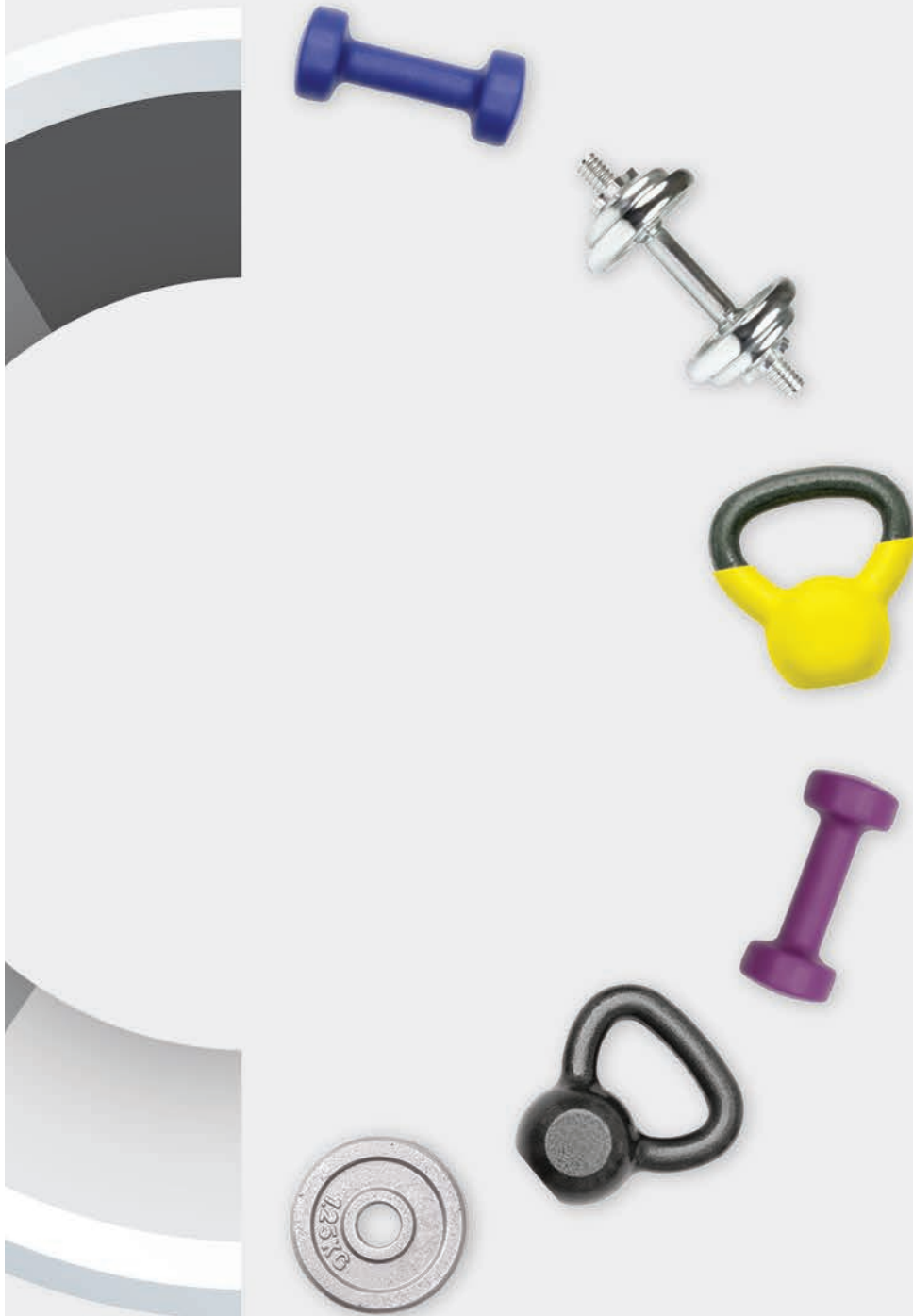


JPMorgan Smaller Companies Investment Trust plc

Half Year Report & Financial Statements for the six months ended 31st January 2019



Your Company

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.
- Liquidity and borrowings are managed with the aim of increasing returns to shareholders.
- Further details on investment policy and risk management are contained in the Business Review of the Company's Annual Report on page 15.

Gearing

A flexible low cost £25 million borrowing facility is in place and available for the investment manager to utilise. At 31st January 2019, £22 million was drawn down on the facility with the gearing level being 5.9% at that date.

Benchmark

The Numis Smaller Companies plus AIM (excluding Investment Companies). Prior to 1st January 2019, the benchmark was the FTSE Small Cap Index (excluding Investment Trusts).

Capital Structure

At the Company's Annual General Meeting on 28th November 2018, a resolution was passed by shareholders to sub-divide each ordinary share of 25p into five ordinary shares of 5p each. Accordingly, as at 31st January 2019, the Company's share capital comprised 79,611,410 ordinary shares of 5p each.

Continuation Vote

In accordance with the Company's Articles of Association, the Directors are required to propose an ordinary resolution that the Company shall continue in existence at the Annual General Meeting in 2020 and in every third year thereafter.

Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager and Company Secretary. JPMF is approved by the Financial Conduct Authority and delegates the management of the Company's portfolio to JPMorgan Asset Management ('JPMAM').

FCA regulation of 'non-mainstream pooled investments and MiFID II complex instruments'

The Company currently conducts its affairs so that the shares issued by the Company 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. The Company's shares are not classified as 'complex instruments' under the FCA's revised 'appropriateness' criteria adopted in the implementation of MiFID II.

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

The Company's website, which can be found at www.jpmsmallercompanies.co.uk, includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports.

