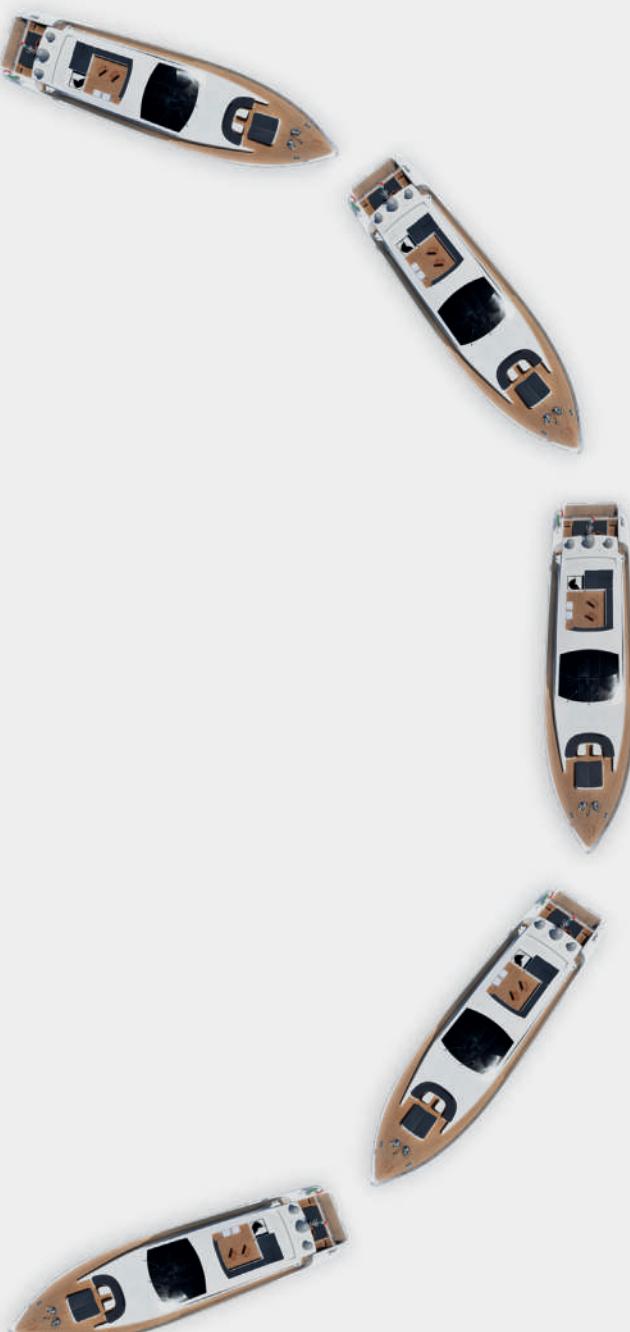
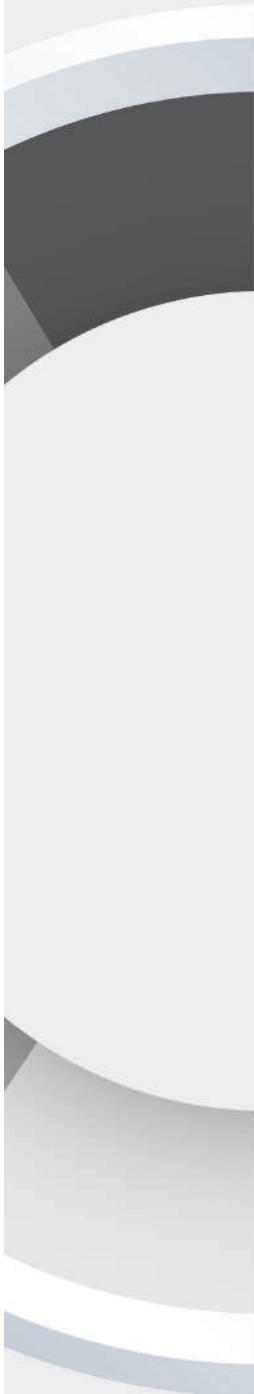


JPMorgan European Smaller Companies Trust plc

Half Year Report & Financial Statements for the six months ended 30th September 2020



KEY FEATURES

Objective

Capital growth from smaller European companies (excluding the United Kingdom).

Investment Policies

- To invest in a diversified portfolio of smaller companies in Europe, excluding the United Kingdom.
- To emphasise capital growth rather than income. Therefore shareholders should expect the dividend to vary from year to year.
- To manage liquidity and borrowings to increase potential returns to shareholders. The Board's current gearing policy is to be between 20% net cash and 20% geared.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

Risk

It should be noted that the Company invests in the shares of smaller companies, which tend to be more volatile than those of larger companies. The Company also employs gearing to generate greater returns. The Company's shares should therefore be regarded as carrying greater than average risk.

