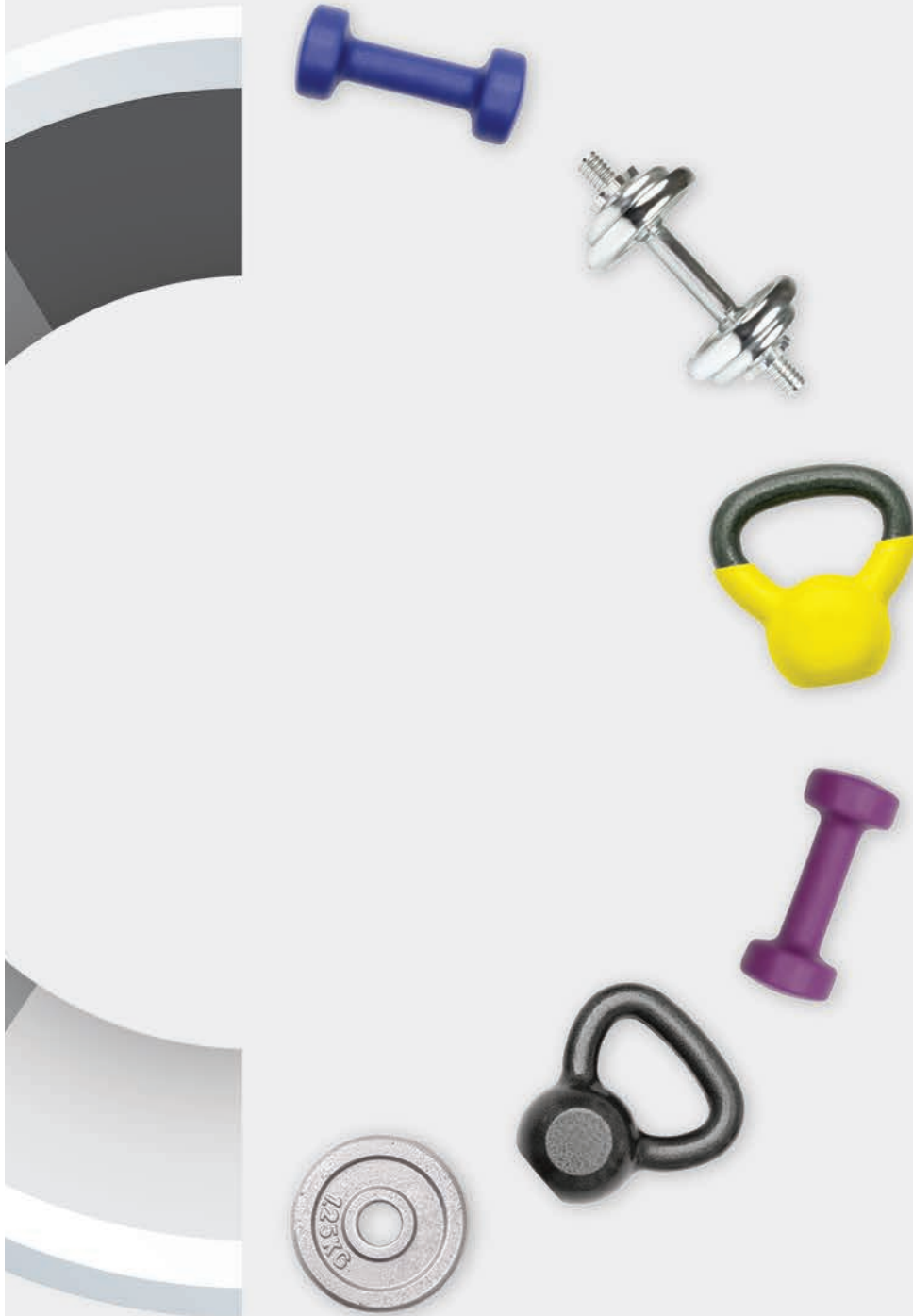


JPMorgan Smaller Companies Investment Trust plc

Half Year Report & Financial Statements for the six months ended 31st January 2020



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 (with the option to increase to £35 million) is in place and available for the investment manager to utilise. At 31st January 2020, £30 million was drawn down on the facility with the gearing level being 9.8% 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

- UK Domiciled.
- Premium listing on the London Stock Exchange.
- As at 31st January 2020, the Company's share capital comprised 79,611,410 ordinary shares of 5p each, including 1,559,741 shares held in Treasury.

