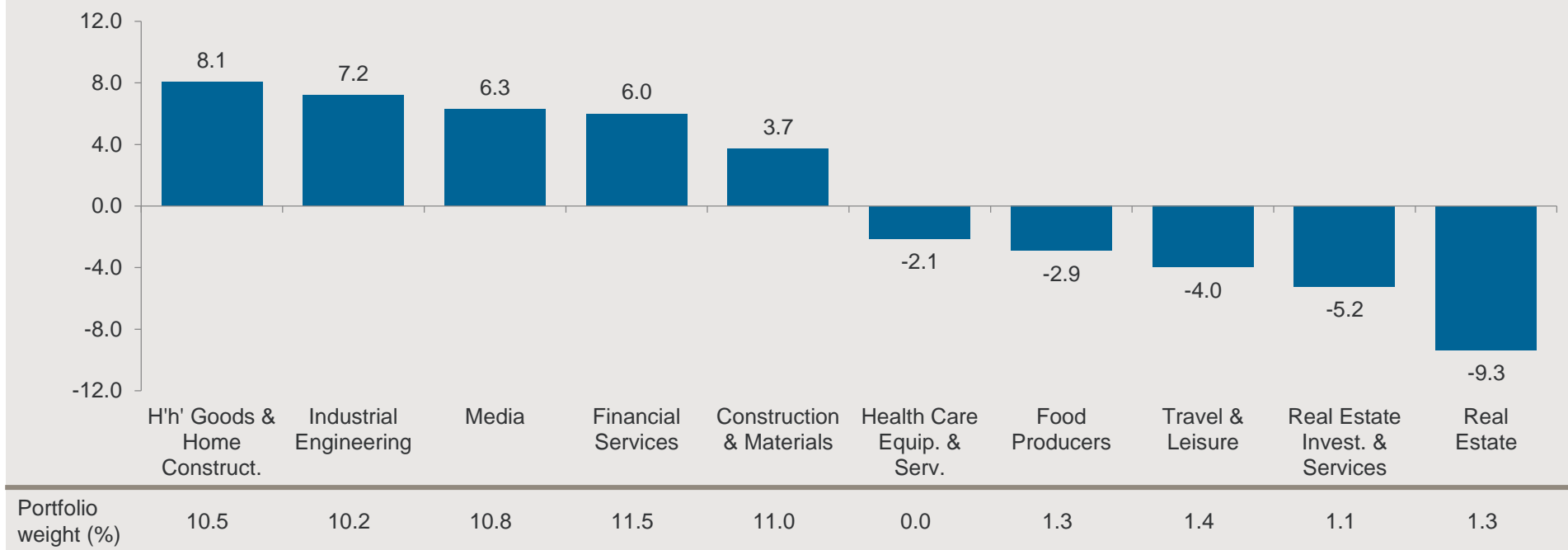
JPMorgan Smaller Companies Investment Trust as of 30 September 2017