Benchmark

MSCI Europe (ex UK) small cap net total return index in sterling terms. (Prior to 31st March 2020, it was the Euromoney Smaller European Companies (ex UK) Total Return Index in sterling terms).

Capital Structure

At 30th September 2020, the Company's share capital comprised 159,462,885 ordinary shares of 5p each.

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 delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM').

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

The Company's website, which can be found at www.jpmeuropeansmallercompanies.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

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■ Investment Review

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- 15** Statement of Financial Position
- 16** Statement of Cash Flows
- 17** Notes to the Financial Statements

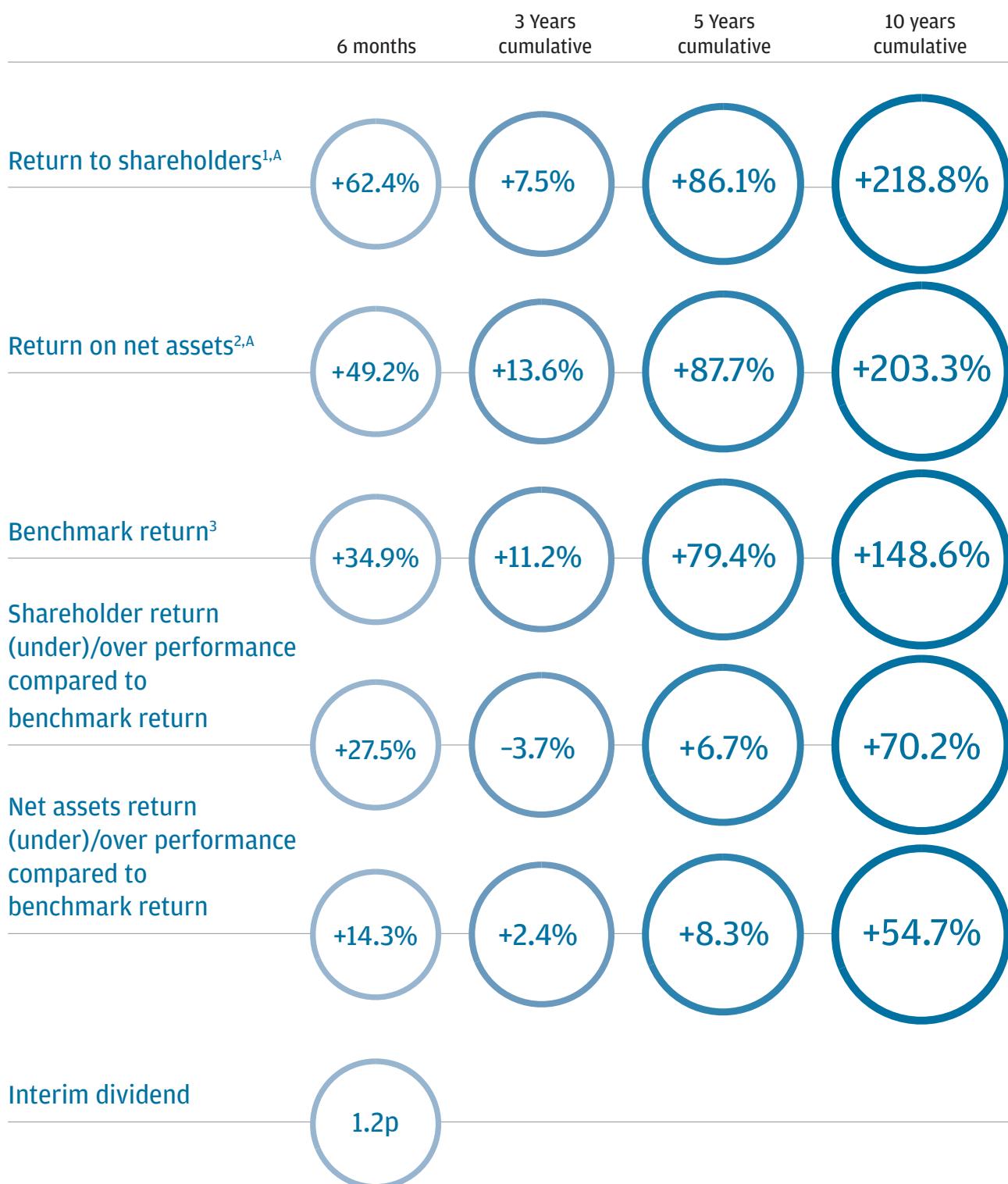
■ Interim Management Report

■ Shareholder Information

- 23** Glossary of Terms and Alternative Performance Measures ('APMs')
- 25** Where to buy J.P. Morgan Investment Trusts
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Half Year Performance

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED) TO 30TH SEPTEMBER 2020

¹ Source: Morningstar.² Source: Morningstar/J.P. Morgan, using net asset value per share.³ Source: Euromoney. The Company's benchmark is the MSCI Europe (ex UK) small cap net total return index.^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 23 and 24.