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 (UK) Limited ('JPMAM').

Financial Conduct Authority ('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.

Half Year Performance

- 3 Financial Highlights

Chairman's Statement

- 6 Chairman's Statement

Investment Review

- 9 Investment Managers' Report
- 11 List of Investments
- 12 Sector Analysis

Financial Statements

- 14 Statement of Comprehensive Income
- 15 Statement of Changes in Equity
- 16 Statement of Financial Position
- 17 Statement of Cash Flows
- 18 Notes to the Financial Statements

Interim Management Report

- 22 Report

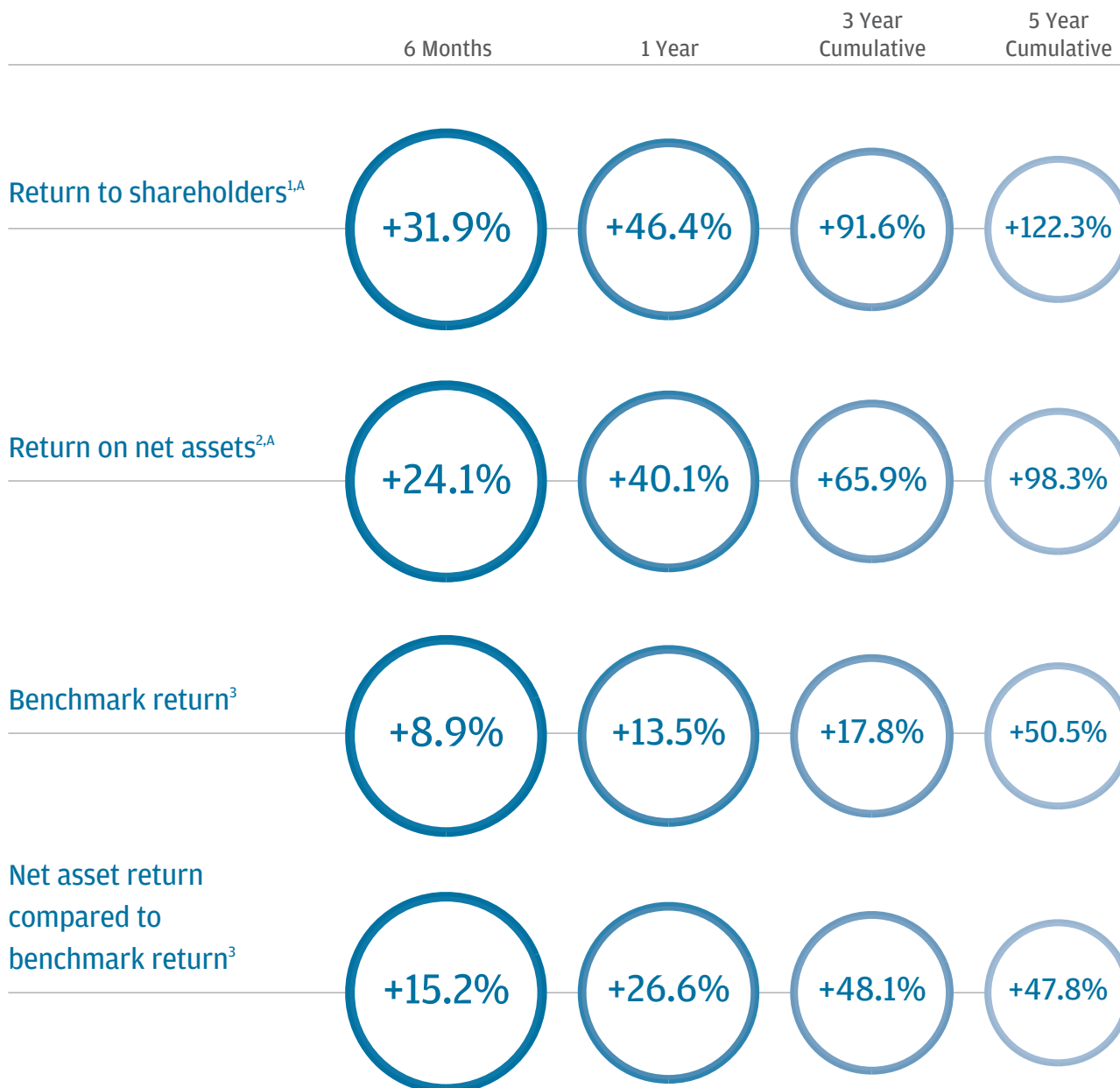
Shareholder Information

- 24 Glossary of Terms and Alternative Performance Measures ('APMs')
- 26 Where to buy J.P. Morgan Investment Trusts
- 27 Shareholder Information
- 29 Information about the Company

Half Year Performance

TOTAL RETURNS IN STERLING TERMS (INCLUDING DIVIDENDS REINVESTED)

TO 31ST JANUARY 2020

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).^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 24 and 25.

SUMMARY OF RESULTS

	31st January 2020	31st July 2019	% change
Shareholders' funds (£'000)	250,914	207,740	+20.8
Number of shares in issue	78,051,669	78,565,886	-0.7
Net asset value per share ¹	321.5p	264.4p	+21.6 ¹
Share price	295.0p	229.0p	+28.8 ²
Share price discount to net asset value per share ¹	8.2%	13.4%	
Gearing ¹	9.8%	8.7%	
Ongoing charges ¹	0.99%	1.11%	

¹ This return excludes dividends reinvested. Including dividends reinvested the return would be +24.1%.

² This return excludes dividends reinvested. Including dividends reinvested the return would be +31.9%.

¹ Alternative Performance Measure ("APM").

A glossary of terms and APMs is provided on pages 24 and 25.

Chairman's Statement



Andrew Impey
Chairman

Performance and discount

In his outgoing statement my predecessor sagely observed that, despite challenging circumstances and market volatility, patient and selective investment in good companies should be rewarded over time. Therefore, I am pleased to report that your company has performed strongly over the six months period ended 31st January 2020. Whilst unfolding events have overtaken this good