Benchmark

FTSE Small Cap ex IT Index

Active and absolute sector positions

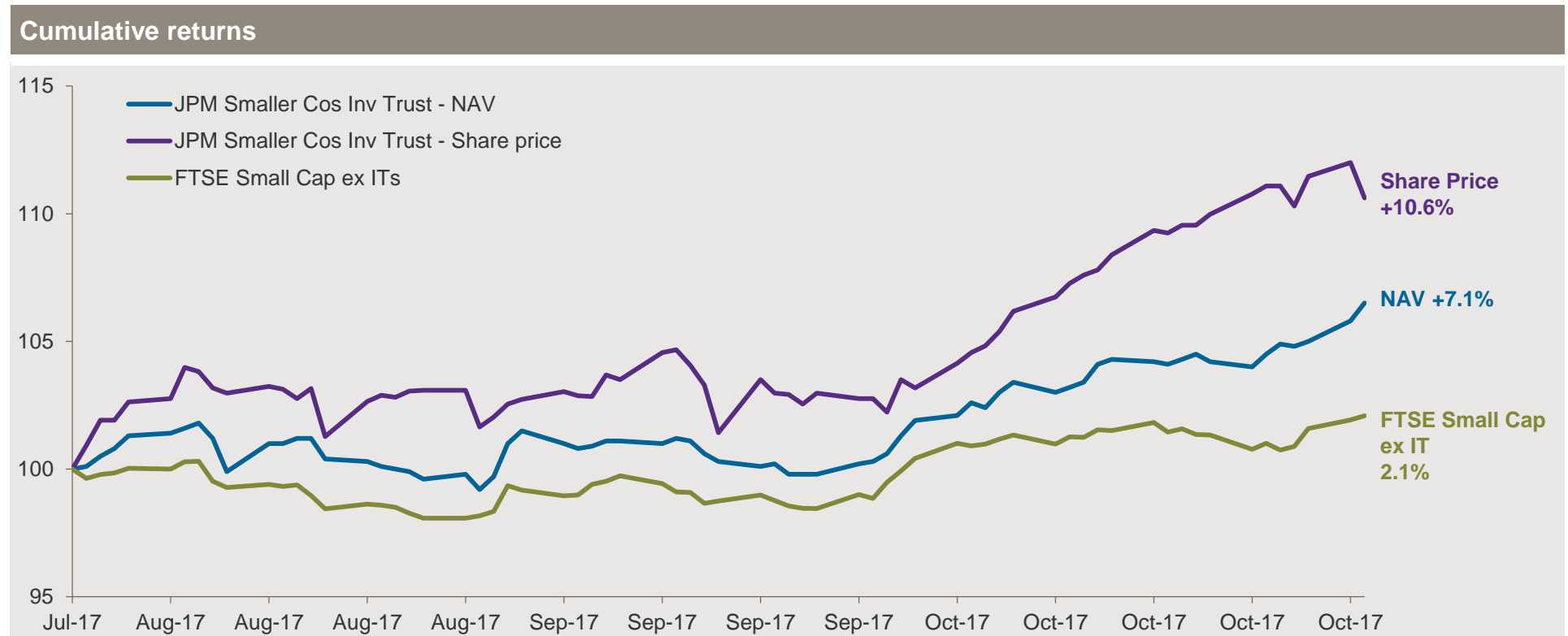
Relative to benchmark (%)



Source: Factset. The Trust is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

Performance since the financial year end

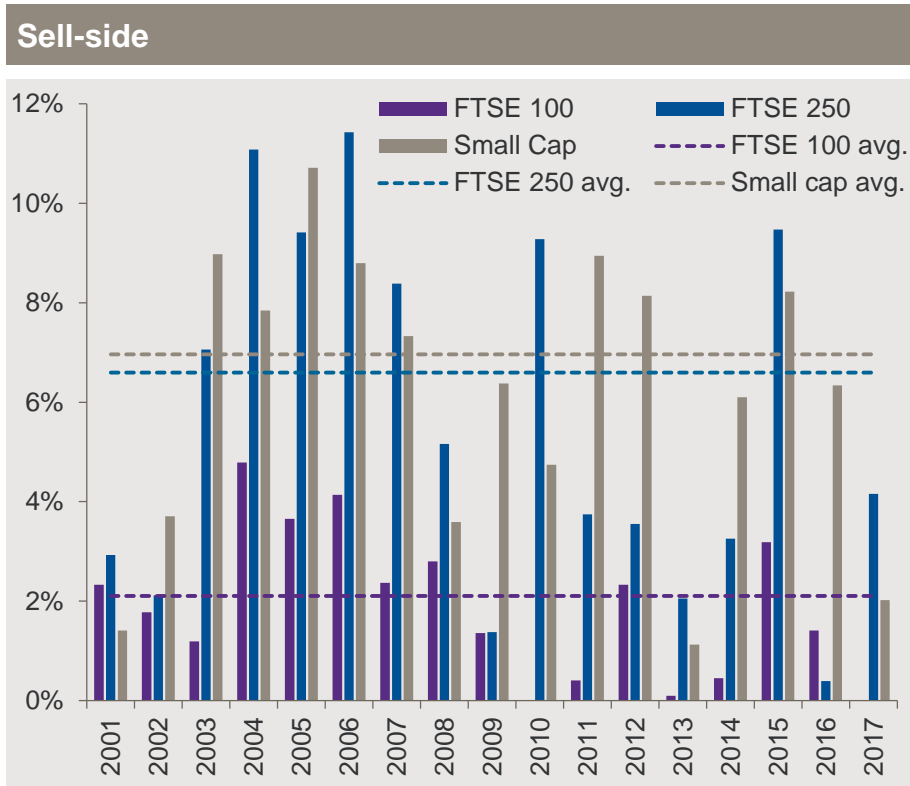
JPMorgan Smaller Companies Investment Trust 31 July 2017 to 31 October 2017



Source: Thomson Reuters Datastream. Data as of 31 October 2017, rebased to 100 as of 31 July 2017, calculated on NAV to NAV basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP. **Past performance is not necessarily a reliable indicator for current and future performance.**