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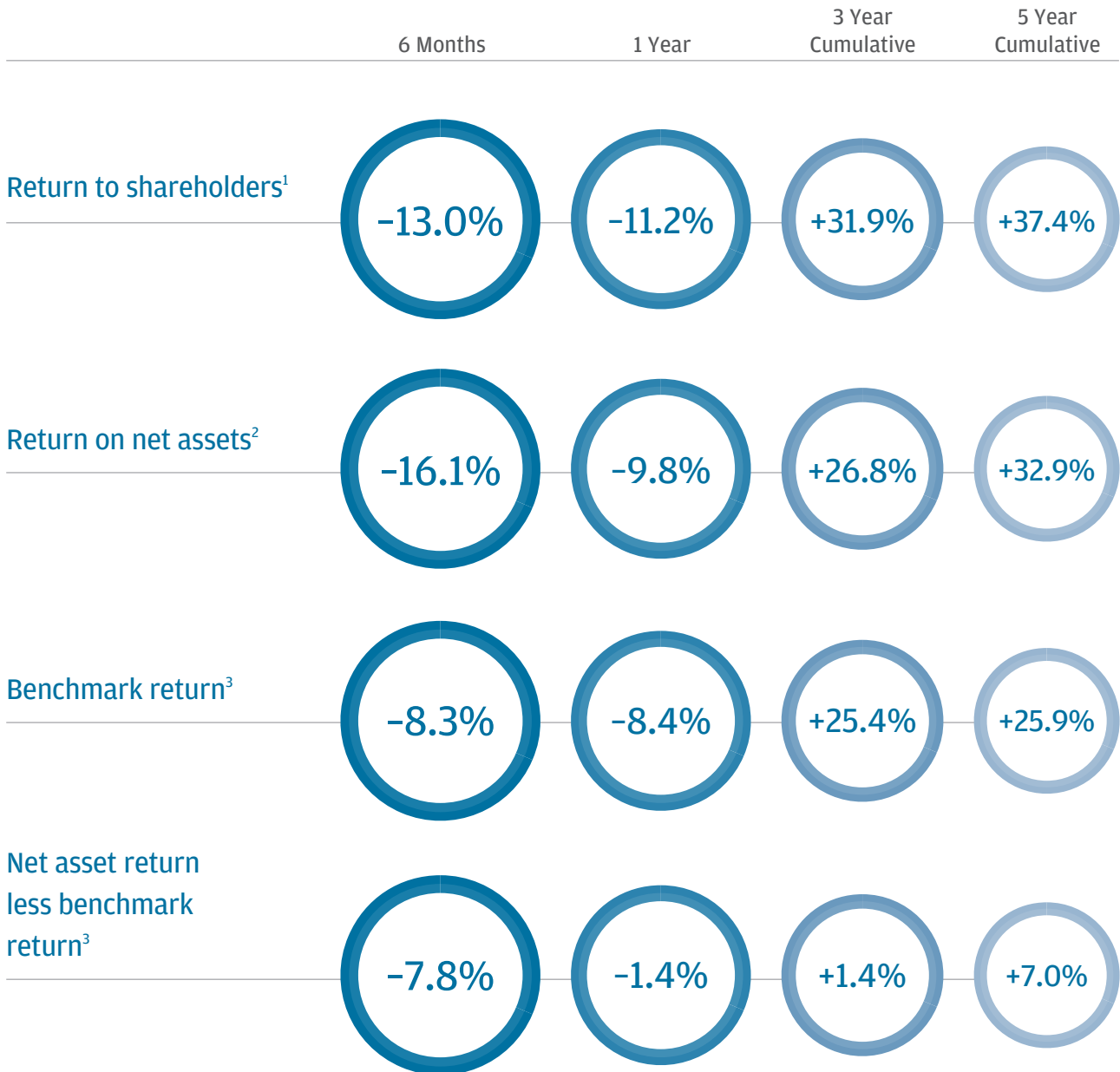
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Half Year Performance

**TOTAL RETURNS IN STERLING TERMS (INCLUDING DIVIDENDS REINVESTED)
TO 31ST JANUARY 2019**



¹ Source: Morningstar.

² Source: Morningstar/J.P. Morgan, using cum income net asset value per share.

³ Source: Morningstar. The Company's benchmark is the Numis Smaller Companies plus AIM Index (excluding Investment Companies). Prior to 1st January 2019, the Company's benchmark was the FTSE Small Cap Index (excluding Investment Trusts). The benchmark index returns quoted above for the 6 months period are a composite of the two indices.

A glossary of terms and alternative performance measures is provided on pages 24 and 25.

SUMMARY OF RESULTS

	31st January 2019	31st July 2018	% change
Shareholders' funds (£'000)	186,379	227,108	-17.9
Number of shares in issue ¹	79,611,410	79,693,005	-0.1
Net asset value per share ¹	234.1p	285.0p	-17.9 ²
Share price	206.2p	243.0p	-15.1 ³
Share price discount to net asset value per share	11.9%	14.7%	
Gearing	5.9%	9.1%	
Ongoing charges	1.12%	1.03%	

¹ Comparative figures at 31st July 2018 have been restated following the sub-division of each existing ordinary share of 25p into five ordinary shares of 5p each on 30th November 2018.

² This return excludes dividends reinvested. Including dividends reinvested the return would be -16.1%.

³ This return excludes dividends reinvested. Including dividends reinvested the return would be -13.0%.

A glossary of terms and alternative performance measures is provided on pages 24 and 25.