news, the Company's total return on net assets of +24.1% (with net dividends reinvested) significantly outperformed the benchmark, the Numis Small Cap plus AIM (ex Investment Companies) Index, which delivered +8.9% (in sterling terms). In addition, the total return to shareholders was +31.9% as the net asset return was enhanced by a narrowing of the discount over the period.

This outperformance relative to the benchmark index is explained in the Investment Managers' Report which provides a detailed commentary on the portfolio positioning and their current outlook for investing in the UK.

Loan Facility and Gearing

The Company has a highly flexible borrowing facility of £25 million in place with Scotiabank which expired on 4th October 2019 and was then renewed with Scotiabank for a further year. Under the terms of the agreement, the Company has the option to increase the facility commitment amount to £35.0 million in two increments of £5.0 million subject to certain conditions. In January 2020, the Board increased the amount drawn down on the facility to £30.0 million, therefore taking advantage of the accordion facility in place. Given the increase in the net asset value of the company, this gave the managers sufficient additional funding to continue to adjust the gearing tactically within the guidelines.

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 and volatility. 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 6.1% to 10.2%, ending the half year at 9.8% geared. As at 24th March 2020 the Company's gearing had been reduced to 4.1%, with total borrowings of £30.0 million.

Share buybacks

During the six months to 31st January 2020 the Company repurchased 514,217 shares into Treasury for possible re-issue. These shares were acquired at an average discount of 15.2% enhancing net asset value per share by 0.254 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.

Board succession

As noted in the previous Annual Report, I took over as Chairman of the Company following the retirement of Michael Quicke at the Annual General Meeting ('AGM') in November 2019.

Looking 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 has commenced the search for a suitable candidate.