Key themes

Mergers & Acquisitions

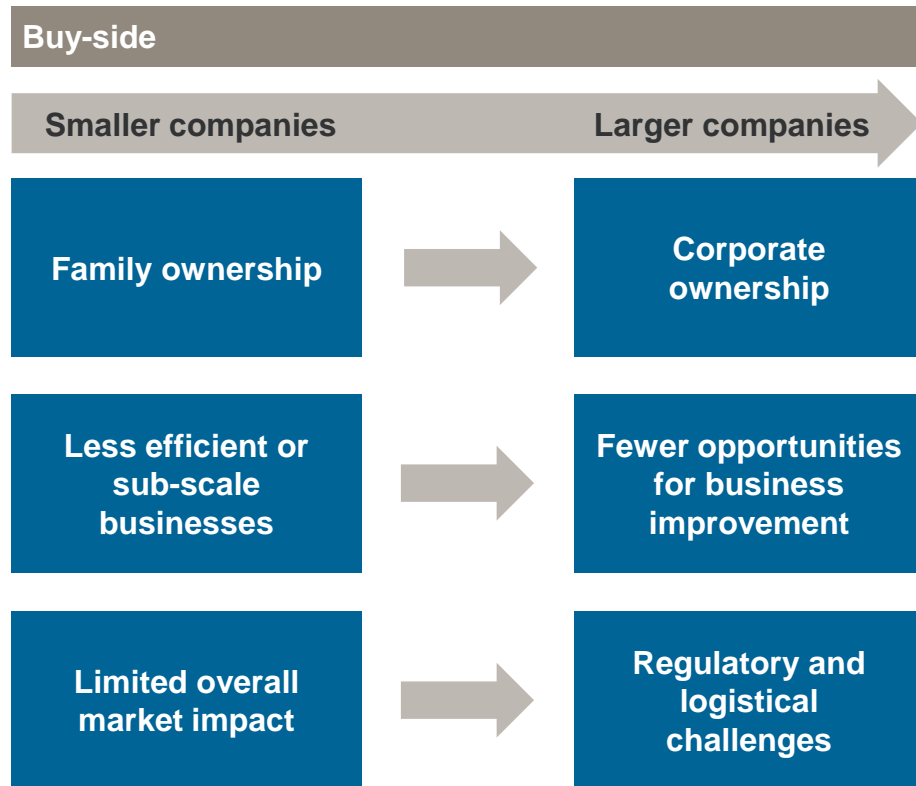


- Lavendon
- Ithaca
- Novae
- Cape
- 32 Red

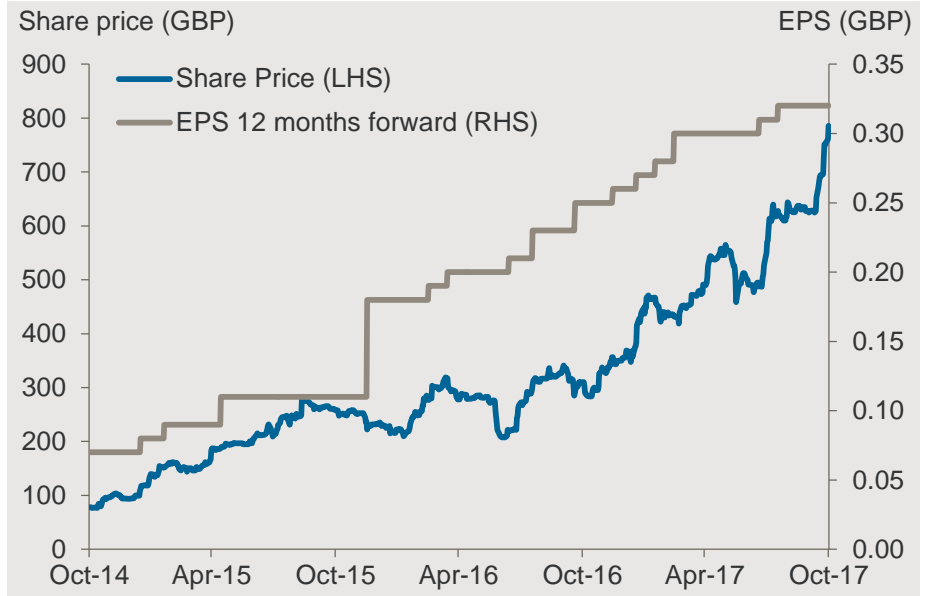


Source: Liberum, Bloomberg, as at 31 October 2017. **Past performance is not a reliable indicator of current and future performance.**