Chairman's Statement



Michael Quicke OBE
Chairman

Performance and discount

When I wrote to shareholders in October, commenting on the Company's annual results to 31st July 2018, I referred to the difficult domestic and international political and economic backdrop that was making its presence felt at that time. Whilst noting that shareholders had achieved very attractive returns over the annual review period, the Board felt that the Company's immediate prospects could be more uncertain, and that growing geopolitical turbulence may be a significant headwind to its short-term future performance. Six months on, this has turned out to be the case as the fourth quarter of 2018 was a challenging time for both UK and global markets.

The 2018 calendar year will be looked back on as one of heightened volatility across global stock markets. Slowing economic growth, US-China trade tensions and rising US interest rates are just three of the issues that have alarmed investors. Closer to home, Brexit uncertainty has weighed on the valuations of UK stocks which have remained broadly out of favour, with smaller innovative company share prices lagging their larger counterparts. The fourth quarter of 2018 was a period of significant volatility in individual shares, particularly for small companies, and this has adversely affected the overall performance of the Company's portfolio.

It is disappointing to report that performance has not matched the strong absolute and relative returns enjoyed by shareholders in each of the two previous financial years. The total return on the Company's net assets during the six months to 31st January 2019 was -16.1% compared with the benchmark return of -8.3%, a composite of the new benchmark, the Numis Smaller Companies plus AIM (excluding Investment Companies) Index and the old benchmark, the FTSE Small Cap Index (excluding Investment Trusts). The new index has been the benchmark since 1st January 2019, having replaced the FTSE Small Cap (excluding Investment Trusts) Index as being more suitably aligned with the Company's revised investment objectives and policy.

The share price discount to net asset value narrowed over the period from 14.7% to 11.9%. This contributed towards a better outcome for shareholders, which was a return of -13.0%.

Following approval from shareholders at the Annual General Meeting ('AGM'), on the 30th November 2018 there was a sub-division of the Company's ordinary shares of 25p each into 5 ordinary shares of 5p each. This did not affect the overall value of their holdings in the Company as each Shareholder will hold the same proportionate interest in the Company following the completion of the share split as before. However, it is intended to make it easier for shareholders to make small or regular investments in the Company and to improve shareholder liquidity.

Since 31st January 2019, the Company's total return on net assets was +3.4%, marginally outperforming the Company's benchmark index which rose by 2.37% as at 21st March 2019. Over the same period, the Company delivered a return to ordinary shareholders of -0.3%.

The Investment Managers have provided a more detailed commentary on markets and portfolio performance in their Report on pages 9 and 10.

Loan Facility and Gearing

The Company has a highly flexible borrowing facility of £25 million in place with Scotiabank until April 2019. There is a further option to increase borrowings to £35 million subject to certain conditions. This has been reviewed by the Board and we have decided to renew the facility with Scotiabank for a further six months.

During a period of low interest rates, the use of gearing is an attractive way of amplifying the effect of rising markets, but inevitably increases the risk of loss if markets fall. In the recent past, the Company has maintained a fairly constant level of gearing, with the Board giving the Investment Managers flexibility to

adjust the gearing tactically within guidelines. During the reporting period, the Company's gearing ranged from 5.9% to 10.0%, ending the half year at 5.9% geared, reflecting a more cautious outlook. As at 21st March 2019 the Company's gearing was 5.0%, with total borrowings of £22.0 million.

On 20th September 2018, the Board announced that it was considering the possibility of issuing Convertible Unsecured Loan Stock (CULS), subject to consultation with shareholders. The aim was to provide the Company with structural, long term gearing and the potential to grow the Company in future upon conversion into ordinary shares. However, in the light of recent market developments and prolonged uncertainty around Brexit negotiations, the Board has decided to delay its plans, awaiting a period of greater certainty.

Share buybacks

During the six months to 31st January 2019 the Company repurchased 16,319 shares for cancellation at a cost of £190,000. These shares were acquired at an average discount of 15.1% enhancing net asset value per share by 0.2 pence. Our objective remains to reduce the volatility of the discount, and our action during this period demonstrates the Board's aim to act in the best interests of shareholders by making purchases should supply and demand for shares become unbalanced.

Following the AGM in November 2018, any shares repurchased will either be cancelled or held in Treasury for possible re-issue. There are currently no shares held in Treasury.

Board succession

As noted in the previous Annual Report, Andrew Impey will take over from me as Chairman of the Company following my retirement at the AGM in November 2019. This internal appointment will provide continuity for both the Board and the Company in the future.

Looking further ahead, the Board's next priority is to appoint a successor to the Audit Committee Chairman, Andrew Robson, who will retire from the Board at the AGM in 2020. The Board will commence the search for a suitable candidate this year.

Outlook

It is always difficult to predict short-term performance. However, we expect market conditions and investor sentiment to remain unsettled for the immediate future, extending the current period of heightened market volatility. Tensions between the US and its global trading partners are anticipated to continue to cast a shadow on current and prospective global economic growth. The domestic economy has also been held back by political risk which should lift once the outcome of Brexit becomes clear. Depending on the outcome, the greater certainty that would follow could increase enthusiasm for UK stocks that are currently so out of favour.

Investment in smaller companies requires the acceptance of a higher level of short-term risk for the opportunity of receiving good long-term returns. The Manager remains committed to identifying fundamentally sound UK smaller companies, many of which may be attractively priced at the present time. Despite recent challenges, we remain confident that the Company's portfolio is well positioned to deliver attractive returns to its shareholders over the long-term.

Michael Quicke OBE
Chairman

26th March 2019



Georgina Brittain
Investment Manager



Katen Patel
Investment Manager

Performance and Market Background

Global growth was 3.7% in 2018, and recently reduced forecasts now look for 3.5% in 2019. The slowdown in Chinese GDP and the on-going trade dispute between China and the USA, allied with a number of interest rates rises in the USA during 2018, have been the key causes, although the level of growth still remains healthy.