Outlook

Since the end of the reporting period, markets have been substantially affected by the economic uncertainty caused by the spread of COVID-19. This has been exacerbated by a slump in the price of oil and the unprecedented measures taken to combat the virus. The progression of the pandemic and its economic fallout is highly uncertain and markets dislike uncertainty. Consequently, share prices have been under severe pressure globally and, as a result, your company's net asset value has fallen by 37.9% to 199.6p as at 24th March 2020. The discount has also widened markedly. Globally, governments are taking extraordinary measures to try and limit the effect of the virus and the UK government and Bank of England have coordinated a series of significant initiatives. Whilst we await the progression and eventual economic outcome of these events, your managers' focus is, as ever, on assessing the quality and prospects for your investments. Current events not only present heightened risk but also opportunity and, given time, we hope to capitalise on these.

Andrew Impey
Chairman

25th March 2020



Georgina Brittain
Investment Manager



Katen Patel
Investment Manager

Performance and Market Background

2019 proved to be quite a year! While the global backdrop was one of continuing Middle Eastern agitation, ongoing (although slowly de-escalating) trade wars between China and the USA, and slowing global growth notably in Europe, caused by those trade wars, the main story for the UK stockmarket was all political. The first half of the financial year saw a new Prime Minister in situ, followed by the 31st October Brexit cliff-hanger, stalemate in Parliament, and then the December 2019 election. The outcome of the Election with its decisive victory and significant majority for the Conservatives, and the disappearance of the risk associated with a Corbyn-led Labour government, provided a level of certainty to UK politics that had been lacking for several years.

Against this backdrop, the UK small and mid cap indices performed very strongly. The Numis Smaller Companies plus AIM (ex Investment Companies) Index was up 8.9% over the six months. Your Company outperformed this significantly and produced a total return on net asset value of 24.1%. The decisive Conservative victory in the Election ended the political impasse and removed a significant degree of uncertainty over Brexit. This led to a sharp narrowing of the discount, leading to a share price total return of 31.9%

Portfolio

The strong outperformance of your Company over the first half of the financial year was broad-based. Many of our long-held positions produced very strong returns, among them Games Workshop, Judges Scientific and Avon Rubber. Other notable contributors included Dunelm, which we bought at the start of 2019, and Team 17, purchased at IPO in 2018. The only notable detractor from performance was not owning Frasers (the re-named Sports Direct).

We made a number of changes to the portfolio in the period. We exited two bid stocks, El Group and Eland, some mining companies such as Ferrexpo and Hochschild, and sold Marstons, Fevertree and Vitec. The money was re-invested into a range of new businesses, both domestic and international, including CVS (a veterinary company), Bank of Georgia and an IPO, Pebble Group (a supplier of promotional merchandise). As we drew closer to the UK Election, and the outcome became more clear, we also added to a number of our more domestically focussed holdings. Post the Election, we increased this tilt further, and at the end of January we had positioned the portfolio to have a 10% overweight exposure to the UK relative to our index. The last time we had any notable overweight exposure to the UK versus International companies was prior to the Referendum in 2016.

Outlook

Post the Election and Parliamentary approval of a withdrawal agreement from the EU, we believe the political outlook for the UK is clearer than it has been for several years. We now have a pro growth, pro investment Government in place and have already seen Government spending accelerating at its fastest pace in 15 years. The recent Budget confirmed this. Low interest rates, low inflation and very low unemployment all add to the more positive picture.

There are two caveats. First, this positive view is dependent on the outcome of the EU withdrawal negotiations this year, and also the progress of trade talks with the USA, Japan and other countries. Second, and clearly dominant, is the threat to the global economy from the coronavirus, COVID-19. If this pandemic is contained in a timely manner then, given the extraordinary measures of support we have seen from the Government, we would expect a very strong bounce back in markets, and the UK, and in particular the harder hit smaller companies, should participate. If, however, the rest of the world does not recover from the COVID-19 impact at the rate that China appears to have, then all markets, including the UK, will continue to struggle.