FINANCIAL HIGHLIGHTS

SUMMARY OF RESULTS

	30th September 2020	31st March 2020	% change
Shareholders' funds (£'000)	761,522	517,253	+47.2
Number of shares in issue	159,462,885	159,462,885	
Net asset value per share	477.6p	324.4p	+47.2 ¹
Share price	401.0p	251.0p	+59.8 ²
Share price discount to net asset value ^A	16.0%	22.6%	
Gearing^A	5.6%	3.8%	
Ongoing charges^A	0.93%	1.05%	

¹ % change, excluding dividends paid. Including dividend the return is +49.2%.

² % change, excluding dividends paid. Including dividends the return is +62.4%.

^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 23 and 24.

Chairman's Statement



Marc van Gelder
Chairman

Dear Shareholders,

I hope that you are all keeping safe and healthy during these uncertain times. When I published my annual statement in June, we were emerging from the severe, unprecedented restrictions imposed in March as a result of the Covid-19 pandemic and by that time equity markets had rebounded from their lows in March and April. Over the course of the first half of the Company's financial year, markets have stabilised and continued to rise.

Performance

I am very pleased to report that the Company recorded a total return on net assets of +49.2% in the six months to 30th September 2020, outperforming by some margin the Company's benchmark index, the MSCI Europe (ex UK) small cap net total return index in sterling terms, which returned +34.9% over the same period. This outperformance was almost entirely a result of positive stock selection, which is a credit to our Investment Managers, whose strategy of focusing on Technology, Wellness and Environmental themes is paying off. The total return to shareholders was +62.4%, reflecting the narrowing of the discount at which the Company's shares trade from 22.5% to 16.0% over the six months.

I would also highlight the Company's long term performance: over the five and ten year periods to 30th September 2020, the total return on net assets was +87.7% and +203.3%, respectively, outperforming the benchmark index total return by +8.3% and 54.7%, respectively.

The Investment Managers' Report that follows provides a review of markets, more detail on the performance drivers within the portfolio and the stocks and countries in which the Company is invested.

Revenue and Dividends

Gross revenue return for the six months to 30th September 2020 was significantly lower than the corresponding period in 2019 at 4.46 pence per share (2019: 6.91 pence), reflecting the fact that many companies either cut or cancelled their dividends as a result of the Covid-19 pandemic. However, the Board has decided to maintain the interim dividend of 1.2 pence per share (2019: 1.2 pence) which will be paid on 22nd January 2021 to shareholders on the register as at 18th December 2020 (the ex-dividend date will be 17th December 2020). The Board will keep this under review and take into account the income received and the level of the Company's revenue reserves when determining the final dividend for the year in 2021.

Discount Management and Share Repurchases

The discount of the Company's share price to the net asset value narrowed from 22.5% at the beginning of the financial year, at a time of market turmoil due to the impact of Covid-19, to 16.0% at the end of the half year. Since the half year end, it has continued to narrow and at the time of writing, the Company's shares are trading on a discount of approximately 9.3%. The Board continues to monitor closely the level of the discount and considers its ability to repurchase shares to minimise the short term volatility and the absolute level of the discount of prime importance. However, no shares were repurchased in the six months to 30th September 2020.

Environmental, Social and Governance ('ESG')

As highlighted in the 2020 Annual Report, ESG issues have been integrated into the Investment Managers' investment processes and as a result ESG issues are considered at every stage of the decision making process. For more details, please refer to Page 8 of the 2020 Annual Report which can be found on the Company's website at: www.jpmeuropeansmallercompanies.co.uk

Outlook

In the short term, it is likely that the Covid-19 pandemic will continue to weigh on business activity in Europe, and with it on the fortunes of the smaller company sector in which we invest. What impact the recent approval of various vaccines and their future roll out will have on economies is difficult to predict given the lack of historical precedence. However, they do sign post finally a path towards a return to normalcy. Your Company's portfolio has a significant exposure to industries and companies that are positioned for such a recovery. The Board thus remains confident that the companies in which we are invested are well placed to survive these troubled and uncertain times and have the ability to flourish again once this crisis is behind us.

Marc van Gelder
Chairman

10th December 2020



Francesco Conte
Investment Manager

Review

During the six months to 30th September 2020, equity markets recovered strongly from the Covid-19 related sell-off at the end of the first quarter of 2020 which saw markets plunge at the sharpest rate since the 1929 financial crisis. A reduction in the number of new Covid-19 infections and the gradual lifting of lockdown restrictions boosted investor sentiment. The commitment by governments and central banks to fully support the economy and to protect jobs also helped to mitigate concerns around the magnitude of the impact to the economy and the speed and shape of its eventual rebound. However, progress stalled in September as Covid-19 infection rates began to rise again, making the speed of the economic recovery more uncertain.