In the UK, growth remained positive but pedestrian at 1.4%. Unemployment continued to fall, reaching 4% in December 2018, and inflation also declined, coming in for January 2019 at 1.8%, which is below the Bank of England's target. However, the second half of the year saw a notable rise in stock market volatility and a sharp deterioration in investor sentiment. This led to significant declines in stock markets around the world from October to December, although January 2019 saw a large rebound. In the UK, the FTSE 100 Index fell 8.4% and the FTSE Smaller Companies (ex Investment Trusts) Index was down 9.6% in the six months to January. Our new benchmark, the Numis Smaller Companies plus AIM (ex Investment Companies) Index by comparison was down 11.1%. Hardest hit was AIM, where the AIM 100 Index was down 17.2%.

The sharp decline in the stock market saw a number of companies that had performed very strongly give back a large part of their gains. In the majority of cases this was with no change to the underlying fundamentals. Likewise, having been invested in a number of these companies, which led to very strong outperformance last year, we too have given back a part of this outperformance. It is disappointing to report that your Company underperformed its benchmark during the period, with a total return on net assets of -16.1%. The discount narrowed somewhat over the period, providing a share price total return of -13.0%.

Portfolio

The very sharp fall in a number of share prices led to some significant detractors from performance over the six months. These included Fevertree, Keywords Studios and most notably Victoria, a large position which had a disappointing trading statement and has since been reduced. Positive performers included our holdings in Watkins Jones, Games Workshop and Future, but these could not offset those stocks which fell in value. In addition, our AIM exposure over the period, and our gearing, also contributed to the underperformance.

As well as significant volatility, the period under review saw your Company adopt a new benchmark. This has led to a change in some of our sector positioning, as the new Index has many more constituents and is significantly more balanced than the FTSE Smaller Companies Index (excluding Investment Trusts). Notable sub-sector overweights in the portfolio still include Financial Services, Media and Leisure Goods. However, while we remain 2% underweight in Real Estate Investment Trusts, previously the portfolio was over 10% underweight compared to the old benchmark. The sector analysis on page 12 demonstrates our current positioning. There are a number of significant changes since our year end in July, due to the benchmark change. Key is the move from underweight to overweight in Financials, due to Real Estate Investment Trusts now being a much smaller portion of the Financials sector, as compared to the old index. Looking at the Technology sector, our weights and our holdings are almost unchanged, but the new benchmark contains many more technology companies, hence we have moved from overweight to underweight relative to the index. In addition, we were underweight in both the Basic Materials and Oil & Gas sectors previously. These are larger sectors in our new index, so we are now more underweight these sectors.

We made a number of changes to the portfolio in the period, as we adjusted to the new, broader benchmark, mainly adding new investments at the top end of the benchmark. New holdings included Dunelm, Dart, DFS and Ferrexpo. In the indiscriminate sell-off we also took advantage of the falling share prices of companies where we have high conviction by adding to a number of names, examples being MJ Gleeson the housebuilder and video gaming stocks such as Team 17 and Codemasters. Post the end of our half year, it is disappointing to report that our large holding in Plus500, a company we have owned for over 5 years since its IPO, had a very poor trading statement due to the impact of new industry regulations

which were introduced in the Summer of 2018. This has led us to significantly reduce our position in the company. For context, since its IPO, this has been the second best contributor to our outperformance over the period, even with the recent share price fall.

Outlook

At the time of writing, the date we are due to leave the EU is imminent. Despite this, we still have no idea what that exit will look like. The situation is extremely fluid, but it now appears highly unlikely that it will take place on the 29th March. The recent strengthening of sterling suggests a more benign outcome than previous expectations - for which read a 'softer' Brexit - but currency markets have been wrong-footed before.

As we have indicated previously, our stance had been to plan, and to position the portfolio, for a 'hard' Brexit. As can be seen from some of the recent portfolio additions such as the retailers Dunelm and DFS, we have softened this approach over recent months and increased our domestic exposure. In part this action has been taken due to the decline in valuation of a number of domestic companies, but in addition recent data has shown a significant improvement in the financial position of the British worker. A key data point that we monitor, the Asda Income Tracker, showed that disposable income had risen by +5.8% year on year in December 2018. Lower inflation, very low unemployment and this significant rise in real wages should in normal times be extremely positive for consumer-facing stocks. However, a recent collapse in consumer confidence, due to Brexit uncertainties, has cast a pall. There is a clear disconnect between these two data points. If the Government is able to negotiate its way out of the current impasse, we should see sterling rise, inflation fall further and consumer confidence rebound strongly, which would be very positive for the share prices of domestic-facing companies.

Further contradictions abound at present. The UK has just been voted the world's best place to do business by Forbes magazine but according to the Bank of England UK investment intentions have collapsed in recent months. In a similar vein, while the UK is currently the fourth most popular investment target in the world, it remains out of favour with investors (a recent Bank of America Merrill Lynch fund managers' survey showed that a net 38% of global investors are underweight the UK). This is borne out by stock market valuations. The FTSE 100 index is on a price/earnings ratio of 12x for forecast earnings growth over the next year of 3%, whereas the Numis Smaller Companies plus AIM (excluding investment companies) index is priced at just over 11x P/E for forecast earnings growth of over 10% and dividend growth of almost 7%. If, and it is a big if, the UK can exit the EU gracefully, then the UK market should enjoy significant buying interest, and in particular the more domestically focussed smaller companies will reap the benefit.