As discussed above, we repositioned the portfolio to benefit from the more positive outlook in the UK and at the end of the half year on 31st January 2020, we were 9.8% geared. As the impact of COVID-19 began to take effect, we have reduced our gearing level, in order to provide ourselves with firepower when we believe it is time to add to our holdings. Current valuations were supportive prior to the recent very sharp decline in stockmarkets, but clearly it is difficult if not impossible to foresee where earnings levels will turn out for this year. When the current situation, and companies' earnings, normalise, we believe valuation levels will look very attractive, but the timing is highly uncertain. Overall your Company holds a portfolio of high quality and strong cash-generating companies, many of which we expect to come out of the current situation with stronger market positions. As we have said before, our focus is on owning long term winners, and while there may of course be exceptions, we think that this testing time will prove this to be the case.

Georgina Brittain

Katen Patel

Investment Managers

25th March 2020

LIST OF INVESTMENTS

AT 31st JANUARY 2020

Company	Valuation £'000	Company	Valuation £'000	Company	Valuation £'000
CONSUMER SERVICES		FINANCIALS		TECHNOLOGY	
Dart ¹	8,925	OneSavings Bank	9,189	Softcat	7,258
Dunelm	8,812	Liontrust Asset Management	5,586	Computacenter	5,436
4imprint	8,341	Alpha FX ¹	4,290	Spirent Communications	4,796
Future	8,320	Sabre Insurance	4,011	Learning Technologies ¹	4,730
Pets at Home	5,006	Savills	3,729	FDM	3,234
Rank	3,414	Bank of Georgia	3,176	GB ¹	2,634
Go-Ahead	3,359	CLS	2,905	Kainos	2,228
Greggs	2,592	IntegraFin	2,833	D4T4 Solutions ¹	720
CVS ¹	2,238	TBC Bank	2,526		31,036
DFS Furniture	2,187	McKay Securities	1,754	OIL & GAS	
Euromoney Institutional Investor	1,891	Provident Financial	1,721	Premier Oil	2,890
Hollywood Bowl	1,582	Impax Asset Management ¹	1,693	Jadestone Energy ¹	2,536
Next Fifteen Communications ¹	1,523	S4 Capital	1,645	Energean Oil & Gas	2,258
Reach	1,134	Draper Esprit ¹	1,457		7,684
Pebble ¹	1,063	Mortgage Advice Bureau ¹	1,444	BASIC MATERIALS	
Huntsworth	939	Palace Capital	1,418	Anglo Pacific	2,321
On the Beach	585	Urban & Civic	1,307	Central Asia Metals ¹	1,529
	61,911	Tatton Asset Management ¹	1,290		3,850
INDUSTRIALS		Safestore	1,183	TELECOMMUNICATIONS	
Judges Scientific ¹	7,735	Argentex ¹	1,159	Telecom Plus	3,398
Forterra	6,777	Rockrose Energy	993		3,398
Avon Rubber	6,100	Equals ¹	223	HEALTH CARE	
Marshalls	5,720		55,532	SDI ¹	1,225
Oxford Instruments	5,397	CONSUMER GOODS		Bioventix ¹	897
Hill & Smith	4,803	Games Workshop	10,608		2,122
Wincanton	3,116	Team17 ¹	6,584	TOTAL INVESTMENTS	
Serco	2,490	MJ Gleeson	6,440		275,392
Morgan Sindall	2,471	Watkin Jones ¹	4,693	¹ AIM listed, totalling 27.8% of total investments (31st July 2019: 25.1%).	
Vesuvius	2,173	Vistry	4,653		
Keywords Studios ¹	1,968	Codemasters ¹	4,198		
Porvair	1,808	TI Fluid Systems	2,985		
Alpha Financial Markets Consulting ¹	1,671	Hilton Food	2,640		
Anexo ¹	1,528	Watches of Switzerland	1,919		
Augean ¹	1,492	Sumo ¹	1,805		
Robert Walters	1,440	Frontier Developments ¹	1,553		
Mind Gym ¹	1,386	Churchill China ¹	1,019		
Henry Boot	1,369		49,097		
RWS ¹	1,318				
	60,762				

SECTOR ANALYSIS

SECTOR ANALYSIS

	31st January 2020		31st July 2019	
	Portfolio % ¹	Benchmark ² %	Portfolio % ¹	Benchmark ² %
Consumer Services	22.5	16.9	20.3	18.2
Industrials	22.0	22.8	24.6	21.3
Financials	20.2	20.8	19.4	21.3
Consumer Goods	17.8	9.9	15.0	10.2
Technology	11.3	8.3	11.3	8.9
Oil & Gas	2.8	6.3	3.7	5.9
Basic Materials	1.4	6.0	4.0	6.8
Telecommunications	1.2	2.4	1.3	1.6
Health Care	0.8	5.4	0.4	5.1
Utilities	–	1.2	–	0.7
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £275.4m (2019: £225.8m).