Mergers & Acquisitions



Victoria Plc

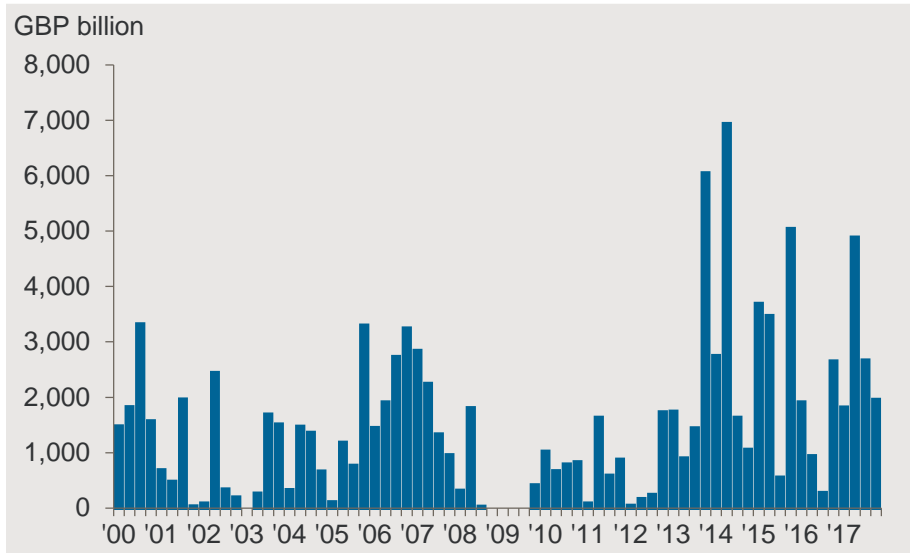


- European flooring manufacturer
- Consolidating the sector driving significant synergies

Source: Datastream, data to 31 October 2017.

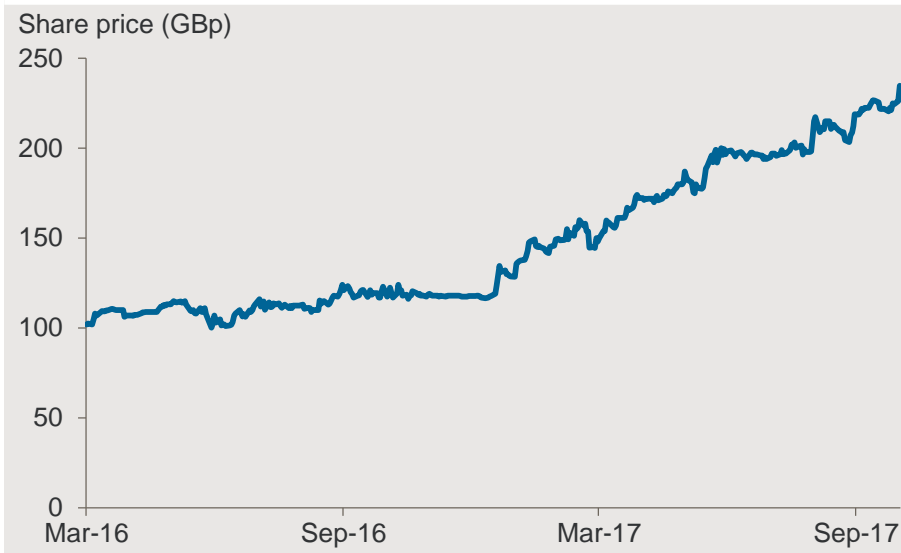
IPO market

Market value of UK SMID IPOs



- Significant equity issuance in the small cap arena in recent years
- Selective participation has been rewarded

Watkin Jones



- Leading residential developer focused on purpose-built student accommodation
- Strong performance since IPO in H1 2016

Source: J.P. Morgan Asset Management, Left chart from Bloomberg/Liberum Capital, to 31 October 2017. Right chart from Datastream, data to 31 October 2017. The companies/securities above shown are for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. **Past performance is not necessarily a reliable indicator for current and future performance.**

UK market valuation

	FTSE 100	FTSE 250	Small Cap
12m forward P/E	14.4x	14.6x	12.9x
Forecast median earnings growth (12m fwd)	8.6%	9.8%	9.3%
Forecast dividend yield (ex non-pay)	4.2%	3.3%	3.2%