Georgina Brittain

Katen Patel

Investment Managers

26th March 2019

LIST OF INVESTMENTS

AT 31st JANUARY 2019

Company	Valuation £'000	Company	Valuation £'000	Company	Valuation £'000
INDUSTRIALS		FINANCIALS (CONT.)		TECHNOLOGY	
Forterra	5,438	Safestore	2,348	FDM	3,420
Avon Rubber	4,781	Liontrust Asset Management	2,030	Softcat	2,502
Marshalls	3,687	Fairfx ¹	1,434	Learning Technologies ¹	2,500
Judges Scientific ¹	3,454	Palace Capital	1,305	Spirent Communications	1,837
Oxford Instruments	2,652	Draper Esprit	1,239	Microgen	897
Ricardo	2,591	S4 Capital	1,221	First Derivatives ¹	814
Vitec	2,588	Alpha FX ¹	1,171		11,970
Keywords Studios ¹	2,554	Nucleus Financial ¹	1,011	OIL & GAS	
Somero Enterprises ¹	2,502	Urban & Civic	1,008	Hunting	1,648
Henry Boot	2,210	Arrow Global	913	Ophir Energy	1,088
Mind Gym ¹	2,186	Tatton Asset Management ¹	716	Jadestone Energy	1,077
Alpha Financial Markets Consulting ¹	2,054		48,554	Premier Oil	1,035
Porvair	1,957	CONSUMER SERVICES		Eland Oil & Gas ¹	967
Wincanton	1,943	4imprint	5,260	EnQuest	767
SThree	1,836	EI	4,281		6,582
Morgan Sindall	1,810	Huntsworth	3,935	BASIC MATERIALS	
Robert Walters	1,799	JD Sports Fashion	3,283	Ferrexpo	2,402
Trifast	1,702	Future	2,869	Anglo Pacific	1,572
Hill & Smith	1,656	Dart ¹	2,182	Central Asia Metals ¹	1,035
Smart Metering Systems ¹	1,627	Gocompare.Com	1,898		5,009
John Menzies	1,446	DFS Furniture	1,647	TELECOMMUNICATIONS	
De La Rue	1,079	Next Fifteen Communications ¹	1,418	Telecom Plus	2,186
Costain	940	Dunelm	1,408		2,186
Anexo ¹	867	On the Beach	1,138	HEALTH CARE	
Gordon Dadds ¹	819	Tarsus	921	Bioventix ¹	662
Staffline ¹	811	888	767		662
XP Power	709	Reach plc	639	TOTAL INVESTMENTS	
Elektron Technology ¹	667	ULS Technology ¹	358		197,392
Restore ¹	338		32,004	FINANCIALS	
	58,703	CONSUMER GOODS		Plus500	8,207
FINANCIALS		Games Workshop	7,472	OneSavings Bank	5,847
Plus500	8,207	MJ Gleeson	4,998	Charter Court Financial Services	4,895
OneSavings Bank	5,847	Victoria ¹	4,452	Sabre Insurance	2,785
Charter Court Financial Services	4,895	Watkin Jones ¹	3,638	TBC Bank	2,750
Sabre Insurance	2,785	Fevertree Drinks ¹	2,930	JTC	2,466
TBC Bank	2,750	Hilton Food	2,544	IntegraFin	2,415
JTC	2,466	Team17 ¹	2,154	CLS	2,401
IntegraFin	2,415	Codemasters ¹	1,510	Mortgage Advice Bureau ¹	2,392
CLS	2,401	Sumo ¹	1,239		
Mortgage Advice Bureau ¹	2,392	Frontier Developments ¹	785		
			31,722		

¹ AIM listed, totalling 25.9% of total investments (31st July 2018: 24.8%).

SECTOR ANALYSIS

SECTOR ANALYSIS

	31st January 2019		31st July 2018	
	Portfolio % ¹	Benchmark ² %	Portfolio % ¹	Benchmark ² %
Industrials	29.8	21.0	39.9	30.2
Financials	24.6	21.5	20.3	27.1
Consumer Services	16.2	17.2	15.1	19.6
Consumer Goods	16.1	10.5	15.8	6.3
Technology	6.1	8.7	5.8	4.6
Oil & Gas	3.3	6.2	2.2	2.8
Basic Materials	2.5	7.2	0.8	3.4
Telecommunications	1.1	1.8	–	1.0
Health Care	0.3	5.2	0.1	5.0
Utilities	–	0.7	–	–
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £197.4m (2018: £247.8m).

² The Company's benchmark is the Numis Smaller Companies plus AIM Index (excluding Investment Companies). Prior to 1st January 2019, the Company's benchmark was the FTSE Small Cap Index (excluding Investment Trusts).

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31ST JANUARY 2019

	(Unaudited) Six months ended 31st January 2019			(Unaudited) Six months ended 31st January 2018			(Audited) Year ended 31st July 2018		
	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	–	(37,967)	(37,967)	–	18,948	18,948	–	32,282	32,282
Net foreign currency gains/(losses)	–	5	5	–	(15)	(15)	–	(17)	(17)
Income from investments	3,043	–	3,043	2,247	–	2,247	6,219	–	6,219
Interest receivable and similar income	39	–	39	12	–	12	25	–	25
Gross return/(loss)	3,082	(37,962)	(34,880)	2,259	18,933	21,192	6,244	32,265	38,509
Management fee	(272)	(633)	(905)	(276)	(644)	(920)	(558)	(1,303)	(1,861)
Other administrative expenses	(225)	–	(225)	(139)	–	(139)	(354)	–	(354)
Net return/(loss) on ordinary activities before finance costs and taxation	2,585	(38,595)	(36,010)	1,844	18,289	20,133	5,332	30,962	36,294
Finance costs	(57)	(133)	(190)	(40)	(94)	(134)	(94)	(220)	(314)
Net return/(loss) on ordinary activities before taxation	2,528	(38,728)	(36,200)	1,804	18,195	19,999	5,238	30,742	35,980
Taxation	(40)	–	(40)	(52)	–	(52)	(233)	–	(233)
Net return/(loss) on ordinary activities after taxation	2,488	(38,728)	(36,240)	1,752	18,195	19,947	5,005	30,742	35,747
Return/(loss) per share (note 3)¹	3.12p	(48.63)p	(45.51)p	2.10p	21.83p	23.93p	6.14p	37.70p	43.84p

¹ Comparative figures for the period ended 31st January 2018 and year ended 31st July 2018 have been restated following the sub-division of each existing ordinary share of 25p into five ordinary shares of 5p each on 30th November 2018.