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 2020

	(Unaudited) Six months ended 31st January 2020			(Unaudited) Six months ended 31st January 2019			(Audited) Year ended 31st July 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	–	46,515	46,515	–	(37,967)	(37,967)	–	(15,909)	(15,909)
Net foreign currency gains/(losses)	–	10	10	–	5	5	–	(4)	(4)
Income from investments	3,281	–	3,281	3,043	–	3,043	6,376	–	6,376
Interest receivable and similar income	21	–	21	39	–	39	71	–	71
Gross return/(loss)	3,302	46,525	49,827	3,082	(37,962)	(34,880)	6,447	(15,913)	(9,466)
Management fee	(265)	(618)	(883)	(272)	(633)	(905)	(534)	(1,245)	(1,779)
Other administrative expenses	(210)	–	(210)	(225)	–	(225)	(441)	–	(441)
Net return/(loss) before finance costs and taxation	2,827	45,907	48,734	2,585	(38,595)	(36,010)	5,472	(17,158)	(11,686)
Finance costs	(32)	(74)	(106)	(57)	(133)	(190)	(166)	(387)	(553)
Net return/(loss) before taxation	2,795	45,833	48,628	2,528	(38,728)	(36,200)	5,306	(17,545)	(12,239)
Taxation	(19)	–	(19)	(40)	–	(40)	(268)	–	(268)
Net return/(loss) after taxation	2,776	45,833	48,609	2,488	(38,728)	(36,240)	5,038	(17,545)	(12,507)
Return/(loss) per share (note 3)	3.55p	58.65p	62.20p	3.12p	(48.63)p	(45.51)p	6.33p	(22.05)p	(15.72)p

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 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 2020

	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 2020 (Unaudited)						
At 31st July 2019	3,981	25,895	2,903	167,440	7,521	207,740
Repurchase of shares into Treasury	–	–	–	(1,142)	–	(1,142)
Net return on ordinary activities	–	–	–	45,833	2,776	48,609
Dividend paid in the period (note 4)	–	–	–	–	(4,293)	(4,293)
At 31st January 2020	3,981	25,895	2,903	212,131	6,004	250,914
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
Year ended 31st July 2019 (Audited)						
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)
Repurchase of shares into Treasury	–	–	–	(2,354)	–	(2,354)
Costs relating to sub-division of shares	–	–	–	(18)	–	(18)
Net (loss)/return	–	–	–	(17,545)	5,038	(12,507)
Dividend paid in the year (note 4)	–	–	–	–	(4,299)	(4,299)
At 31st July 2019	3,981	25,895	2,903	167,440	7,521	207,740

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

STATEMENT OF FINANCIAL POSITION

AT 31ST JANUARY 2020

	(Unaudited) 31st January 2020 £'000	(Unaudited) 31st January 2019 £'000	(Audited) 31st July 2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	275,392	197,392	225,773
Current assets			
Debtors	1,014	1,689	2,489
Cash and cash equivalents	5,775	11,552	5,589
	6,789	13,241	8,078
Current liabilities			
Creditors: amounts falling due within one year	(31,267)	(24,254)	(26,111)
Net current liabilities	(24,478)	(11,013)	(18,033)
Total assets less current liabilities	250,914	186,379	207,740
Net assets	250,914	186,379	207,740
Capital and reserves			
Called up share capital	3,981	3,981	3,981
Share premium	25,895	25,895	25,895
Capital redemption reserve	2,903	2,903	2,903
Capital reserves	212,131	148,629	167,440
Revenue reserve	6,004	4,971	7,521
Total shareholders' funds	250,914	186,379	207,740
Net asset value per share (note 5)	321.5p	234.1p	264.4p

Company registration number: 2515996.