With such strong central bank and government support, smaller companies outperformed large caps. During the six month period, the MSCI Europe (ex UK) sterling adjusted TR Index and the benchmark MSCI Europe (ex UK) Small Cap sterling adjusted TR Index rose by 19.5 per cent and 34.9 per cent respectively.

Portfolio

With a return on net assets of +49.2 per cent over the six months to 30th September 2020, the portfolio outperformed its benchmark by 14.3 per cent.

Top performers included Swiss and German online pharmacies, Zur Rose and Shop Apotheke, after the German government passed a law to mandate e-prescriptions; and Ipsen, the French pharmaceutical company, following positive newsflow regarding its drug pipeline. We also saw a continuation of ESG (environmental, social & governance)-related outperformance with top performers including renewable energy operators Solaria Energia (Spain) and Encavis (Germany) whose solid growth prospects have been unaffected by the Covid-19 crisis.

Detractors from performance included Swiss insurance companies Helvetia and Baloise, which suffered from the low interest rate environment; and Alstria Office, the German office REIT, as working from home threatened demand for office real estate. Renewable energy operator Falck Renewables and specialty vegetable oil manufacturer AAK also underperformed due to profit taking following strong performances.

During the period we added a number of companies with merger and acquisition rollup stories that should continue to generate growth independent of the economic environment. These included Beijer Ref and Indutrade, two high quality industrials, and Compugroup Medical, a developer of software solutions for the healthcare sector that should benefit from the implementation of e-prescriptions in Germany. We also selectively invested in fundamentally high quality companies that are experiencing near-term headwinds due to Covid-19, but where we see significant medium term upside potential. These include CTS Eventim, the German online ticketing platform; ENAV, the Italian air traffic control operator; Pandox, the Swedish real estate company focused on hotels; Technogym, the Italian manufacturer of premium fitness equipment; and Valeo, the French automotive components manufacturer which is a leader in vehicle electrification. While the timing of the recovery of these stocks is difficult to forecast, we see them as "recovery options" with significant upside potential over the medium term as the economic environment normalises.

We participated in two IPOs: Value, a Norwegian technology company offering a software platform for smart grid management, which we expect to benefit from increasing electricity grid complexity as renewables gain share in the energy mix; and GVS, an Italian manufacturer of niche filtration solutions that is operating in structurally growing markets (healthcare and air quality).

To fund these investments we divested from a number of companies with deteriorating operational momentum. These included Remy Cointreau (spirits) and Huhtamaki (food packaging), due to concerns that sales from on-trade channels (restaurants, bars, hotels, airports) will recover more slowly than initially expected. We also reduced our exposure to the cyclically exposed construction sector by selling Uponor and Caverion. We sold out of Korian as their care homes were affected by high mortality rates due to Covid-19. We also sold a number of positions we felt had become too expensive following significant



Edward Greaves
Investment Manager

outperformance. These included Belimo, the Swiss manufacturer of actuators for heating and ventilation systems, which had been very resilient through the crisis; and Shop Apotheke, the German online pharmacy, which enjoyed robust demand for delivery of over the counter drugs as people were required to stay at home.

During the period, Electricity (renewable energy) and Software & Computer Services remained the largest sector overweight positions, while Capital Goods grew to become the third largest. Financial Services and Real Estate remained the largest underweight positions. Italy and France grew to be the portfolio's largest country overweights as we reduced the weight of defensive Swiss stocks and added recovery options. Finland grew to be the largest underweight position, followed by Sweden.

Gearing increased over the six month period to 5.6 per cent, from 3.8 per cent at the start of the period.

Outlook

As we write, European markets have recouped close to 80% of the fall that took place from mid-February to mid-March as a result of unprecedented government and central bank support. While most companies enjoyed a sequential recovery during the third quarter, many of them highlighted the uncertainty caused by the Covid-19 "second wave". Despite this, we are pleased to report that in early October, the Company's share price reached an all-time high.

In the United States, Joe Biden won the US presidential election although the Democratic "Blue Wave" did not materialise. With Republicans likely to remain in control of the senate, major policy shifts are unlikely. As a result of reduced future uncertainty, equity markets reacted positively. President-elect Biden's environmental agenda should help raise awareness about the fight against climate change, supporting renewable energy operators and other environmentally-friendly business models.