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 net return on ordinary activities after taxation represents the profit for the period and also the total comprehensive income.

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31ST JANUARY 2019

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 31st January 2019 (Unaudited)						
At 31st July 2018	3,985	25,895	2,899	187,547	6,782	227,108
Repurchase and cancellation of the Company's own shares	(4)	–	4	(190)	–	(190)
Net (loss)/return on ordinary activities	–	–	–	(38,728)	2,488	(36,240)
Dividend paid in the period (note 4)	–	–	–	–	(4,299)	(4,299)
At 31st January 2019	3,981	25,895	2,903	148,629	4,971	186,379
Six months ended 31st January 2018 (Unaudited)						
At 31st July 2017	4,275	25,895	2,609	168,812	5,694	207,285
Repurchase and cancellation of the Company's own shares	(290)	–	290	(12,007)	–	(12,007)
Net return on ordinary activities	–	–	–	18,195	1,752	19,947
Dividend paid in the period (note 4)	–	–	–	–	(3,917)	(3,917)
At 31st January 2018	3,985	25,895	2,899	175,000	3,529	211,308
Year ended 31st July 2018 (Audited)						
At 31st July 2017	4,275	25,895	2,609	168,812	5,694	207,285
Repurchase and cancellation of the Company's own shares	(290)	–	290	(12,007)	–	(12,007)
Net return on ordinary activities	–	–	–	30,742	5,005	35,747
Dividends paid in the year (note 4)	–	–	–	–	(3,917)	(3,917)
At 31st July 2018	3,985	25,895	2,899	187,547	6,782	227,108

¹ This reserve forms the distributable reserve of the Company and may be used to fund distributions to investors via dividend payments.

STATEMENT OF FINANCIAL POSITION

AT 31ST JANUARY 2019

	(Unaudited) 31st January 2019 £'000	(Unaudited) 31st January 2018 £'000	(Audited) 31st July 2018 £'000
Fixed assets			
Investments held at fair value through profit or loss	197,392	231,904	247,785
Current assets			
Debtors	1,689	344	1,941
Cash and cash equivalents	11,552	4,505	3,817
	13,241	4,849	5,758
Current liabilities			
Creditors: amounts falling due within one year	(24,254)	(25,445)	(26,435)
Net current liabilities	(11,013)	(20,596)	(20,677)
Total assets less current liabilities	186,379	211,308	227,108
Net assets	186,379	211,308	227,108
Capital and reserves			
Called up share capital	3,981	3,985	3,985
Share premium	25,895	25,895	25,895
Capital redemption reserve	2,903	2,899	2,899
Capital reserves	148,629	175,000	187,547
Revenue reserve	4,971	3,529	6,782
Total shareholders' funds	186,379	211,308	227,108
Net asset value per share (note 5)¹	234.1p	265.2p	285.0p

¹ Comparative figures for the period ended 31st January 2018 and year ended 31st July 2018 have been restated following the sub-division of each existing ordinary share of 25p into five ordinary shares of 5p each on 30th November 2018.

Company registration number: 2515996.

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31ST JANUARY 2019

	(Unaudited) Six months ended 31st January 2019 £'000	(Unaudited) Six months ended 31st January 2018 £'000	(Audited) Year ended 31st July 2018 £'000
Net cash outflow from operations before dividends and interest (note 6)	(1,164)	(1,183)	(2,309)
Dividends received	3,008	2,317	5,907
Interest received	51	53	96
Taxation recovered	–	(1)	–
Interest paid	(186)	(131)	(305)
Net cash inflow from operating activities	1,709	1,055	3,389
Purchases of investments	(45,975)	(38,205)	(80,826)
Sales of investments	59,490	46,269	85,868
Settlement of forward currency contracts	–	(12)	(12)
Net cash inflow from investing activities	13,515	8,052	5,030
Dividend paid	(4,299)	(3,917)	(3,917)
Repurchase and cancellation of the Company's own shares	(190)	(12,334)	(12,334)
Repayment of bank loans	(3,000)	–	–
Drawdown of bank loan	–	3,000	3,000
Net cash outflow from financing activities	(7,489)	(13,251)	(13,251)
Increase/(decrease) in cash and cash equivalents	7,735	(4,144)	(4,832)
Cash and cash equivalents at start of period	3,817	8,649	8,649
Cash and cash equivalents at end of period	11,552	4,505	3,817
Increase/(decrease) in cash and cash equivalents	7,735	(4,144)	(4,832)
Cash and cash equivalents consist of:			
Cash and short term deposits	286	250	250
Cash held in JPMorgan Sterling Liquidity Fund	11,266	4,255	3,567
Total	11,552	4,505	3,817

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31ST JANUARY 2019

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 2018 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies and including 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 financial statements have been prepared in accordance with the Companies Act 2006, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' of the 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' (the revised 'SORP') issued by the Association of Investment Companies in November 2014 and updated in February 2018.