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31ST JANUARY 2020

	(Unaudited) Six months ended 31st January 2020 £'000	(Unaudited) Six months ended 31st January 2019 £'000	(Audited) Year ended 31st July 2019 £'000
Net cash outflow from operations before dividends and interest (note 6)	(1,138)	(1,164)	(2,264)
Dividends received	3,048	3,008	6,079
Interest received	38	51	119
Interest paid	(166)	(186)	(355)
Net cash inflow from operating activities	1,782	1,709	3,579
Purchases of investments	(53,339)	(45,975)	(104,183)
Sales of investments	51,243	59,490	110,307
Net cash (outflow)/inflow from investing activities	(2,096)	13,515	6,124
Dividend paid	(4,293)	(4,299)	(4,299)
Repurchase and cancellation of the Company's own shares	–	(190)	(190)
Repurchase of shares into Treasury	(1,171)	–	(2,325)
Costs relating to sub-division of shares	–	–	(18)
Fees in relation to aborted CULS issue	(33)	–	(99)
Repayment of bank loans	(4,000)	(3,000)	(6,000)
Drawdown of bank loan	10,000	–	5,000
Loan renewal fees	(3)	–	–
Net cash inflow/(outflow) from financing activities	500	(7,489)	(7,931)
Increase in cash and cash equivalents	186	7,735	1,772
Cash and cash equivalents at start of period	5,589	3,817	3,817
Cash and cash equivalents at end of period	5,775	11,552	5,589
Increase in cash and cash equivalents	186	7,735	1,772
Cash and cash equivalents consist of:			
Cash and short term deposits	253	286	722
Cash held in JPMorgan Sterling Liquidity Fund	5,522	11,266	4,867
Total	5,775	11,552	5,589

RECONCILIATION OF NET DEBT

	As at 31st July 2019 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st January 2020 £'000
Cash and cash equivalents				
Cash	722	(480)	11	253
Cash equivalents	4,867	655	–	5,522
	5,589	175	11	5,775
Borrowings				
Debt due within one year	(24,000)	(6,000)	–	(30,000)
	(24,000)	(6,000)	–	(30,000)
Total	(18,411)	(5,825)	11	(24,225)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31ST JANUARY 2020

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 2019 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 October 2019.

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 2020.

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 2019.

3. Return/(loss) per share

	(Unaudited) Six months ended 31st January 2020 £'000	(Unaudited) Six months ended 31st January 2019 £'000	(Audited) Year ended 31st July 2019 £'000
Return per share is based on the following:			
Revenue return	2,776	2,488	5,038
Capital return/(loss)	45,833	(38,728)	(17,545)
Total return/(loss)	48,609	(36,240)	(12,507)
Weighted average number of shares in issue	78,152,078	79,635,219	79,561,385
Revenue return per share	3.55p	3.12p	6.33p
Capital return/(loss) per share	58.65p	(48.63)p	(22.05)p
Total return/(loss) per share	62.20p	(45.51)p	(15.72)p

4. Dividend paid

	(Unaudited) Six months ended 31st January 2020 £'000	(Unaudited) Six months ended 31st January 2019 £'000	(Audited) Year ended 31st July 2019 £'000
2019 final dividend of 5.5p (2018: 5.4p ¹)	4,293	4,299	4,299

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.

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 2020 (2019: nil).