On 9th November, Pfizer and BioNTech announced very positive trial data for their potential Covid-19 vaccine. This led to a sharp reversal in recent trends, with global value seeing its biggest daily gain relative to global growth in more than 20 years. The "recovery options" we had gradually been adding to the portfolio performed extremely strongly, enabling the Company to outperform its benchmark on the day. Just as the Covid-19 pandemic underpinned the themes of environmental improvement, technological progress and wellness, we expect the vaccine will further reinforce them. We hold many world leaders in markets that should grow regardless of the pace of recovery.

Francesco Conte
Edward Greaves
Investment Managers

10th December 2020

PORTFOLIO INFORMATION

LIST OF INVESTMENTS

AT 30TH SEPTEMBER 2020

Company	Valuation £'000	Company	Valuation £'000	Company	Valuation £'000
SWITZERLAND		FRANCE		NORWAY	
SIG Combibloc	27,203	Ipsen	19,462	Scatec Solar	16,876
ams	26,427	Valeo	17,241	TOMRA Systems	11,169
Siegfried	25,021	Sopra Steria	16,394		28,045
Zur Rose	13,686	Nexans	15,872		
Cembra Money Bank	13,620	CNP Assurances	14,366		
Baloise	11,935	Alten	13,636		
Helvetia	11,517	IPSOS	11,807		
Emmi	8,639	Euronext	8,573		
Kardex	8,094				
	146,142		117,351		
SWEDEN		GERMANY		BELGIUM	
Bravida Holding	26,594	Encavis	22,359	Warehouses De Pauw, CVA	17,719
AF Poyry	15,558	Software	17,385		17,719
Sweco	14,186	Stroer	15,265		
Indutrade	13,199	Bechtle	14,079		
AAK	11,668	CTS Eventim	13,316		
Swedish Orphan Biovitrum	11,164	MTU Aero Engines	12,438		
Nyfosa	10,979	CompuGroup Medical	7,608		
Beijer Ref	7,329	DFV Deutsche Familienversicherung	2,721		
Pandox	7,097				
Vitrolife	5,218		105,171		
	122,992	NETHERLANDS			
ITALY		ASM International	24,625		
Amplifon	17,713	Signify	21,757		
Reply	17,655	IMCD	16,398		
Falck Renewables	17,070	Aalberts	14,240		
Prysmian	14,553	BE Semiconductor Industries	12,934		
Sanlorenzo	12,031	Arcadis	8,074		
Interpump	9,626				
Enav	7,555		98,028		
ERG	7,446	DENMARK			
Technogym	7,048	SimCorp	12,361		
Unipol Gruppo	6,849	Royal Unibrew	11,174		
	117,546	ROCKWOOL International	7,675		
					31,210

GEOGRAPHICAL ANALYSIS

	at 30th September 2020		at 31st March 2020	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Switzerland	18.2	14.9	22.0	13.6
Sweden	15.3	20.6	9.7	14.2
Italy	14.6	7.8	13.3	9.7
France	14.6	7.9	14.2	10.1
Germany	13.1	15.2	11.4	16.0
Netherlands	12.2	6.0	12.8	4.6
Denmark	3.9	4.8	4.6	4.5
Norway	3.5	5.4	4.1	4.5
Spain	2.4	4.8	2.3	6.0
Belgium	2.2	4.1	3.4	6.1
Finland	—	4.8	2.2	4.8
Austria	—	2.0	—	3.9
Ireland	—	1.1	—	1.0
Portugal	—	0.6	—	1.0
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £804.0m (31st March 2020: £537.0m).

SECTOR ANALYSIS

	at 30th September 2020		at 31st March 2020	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Industrials	27.9	25.5	22.9	22.3
Information Technology	19.3	10.5	18.5	8.8
Health Care	10.7	10.3	14.0	10.9
Utilities	10.4	3.6	12.8	3.4
Financials	8.7	11.6	6.4	13.1
Consumer Staples	5.6	5.8	7.5	6.3
Consumer Discretionary	5.4	8.6	2.2	9.0
Communication Services	5.0	5.1	3.8	6.1
Real Estate	3.6	10.6	5.3	10.5
Materials	3.4	6.6	6.6	7.5
Energy	—	1.8	—	2.1
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £804.0m (31st March 2020: £537.0m).