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council ('FRC') in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 31st January 2019.

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

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 31st July 2018.

3. Return/(loss) per share

	(Unaudited) Six months ended 31st January 2019 £'000	(Unaudited) Six months ended 31st January 2018 £'000	(Audited) Year ended 31st July 2018 £'000
Return per share is based on the following:			
Revenue return	2,488	1,752	5,005
Capital (loss)/return	(38,728)	18,195	30,742
Total (loss)/return	(36,240)	19,947	35,747
Weighted average number of shares in issue ¹	79,635,219	83,343,400	81,533,205
Revenue return per share ¹	3.12p	2.10p	6.14p
Capital (loss)/return per share ¹	(48.63)p	21.83p	37.70p
Total (loss)/return per share¹	(45.51)p	23.93p	43.84p

¹ Comparative figures for the period ended 31st January 2018 and year ended 31st July 2018 have been restated following the sub-division of each existing ordinary share of 25p into five ordinary shares of 5p each on 30th November 2018.

4. Dividend paid

	(Unaudited) Six months ended 31st January 2019 £'000	(Unaudited) Six months ended 31st January 2018 £'000	(Audited) Year ended 31st July 2018 £'000
2018 final dividend of 5.4p (2017: 4.6p ¹)	4,299	3,917	3,917

All dividends paid in the period have been funded from the revenue reserve.

No interim dividend has been declared in respect of the six months ended 31st January 2019 (2018: nil).

¹ The dividend rate has been restated following the sub-division of each existing ordinary share of 25p into 5p each on 30th November 2018.

5. Net asset value per share

	(Unaudited) Six months ended 31st January 2019	(Unaudited) Six months ended 31st January 2018	(Audited) Year ended 31st July 2018
Net assets (£'000)	186,379	211,308	227,108
Number of shares in issue ¹	79,611,410	79,693,005	79,693,005
Net asset value per share¹	234.1p	265.2p	285.0p

¹ Comparative figures for the period ended 31st January 2018 and year ended 31st July 2018 have been restated following the sub-division of each existing ordinary share of 25p into five ordinary shares of 5p each on 30th November 2018.

6. Reconciliation of net (loss)/return on ordinary activities before finance costs and taxation to net cash outflow from operations before dividends and interest

	(Unaudited) Six months ended 31st January 2019 £'000	(Unaudited) Six months ended 31st January 2018 £'000	(Audited) Year ended 31st July 2018 £'000
Net (loss)/return on ordinary activities before finance costs and taxation	(36,010)	20,133	36,294
Add capital loss/(less capital return) on ordinary activities before finance costs and taxation	38,595	(18,289)	(30,962)
Scrip dividends received as income	–	(109)	(109)
Decrease in accrued income and other debtors	146	259	87
Decrease in accrued expenses	(28)	(69)	(20)
Management fee charged to capital	(633)	(644)	(1,303)
Tax on unfranked investment income	(153)	(48)	(219)
Effective Interest Rate (EIR) amortisation ¹	(27)	(43)	(69)
Dividends received	(3,008)	(2,317)	(5,907)
Interest received	(51)	(53)	(96)
Realised gain/(loss) on foreign currency transactions	5	(3)	(5)
Net cash outflow from operations before dividends and interest	(1,164)	(1,183)	(2,309)

¹ This relates to amortisation of the holding in Constellation Healthcare Technologies Inc. (Letter of Entitlement). As this is a non-cash item, this is removed for the preparation of the Statement of Cash Flows.

7. Fair valuation of investments

The fair value hierarchy disclosures required by FRS 102 are given below:

	(Unaudited) Six months ended 31st January 2019		(Unaudited) Six months ended 31st January 2018		(Audited) Year ended 31st July 2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	196,581	–	231,904	–	247,785	–
Level 3	811	–	–	–	–	–
Total	197,392	–	231,904	–	247,785	–

	(Unaudited) Six months ended 31st January 2019	(Unaudited) Six months ended 31st January 2018	(Audited) Year ended 31st July 2018
	Equity investments £'000	Equity investments £'000	Equity investments £'000
Level 3			
Opening balance	–	–	–
Purchase	–	–	–
Transfers into Level 3	1,321	–	–
Total losses included in losses on investments held at fair value through profit or loss in the Income Statement - on assets held at the year end	(510)	–	–
Closing balance¹	811	–	–

¹ Staffline temporarily suspended trading its shares on 30th January 2019. The valuation of the Staffline holding as at 31st January 2019 is based on its last traded share price on 30th January 2019 of 670p. Shares in Staffline resumed trading on 12th March 2019, closing at 840p.

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 have not changed significantly and fall into the following broad categories: corporate strategy; investment and performance; discount; smaller company investment; political (including Brexit) and economic; investment management team; market; accounting, legal and regulatory; corporate governance and shareholder relations; operational and cybercrime; and financial. Information on each of these areas is given in the Business Review within the Annual Report and Financial Statements for the year ended 31st July 2018.

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 and more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this half year financial report. 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 FRS 104 'Interim Financial Reporting' 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 2019, 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 OBE
Chairman

26th March 2019

Shareholder Information

Return to Shareholders (APM)

Total return to the shareholders, on a last traded price to last traded 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.