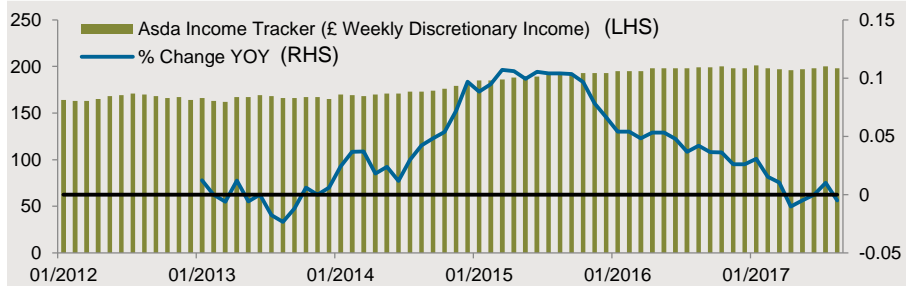
...small cap valuations are attractive

Source: Peel Hunt, 2 October 2017. **Forecasts are not a reliable indicator of future performance.**

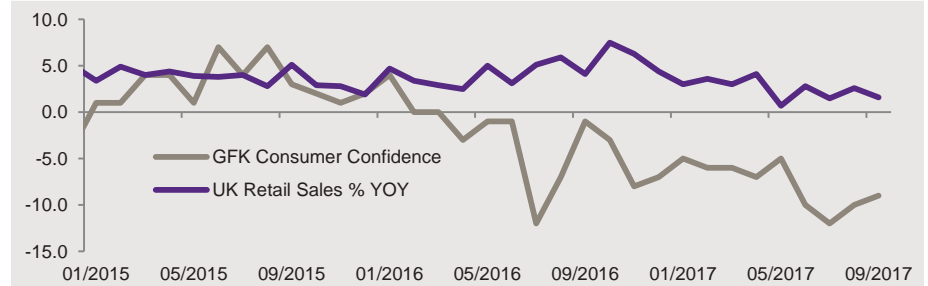
Outlook

UK economic outlook

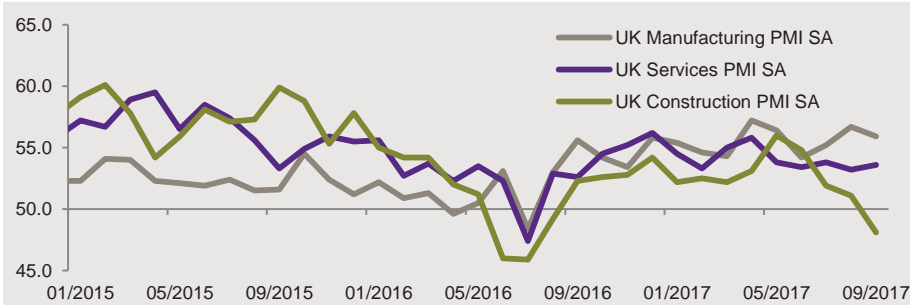
Asda Income Tracker



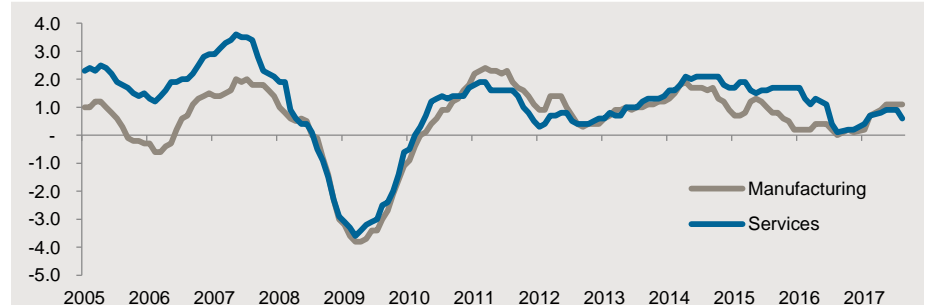
UK Consumer



UK PMIs



Bank of England Agents Survey Investment Intentions



... a mixed backdrop but marginally better than expectations

Sources: top left chart: Asda, data from January 2012 to August 2017; top right chart: Bloomberg, data from 31 January 2015 to 30 September 2017; bottom left chart: Markit, data from 31 January 2015 to 30 September 2017, SA = seasonally adjusted, PMI = purchasing managers index; bottom right chart: BOE, data from 31 January 2005 to 31 August 2017. **Past performance is not a reliable indicator of current and future performance.**

Stock outlook

- Valuations remain attractive
- Corporate activity continues – Mergers & Acquisitions and Initial Public Offerings
 - Selective approach to IPOs continues to benefit shareholders
- Companies continue to increase dividends to shareholders
- Opportunity set within smaller companies arena remains attractive
 - Small, niche companies operating in growth sectors

...portfolio well positioned for the new environment

The opinions and views expressed here are those held by the author as at 18 October 2017, which are subject to change and are not to be taken as or construed as investment advice. Forecasts, projections and other forward looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections and other forward statements, actual events, results or performance may differ materially from those reflected or contemplated.