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2020

	(Unaudited) Six months ended 30th September 2020			(Unaudited) Six months ended 30th September 2019			(Audited) Year ended 31st March 2020		
	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	–	248,387	248,387	–	29,815	29,815	–	(113,854)	(113,854)
Foreign exchange gains/(losses) on liquidity fund	–	1,365	1,365	–	(102)	(102)	–	505	505
Net foreign currency losses	–	(1,601)	(1,601)	–	(103)	(103)	–	(2,611)	(2,611)
Income from investments	7,671	–	7,671	13,642	–	13,642	14,823	–	14,823
Interest receivable and similar income	340	–	340	117	–	117	254	–	254
Gross return/(loss)	8,011	248,151	256,162	13,759	29,610	43,369	15,077	(115,960)	(100,883)
Management fee	(810)	(1,890)	(2,700)	(937)	(2,186)	(3,123)	(1,885)	(4,399)	(6,284)
Other administrative expenses	(367)	–	(367)	(358)	–	(358)	(723)	–	(723)
Net return/(loss) before finance costs and taxation	6,834	246,261	253,095	12,464	27,424	39,888	12,469	(120,359)	(107,890)
Finance costs	(145)	(334)	(479)	(31)	(72)	(103)	(171)	(398)	(569)
Net return/(loss) before taxation	6,689	245,927	252,616	12,433	27,352	39,785	12,298	(120,757)	(108,459)
Taxation	423	–	423	(1,421)	–	(1,421)	(1,412)	–	(1,412)
Net return/(loss) after taxation	7,112	245,927	253,039	11,012	27,352	38,364	10,886	(120,757)	(109,871)
Return/(loss) per share (note 3)	4.46p	154.22p	158.68p	6.91p	17.15p	24.06p	6.83p	(75.73)p	(68.90)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/year and also the total comprehensive income.

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 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 30th September 2020 (Unaudited)						
At 31st March 2020						
At 31st March 2020	7,974	1,312	7,662	487,512	12,793	517,253
Net return	—	—	—	245,927	7,112	253,039
Dividends paid in the period (note 4)	—	—	—	—	(8,770)	(8,770)
At 30th September 2020	7,974	1,312	7,662	733,439	11,135	761,522
Six months ended 30th September 2019 (Unaudited)						
At 31st March 2019						
At 31st March 2019	7,974	1,312	7,662	608,269	12,591	637,808
Net return	—	—	—	27,352	11,012	38,364
Dividend paid in the period (note 4)	—	—	—	—	(8,771)	(8,771)
At 30th September 2019	7,974	1,312	7,662	635,621	14,832	667,401
Year ended 31st March 2020 (Audited)						
At 31st March 2019						
At 31st March 2019	7,974	1,312	7,662	608,269	12,591	637,808
Net (loss)/return	—	—	—	(120,757)	10,886	(109,871)
Dividends paid in the year (note 4)	—	—	—	—	(10,684)	(10,684)
At 31st March 2020	7,974	1,312	7,662	487,512	12,793	517,253

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

STATEMENT OF FINANCIAL POSITION

AT 30TH SEPTEMBER 2020

	(Unaudited) 30th September 2020 £'000	(Unaudited) 30th September 2019 £'000	(Audited) 31st March 2020 £'000
Fixed assets			
Investments held at fair value through profit or loss	804,024	670,087	537,036
Current assets			
Derivative financial assets	—	—	16
Debtors	4,703	1,748	11,226
Cash and cash equivalents	34,797	18,214	106,257
	39,500	19,962	117,499
Current liabilities			
Creditors: amounts falling due within one year	(366)	(22,647)	(26,668)
Derivative financial liabilities	—	(1)	—
Net current assets/(liabilities)	39,134	(2,686)	90,831
Total assets less current liabilities	843,158	667,401	627,867
Creditors: amounts falling due after more than one year	(81,636)	—	(110,614)
Net assets	761,522	667,401	517,253
Capital and reserves			
Called up share capital	7,974	7,974	7,974
Share premium	1,312	1,312	1,312
Capital redemption reserve	7,662	7,662	7,662
Capital reserves	733,439	635,621	487,512
Revenue reserve	11,135	14,832	12,793
Total shareholders' funds	761,522	667,401	517,253
Net asset value per share (note 5)	477.6p	418.5p	324.4p

The financial statements on pages 13 to 19 were approved and authorised for issue by the Directors on 10th December 2020 and signed on their behalf by:

Marc van Gelder

Director

The notes on pages 17 to 19 form an integral part of these financial statements.

The Company's registration number is 2431143.

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2020

	(Unaudited) Six months ended 30th September 2020 £'000	(Unaudited) Six months ended 30th September 2019 £'000	(Audited) Year ended 31st March 2020 £'000
Net cash outflow from operations before dividends and interest (note 6)	(1,108)	(3,901)	(6,152)
Dividends received	6,160	11,892	12,935
Interest received	–	1	1
Overseas tax recovered	626	455	568
Interest paid	(519)	(158)	(429)
Net cash inflow from operating activities	5,159	8,289	6,923
Purchases of investments and derivatives	(317,362)	(493,898)	(980,965)
Sales of investments and derivatives	280,322	470,427	954,435
Settlement of forward currency contracts	177	197	102
Net cash outflow from investing activities	(36,863)	(23,274)	(26,428)
Dividends paid	(8,770)	(8,771)	(10,684)
Drawdown of bank loans	–	13,377	108,262
Repayment of bank loans	(30,510)	–	–
Net cash (outflow)/inflow from financing activities	(39,280)	4,606	97,578
(Decrease)/increase in cash and cash equivalents	(70,984)	(10,379)	78,073
Cash and cash equivalents at start of period	106,257	28,596	28,596
Exchange movements	(476)	(3)	(412)
Cash and cash equivalents at end of period	34,797	18,214	106,257
(Decrease)/increase in cash and cash equivalents	(70,984)	(10,379)	78,073
Cash and cash equivalents consist of:			
Cash and short term deposits	248	926	60,227
Cash held in JPMorgan Euro Liquidity Fund	34,549	17,288	46,030
Total	34,797	18,214	106,257