5. Net asset value per share

	(Unaudited) Six months ended 31st January 2020	(Unaudited) Six months ended 31st January 2019	(Audited) Year ended 31st July 2019
Net assets (£'000)	250,914	186,379	207,740
Number of shares in issue	78,051,669	79,611,410	78,565,886
Net asset value per share	321.5p	234.1p	264.4p

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 2020 £'000	(Unaudited) Six months ended 31st January 2019 £'000	(Audited) Year ended 31st July 2019 £'000
Net return/(loss) on ordinary activities before finance costs and taxation	48,734	(36,010)	(11,686)
Add capital loss/(less capital return) on ordinary activities before finance costs and taxation	(45,907)	38,595	17,158
(Increase)/decrease in accrued income and other debtors	(206)	146	35
Decrease in accrued expenses	(18)	(28)	(2)
Effective Interest Rate (EIR) amortisation ¹	(28)	(27)	(54)
Management fee charged to capital	(618)	(633)	(1,245)
Tax on unfranked investment income	(19)	(153)	(268)
Dividends received	(3,048)	(3,008)	(6,079)
Interest received	(38)	(51)	(119)
Realised gain/(loss) on foreign currency transactions	10	5	(4)
Net cash outflow from operations before dividends and interest	(1,138)	(1,164)	(2,264)

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 2020		(Unaudited) Six months ended 31st January 2019		(Audited) Year ended 31st July 2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	275,392	–	196,581	–	225,773	–
Level 3	–	–	811	–	–	–
Total	275,392	–	197,392	–	225,773	–

	(Unaudited) Six months ended 31st January 2020	(Unaudited) Six months ended 31st January 2019	(Audited) Year ended 31st July 2019
	Equity investments £'000	Equity investments £'000	Equity investments £'000
Level 3			
Opening balance	–	–	–
Purchase	–	–	–
Transfers into Level 3	–	1,321	1,321
Transfers out of 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

During 2020, the emergence of the virus COVID-19 (coronavirus) has created significant uncertainty for markets, and therefore risk to the value of investments and volatility. Other than this, 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 counterparty failure; 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 2019.

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 (including its liquidity) 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

Andrew Impey
Chairman

25th March 2020

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 2020	
Total return calculation	Page		
Opening share price (p)	3	229.0	(a)
Closing share price (p)	3	295.0	(b)
Total dividend adjustment factor ¹		1.023555	(c)
Adjusted closing share price (p) (d = b x c)		301.9	(d)
Total return to shareholders (e = d / a - 1)		31.9%	(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 2020	
Total return calculation	Page		
Opening cum-income NAV per share (p)	3	264.4	(a)
Closing cum-income NAV per share (p)	3	321.5	(b)
Total dividend adjustment factor ²		1.020359	(c)
Adjusted closing cum-income NAV per share (p) (d = b x c)		328.0	(d)
Total return on net assets (e = d / a - 1)		24.1%	(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.

Net asset value per share (APM)

The value of the Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please see note 5 on page 19 for detailed calculations.

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 2020 £'000	Year ended 31st July 2019 £'000	
Investments held at fair value through profit or loss	16	275,392	225,773	(a)
Net assets	16	250,914	207,740	(b)
Gearing (c = a / b - 1)		9.8%	8.7%	(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 2020 is an estimated annualised figure based on the numbers for the six months ended 31st January 2020.

Ongoing charges calculation	Page	Six months ended 31st January 2020 £'000	Year ended 31st July 2019 £'000	
Management Fee	14	1,766	1,779	
Other administrative expenses	14	420	441	
Total management fee and other administrative expenses		2,186	2,220	(a)
Average daily cum-income net assets		220,827	200,796	(b)
Ongoing charges (c = a / b)		0.99%	1.11%	(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.

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

1. Via a third party provider

Third party providers include:

AJ Bell	Hargreaves Lansdown
Barclays Smart Investor	Interactive Investor
Charles Stanley Direct	Selftrade
Fidelity FundsNetwork	The Share Centre
Halifax	

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.

The Board encourages all of its shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability to receive company documentation, to vote their shares and to attend general meetings, at no cost. Please refer to your investment platform for more details, or visit the Association of Investment Companies ('AIC') website at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms for information on which platforms support these services and how to utilise them.

2. 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

Andrew Impey (Chairman)
 Frances Davies
 Andrew Robson
 Alice Ryder

Company Numbers

Company registration number: 2515996
 LEI: 549300PXALXKUMU9JM18

Ordinary shares

London Stock Exchange SEDOL: BF7L8P1
 Bloomberg code: JMI LN
 ISIN: GB00BF7L8P11

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.

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.

Registrar

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

Broker

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



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