		Six months ended 31st January 2019	
Total return calculation	Page		
Opening share price (p)	3	243.0	(a)
Closing share price (p)	3	206.2	(b)
Total dividend adjustment factor ¹		1.025352	(c)
Adjusted closing share price (p) (d = b x c)		211.4	(d)
Total return to shareholders (e = d / a - 1)		-13.0%	(e)

¹ The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

Return on Net Assets (APM)

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, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

		Six months ended 31st January 2019	
Total return calculation	Page		
Opening cum-income NAV per share (p)	3	285.0	(a)
Closing cum-income NAV per share (p)	3	234.1	(b)
Total dividend adjustment factor ²		1.021994	(c)
Adjusted closing cum-income NAV per share (p) (d = b x c)		239.2	(d)
Total return on net assets (e = d / a - 1)		-16.1%	(e)

² The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

Benchmark Total Return

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

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

Gearing/(Net Cash) (APM)

Gearing represents the excess amount above net assets of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position.

Gearing calculation	Page	Six months ended 31st January 2019 £'000	Year ended 31st July 2018 £'000	
Investments held at fair value through profit or loss	16	197,392	247,785	(a)
Net assets	16	186,379	227,108	(b)
Gearing (c = a / b - 1)		5.9%	9.1%	(c)

Ongoing Charges (APM)

The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of the daily cum-income net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

The figure as at 31st January 2019 is an estimated annualised figure based on the numbers for the six months ended 31st January 2019.

Ongoing charges calculation	Page	Six months ended 31st January 2019 £'000	Year ended 31st July 2018 £'000	
Management Fee	14	1,810	1,861	
Other administrative expenses	14	450	354	
Total management fee and other administrative expenses		2,260	2,215	(a)
Average daily cum-income net assets		201,163	214,297	(b)
Ongoing charges (c = a / b)		1.12%	1.03%	(c)

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

If the share price of an investment trust is lower than the cum-income 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.

Composite Benchmark

The Company's benchmark from 1st January 2019 is the Numis Smaller Companies plus AIM Index (excluding Investment Companies). Prior to 1st January 2019, the Company's benchmark was the FTSE Small Cap Index (excluding Investment Trusts). The Company's six-month benchmark return to 31st January 2019 is a composite based upon five months (to 31st December 2018) using the FTSE Small Cap Index (excluding Investment Trusts) and one month using the Numis Smaller Companies plus AIM Index (excluding Investment Companies).

Composite benchmark calculation

Return for period 1st July 2018 to 31st December 2018: FTSE Small Cap. Index (excluding Investment Trusts)	-13.0%	(a)
Return for period 1st January 2019 to 31st January 2019: Numis Smaller Companies plus AIM Index (excluding Investment Trusts) ¹	+5.4%	(b)
Composite benchmark return (c = ((1 + a) x (1 + b)) - 1)	-8.3%	(c)

¹ Expressed in terms of the FTSE Small Cap Index (excluding Investment Trusts) for comparability.

You can invest in a J.P. Morgan investment trust through the following;

1. Directly from J.P. Morgan

Investment Account

The Company's shares are available in the J.P. Morgan Investment Account, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Investment Account should call J.P. Morgan Asset Management free on 0800 20 40 20 or visit its website at am.jpmorgan.co.uk/investor

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments with a J.P. Morgan ISA. For the 2018/19 tax year, from 6th April 2018 and ending 5th April 2019, the total ISA allowance is £20,000. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk/investor

2. Via a third party provider

Third party providers include:

AJ Bell	Hargreaves Lansdown
Alliance Trust Savings	Interactive Investor
Barclays Smart Investor	Selftrade
Charles Stanley Direct	The Share Centre
FundsNetwork	

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These websites are third party sites and J.P. Morgan Asset Management does not endorse or recommend any. Please observe each site's privacy and cookie policies as well as their platform charges structure.

3. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead. You can find an adviser at unbiased.co.uk

You may also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority (FCA) adviser charging and commission rules, visit fca.org.uk

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at www.fca.org.uk/consumers/report-scam-unauthorised-firm. You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at
www.fca.org.uk/scamsmart



FINANCIAL CALENDAR

Financial year end	31st July
Final results announced	October
Half year end	31st January
Half year results announced	March
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)
 Frances Davies
 Andrew Impey
 Andrew Robson
 Alice Ryder

Company Numbers

Company registration number: 2515996
 LEI: 549300PXALXKUMU9JM18

Ordinary shares

London Stock Exchange SEDOL: 0741600
 Bloomberg code: JMI LN
 ISIN: GB0007416000

Market Information

The Company's unaudited net asset value ('NAV') is published daily, via the London Stock Exchange.

The Company's shares are listed on the London Stock Exchange. The market price is shown 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 and J.P. Morgan ISA. These products are all available on the online service at jpmorgan.co.uk/online

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

60 Victoria Embankment
 London EC4Y 0JP
 Telephone number: 020 7742 4000

For Company Secretarial and administrative matters please contact Lucy Dina at the above address.

Depository

The Bank of New York Mellon (International) Limited
 1 Canada Square
 London E14 5AL

The Depository has appointed JPMorgan Chase Bank, N.A. as the Company's custodian.

Registrars

Equiniti Limited
 Reference 1139
 Aspect House
 Spencer Road
 Lancing
 West Sussex BN99 6DA
 Telephone number: 0371 384 2341

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more than a national rate call to a 01 or 02 number. Callers from overseas should dial +44 121 415 0225.

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

Independent Auditor

Ernst & Young LLP
 Statutory Auditor
 1 More London Place
 London SE1 2AF

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 and J.P. Morgan ISA, see contact details on the back cover of this report.

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The Association of
 Investment Companies

A member of the AIC

www.jpmsmallercompanies.co.uk

J.P. MORGAN HELPLINE

Freephone **0800 20 40 20** or +44 (0) 1268 444470.

Telephone lines are open Monday to Friday,
9am to 5.30pm.

Telephone calls may be recorded and monitored for security and training purposes.