RECONCILIATION OF NET DEBT

	As at 31st March 2020 £'000	Cash flows £'000	Other non-cash charges £'000	As at 30th September 2020 £'000
Cash and cash equivalents:				
Cash	60,227	(59,983)	4	248
Cash equivalents	46,030	(11,001)	(480)	34,549
	106,257	(70,984)	(476)	34,797
Borrowings				
Debt due within one year	(110,614)	30,510	(1,532)	(81,636)
	(110,614)	30,510	(1,532)	(81,636)
Total	(4,357)	(40,474)	(2,008)	(46,839)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 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 March 2020 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, 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 30th September 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 March 2020.

3. Return/(loss) per share

	(Unaudited) Six months ended 30th September 2020 £'000	(Unaudited) Six months ended 30th September 2019 £'000	(Audited) Year ended 31st March 2020 £'000
Return/(loss) per share is based on the following:			
Revenue return	7,112	11,012	10,886
Capital return/(loss)	245,927	27,352	(120,757)
Total return/(loss)	253,039	38,364	(109,871)
Weighted average number of shares in issue	159,462,885	159,462,885	159,462,885
Revenue return per share	4.46p	6.91p	6.83p
Capital return/(loss) per share	154.22p	17.15p	(75.73)p
Total return/(loss) per share	158.68p	24.06p	(68.90)p

NOTES TO THE FINANCIAL STATEMENTS

4. Dividends paid

	(Unaudited) Six months ended 30th September 2020 £'000	(Unaudited) Six months ended 30th September 2019 £'000	(Audited) Year ended 31st March 2020 £'000
2020 final dividend of 5.5p (2019: 5.5p) per share	8,770	8,771	8,770
2020 interim dividend of 1.2p per share	—	—	1,914
Total dividends paid in the period/year	8,770	8,771	10,864

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

An interim dividend of 1.2p (2019: 1.2p) has been declared in respect of the six months ended 30th September 2020, amounting to £1,914,000.

5. Net asset value per share

	(Unaudited) Six months ended 30th September 2020	(Unaudited) Six months ended 30th September 2019	(Audited) Year ended 31st March 2020
Net assets (£'000)	761,522	667,401	517,253
Number of shares in issue	159,462,885	159,462,885	159,462,885
Net asset value per share	477.6p	418.5p	324.4p

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

	(Unaudited) Six months ended 30th September 2020 £'000	(Unaudited) Six months ended 30th September 2019 £'000	(Audited) Year ended 31st March 2020 £'000
Net return/(loss) before finance costs and taxation	253,095	39,888	(107,890)
(Less capital return)/add capital loss before finance costs and taxation	(246,261)	(27,424)	120,359
Scrip dividends received as income	(407)	(916)	(916)
Decrease in accrued income and other debtors	23	654	633
(Decrease)/increase in accrued expenses	(14)	(44)	70
Management fee allocated to capital	(1,890)	(2,186)	(4,399)
Overseas withholding tax	(1,104)	(1,471)	(1,609)
Dividends received	(6,160)	(11,892)	(12,935)
Interest received	—	(1)	(1)
Realised (losses)/gains on foreign exchange transactions	(235)	(407)	1,230
Realised exchange gains/(losses) on liquidity	1,845	(102)	(694)
Net cash outflow from operations before dividends and interest	(1,108)	(3,901)	(6,152)

7. Fair valuation of investments

The fair value hierarchy analysis for financial instruments held at fair value at the period end is as follows:

	(Unaudited) Six months ended 30th September 2020		(Unaudited) Six months ended 30th September 2019		(Audited) Year ended 31st March 2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	804,024	—	670,087	—	537,036	—
Level 2 ¹	—	—	—	(1)	16	—
Total	804,024	—	670,087	(1)	537,052	—

¹ Includes forward foreign currency contracts.

Interim Management Report

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

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment underperformance and strategy; market and currency; accounting, legal and regulatory; operational; cyber crime, financial, corporate governance and shareholder relations, implication of Brexit, pandemic risk and emerging risks. Information on these areas is given within the Annual Report and Financial Statements for the year ended 31st March 2020.