Appendix



Biography



Georgina Brittain

Georgina Brittain, *Managing Director*, is a senior portfolio manager for small and mid cap funds within the J.P. Morgan Asset Management Europe Behavioural Finance Team. She is the fund manager for the JPM Life UK Small Cap Fund, the JPM UK Smaller Companies Fund, the JPMorgan Smaller Companies Investment Trust and co-manager for the JPMorgan Mid Cap Investment Trust. She is also a co-manager for our range of European small cap funds. An employee since 1995, Georgina was previously an analyst in the UK research department. Georgina obtained an M.A. in Classics from Oxford University, and earned a Diploma in Law from City University, London. She is a qualified barrister



Katen Patel

Katen Patel, *Executive Director*, is a portfolio manager in the Europe Small/Mid Cap Team within the J.P. Morgan Asset Management Europe Behavioural Finance Team. He is the co-manager of the JPM UK Equity Income Fund, JPM UK Smaller Companies Fund, the JPMorgan Smaller Companies Investment Trust and the JPMorgan Mid Cap Investment Trust. An employee since April 2013, he previously worked at HSBC Bank Plc in a European equity sales role. He obtained a B.Sc. in Management from the London School of Economics. Katen is a CFA charterholder.

... expertise, experience and the backing of a large group

As at 31 October 2017.

Rolling 12 months performance

JPMorgan Smaller Companies Investment Trust plc

Rolling 12 months ending 31 September 2017

	2016 / 17	2015 / 16	2014 / 15	2013 / 14	2012 / 13
Share price	23.5	-7.8	21.2	-2.1	56.3
Net Asset Value (NAV)	25.3	-1.3	17.6	1.8	39.1
FTSE Small Cap ex Investment Trusts	17.8	10.5	9.0	5.6	44.9

Source: J.P. Morgan, NAV calculated on NAV to NAV basis (using the cum income NAV with debt at fair), including ongoing charges and any applicable fees, with any income reinvested, in GBP. Share price calculated using the mid price. Please note Benchmark Indices do not include fees or operating expenses and are not available for actual investment. **Past performance is not necessarily a reliable indicator for current and future performance.**

J.P. Morgan Asset Management

This is a marketing communication and as such the views contained herein are not to be taken as an advice or recommendation to buy or sell any investment or interest thereto. Reliance upon information in this material is at the sole discretion of the reader. Any research in this document has been obtained and may have been acted upon by J.P. Morgan Asset Management for its own purpose. The results of such research are being made available as additional information and do not necessarily reflect the views of J.P. Morgan Asset Management. Any forecasts, figures, opinions, statements of financial market trends or investment techniques and strategies expressed are unless otherwise stated, J.P. Morgan Asset Management's own at the date of this document. They are considered to be reliable at the time of writing, may not necessarily be all inclusive and are not guaranteed as to accuracy. They may be subject to change without reference or notification to you. It should be noted that the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Changes in exchange rates may have an adverse effect on the value, price or income of the products or underlying overseas investments. Past performance and yield are not reliable indicators of current and future results. There is no guarantee that any forecast made will come to pass. Furthermore, whilst it is the intention to achieve the investment objective of the investment products, there can be no assurance that those objectives will be met. J.P. Morgan Asset Management is the brand name for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide. To the extent permitted by applicable law, we may record telephone calls and monitor electronic communications to comply with our legal and regulatory obligations and internal policies. Personal data will be collected, stored and processed by J.P. Morgan Asset Management in accordance with our EMEA Privacy Policy www.jpmorgan.com/jpmpdf/1320694304816.pdf. Investment is subject to documentation (Investment Disclosure Document, Key Features and Terms and Conditions), copies of which can be obtained free of charge from JPMorgan Asset Management (UK) Limited. This communication is issued by JPMorgan Asset Management (UK) Limited, which is authorised and regulated in the UK by the Financial Conduct Authority. Registered in England No: 01161446. Registered address: 25 Bank Street, Canary Wharf, London E14 5JP.

0903c02a81fd9554