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.

Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, the nature of the portfolio and expenditure projections, taking into account the impact of Covid-19 on the revenue expected from underlying investments in these projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. More specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operation existence for at least twelve months from the date of the approval of this half yearly financial report. The Company's investments are in quoted securities which are readily realisable and exceed its liabilities significantly. Gearing levels and compliance with loan notes covenants are reviewed by the Board on a regular basis. The Company's key third party suppliers, including its Manager, are not experiencing any operational difficulties to adversely affect their services to the Company. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements.

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 Reports' and gives a true and fair view of the state of affairs of the Company and of the assets, liabilities, financial position and net return of the Company, as at 30th September 2020, as required by the UK Listing Authority Disclosure Guidance 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 Guidance 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

Marc van Gelder

Chairman

10th December 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.

Total return calculation	Six months ended		
	Page	30th September 2020	
Opening share price (p)	4	251.0	(a)
Closing share price (p)	4	401.0	(b)
Total dividend adjustment factor ¹		1.016296	(c)
Adjusted closing share price (d = b x c)		407.5	(d)
Total return to shareholders (e = d / a - 1)		62.4%	(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.

Total return calculation	Six months ended		
	Page	30th September 2020	
Opening NAV per share (p)	4	324.4	(a)
Closing NAV per share (p)	4	477.6	(b)
Total dividend adjustment factor ¹		1.013643	(c)
Adjusted closing NAV per share (d = b x c)		484.1	(d)
Total return on net assets (e = d / a - 1)		49.2%	(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 NAV at the ex-dividend date.

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

Benchmark 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.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES ('APMs')

Gearing/(Net Cash) (APM)

Gearing represents the excess amount above shareholders' funds 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	30th September	31st March
		2020 £'000	2020 £'000
Investments held at fair value through profit or loss	15	804,024	537,036
Net assets	15	761,522	517,253
Gearing/(net cash) (c = a / b - 1)		5.6%	3.8%
			(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 30th September 2020 is an estimated annualised figure based on the numbers for the six months ended 30th September 2020.

Ongoing charges calculation	Page	30th September	31st March
		2020 £'000	2020 £'000
Management Fee	13	5,400	6,284
Other administrative expenses	13	734	723
Total management fee and other administrative expenses		6,134	7,007
Average daily cum-income net assets		660,489	664,723
Ongoing charges (c = a / b)		0.93%	1.05%
			(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 NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share.

The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

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 You Invest	Fidelity Personal Investing
Barclays Smart Investor	Halifax Share Dealing
Charles Stanley Direct	Hargreaves Lansdown
EQI	Interactive Investor

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



INFORMATION ABOUT THE COMPANY

FINANCIAL CALENDAR

Financial year end	31st March
Final results announced	May/June
Half year end	30th September
Half year results announced	November/December
Annual General Meeting	July
Dividend	January/July

History

On 24th April 1990, the Company acquired the undertaking and assets of Fleming European Fledgeling Fund Limited (the 'Fund') in exchange for the issue of its shares and warrants. The Fund was an open-ended, unquoted investment company based in Jersey and formed in June 1987 with the same objectives and investment policies as the Company. The Company adopted its present name in July 2010.

Directors

Marc van Gelder (Chairman)
Tanya Cordrey
Ashok Gupta
Nicholas Smith
Stephen White

Company Numbers

Company registration number: 2431143
London Stock Exchange number: 0341969
ISIN: GBOOBMTSOZ37
Bloomberg code: JESC LN
LEI: 54930049CEWDI46Y3U28

Market Information

The Company's net asset value ('NAV') per share is published daily, via the London Stock Exchange. The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, and on the Company's website at www.jpmeuropeansmallercompanies.co.uk, where the share price is updated every 15 minutes during trading hours.

Website

www.jpmeuropeansmallercompanies.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: 020 7742 4000

For company secretarial issues and administrative matters, please contact Priyanka Vijay Anand at invtrusts.cosec@jpmorgan.com.



The Association of
Investment Companies

A member of the AIC

Depositary

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

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

Registrars

Equiniti Limited
Reference 1083
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Telephone: 0371 384 2325

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 1083.

Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk

Independent Auditors

Ernst & Young LLP
Chartered Accountants and Statutory Auditors
25 Churchill Place, Canary Wharf
London E14 5EY

Brokers

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

FCA regulation of 'non-mainstream pooled investments' and 'Complex Instruments'

The Company currently conducts its affairs so that the shares it issues can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority ('FCA') 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 ordinary shares are not considered to be 'complex instruments' under the FCA's 'Appropriateness' rules and guidance in the Conduct of Business sourcebook.

CONTACT

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J.P.Morgan
Asset Management