



# JPMorgan European Discovery Trust plc

Uncovering Europe's hidden gems

Half Year Report & Financial Statements  
for the six months ended 30th September 2022

## Key Features

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### Objective

Capital growth from smaller Continental European companies.

### Investment Policies

- To invest in a diversified portfolio of high-quality smaller companies in Continental Europe.
- 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.

### Capital Structure

At 30th September 2022, the Company's share capital comprised 157,474,931 ordinary shares of 5p each.

### Management Company

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager' or the 'Investment Manager') as its Alternative Investment Fund Manager. 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.jpmeuropeandiscovery.co.uk](http://www.jpmeuropeandiscovery.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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## Financial Highlights

## Total returns (including dividends reinvested) to 30th September 2022

	6 months	3 years Cumulative	5 years Cumulative	10 years Cumulative
Return to shareholders <sup>1,A</sup>	-19.8%	+4.5%	-1.7%	+212.2%
Return on net assets <sup>2,A</sup>	-18.1%	+6.1%	+3.9%	+202.7%
Benchmark return <sup>3</sup>	-19.3%	+8.5%	+9.1%	+171.4%
Shareholder return (under)/over performance compared to benchmark return	-0.5%	-4.1%	-10.8%	+40.8%
Net assets return (under)/over performance compared to benchmark return <sup>A</sup>	+1.2%	-2.5%	-5.2%	+31.3%
Interim dividend	1.2p			

<sup>1</sup> Source: Morningstar.

<sup>2</sup> Source: Morningstar/J.P. Morgan, using net asset value per share.

<sup>3</sup> Source: Euromoney. The Company's benchmark is the MSCI Europe (ex UK) Small Cap Net Total Return Index.

<sup>A</sup> Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 26 and 27.

## Financial Highlights

### Summary of results

	30th September 2022	31st March 2022	% change
Shareholders' funds (£'000)	670,203	833,719	-19.6
Number of shares in issue	157,474,931	158,469,931	
Net asset value per share	425.6p	526.1p	-19.1 <sup>1</sup>
Share price	355.5p	450.0p	-21.0 <sup>2</sup>
Share price discount to net asset value per share <sup>A</sup>	16.5%	14.5%	
<b>(Net cash)/Gearing<sup>A</sup></b>	<b>(4.16)%</b>	<b>0.04%</b>	
<b>Ongoing charges<sup>A</sup></b>	<b>0.95%</b>	<b>0.93%</b>	

<sup>1</sup> % change, excluding dividends paid. Including dividend the return is -18.1%.

<sup>2</sup> % change, excluding dividends paid. Including dividends the return is -19.8%.

<sup>A</sup> Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 26 and 27.



## Chairman's Statement



**Marc van Gelder**  
Chairman

Dear Shareholder,

I hereby present the Company's results for the half-year ended 30th September 2022.

### Performance

European markets have faced a challenging environment during recent months, dominated by significant geo-political uncertainty and heightened market volatility. Following the Covid-19 pandemic, supply side bottlenecks and consequential rising prices have been further stressed by the tragic events following Russia's invasion of Ukraine. Food supplies and energy needs affected by the disruption have become key concerns. It has had a material adverse short-term impact on the value of our portfolio. However, the longer-term performance of our portfolio remains strong.

During the half year to 30th September 2022, the Company recorded a total return on net assets of -18.1%, with the Company's benchmark index, the MSCI Europe (ex UK) Small Cap Index, returning -19.3% over the same period. The total return to shareholders was -19.8%, reflecting a slight widening of the discount at which the Company's shares trade from 14.4% to 16.5% over the six months.

The Company's longer term performance with the 5 year and 10 year total return on net assets was 3.9% and 202.7%, respectively, whilst the benchmark total return was 9.1% and 171.4%. The Investment Managers' Report that follows provides a review of markets, more detail on the performance drivers within the portfolio and the outlook for investing.

### Revenue and Dividends

Net revenue return for the six months to 30th September 2022 was higher than the corresponding period in 2021 at 10.43 pence per share (2021: 6.57 pence). The Board has decided to maintain the interim dividend of 1.2 pence (2021: 1.2 pence) per share which will be paid on 3rd February 2023 to shareholders on the register as at 23rd December 2022 (the ex-dividend date will be 22nd December 2022). 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 2023.

### Discount Management and Share Repurchases

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. 995,000 shares were repurchased in the six months to 30th September 2022. No shares have been repurchased since the period end.

### The Board

In line with the Board's succession planning, the intention had been for Ashok Gupta to stand down at this year's AGM, having served on the Board for nine years. However, in light of some of the recent changes in the Board composition, the Board agreed that it would be appropriate for the Company to continue to benefit from Ashok's extensive industry experience for a further few months.

No changes were made to the Board in the reporting period.

### Environmental, Social and Governance ('ESG')

As highlighted in the 2022 Annual Report, the Board has continued to engage with the Manager on the integration of ESG factors into its investment process. While the investment managers have always considered environmental, social and governance ('ESG') issues in their investment process, it is now rigorously integrated into their investment processes so that ESG issues are considered at every stage of the investment decision. For more details, please refer to pages 21 to 23 of the 2022 Annual Report which can be found on the Company's website at: [www.jpmeuropeandiscovery.co.uk](http://www.jpmeuropeandiscovery.co.uk)



## Chairman's Statement

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### Outlook

Geopolitical tensions, elevated market volatility, and the fastest pace of central bank tightening in decades are meaningful economic headwinds contributing to an unusually uncertain environment at the moment. In Europe, inflation is being acutely felt as the Russia-Ukraine conflict has pushed gas prices to new highs, triggering a cost of living crisis. It seems probable that equity markets will continue to struggle until higher interest rates appear to be working and bringing inflation under control. Nonetheless, European equities continue to trade at a discount to global peers, providing attractive investment opportunities for our Portfolio Managers. It is likely that the macroeconomic environment may remain uncertain over the coming months, however, the Portfolio Managers' approach to dealing with an uncertain economic and geo-political environment should continue to serve shareholders well.

**Marc van Gelder**

Chairman

12th December 2022



# Investment Managers' Report



**Francesco Conte**  
Investment Manager

## Review

Equity market weakness continued in the six months to September 2022 as inflationary pressures remained high. Several factors contributed to inflation including the Russian invasion of Ukraine, continued supply chain disruptions exacerbated by China's Zero-Covid policy, and a normalisation of demand post Covid-19 related lockdowns.

The benchmark MSCI Europe (ex UK) Small Cap NR Index fell by 19.3 per cent, underperforming the large cap MSCI Europe (ex UK) NR Index which fell 10.5 per cent.



**Edward Greaves**  
Investment Manager

## Portfolio

The NAV of the portfolio decreased by 18.1 per cent over the period, outperforming its benchmark by 1.2 per cent.

Contributors to performance included the French market research company, Ipsos, after the company continued to report a very strong order backlog as high global macroeconomic uncertainty resulted in high demand for customer insights. The Company also continued to benefit from its strong tilt towards the sustainability theme. Investments in the European cable manufacturers, Pysmian, Nexans and NKT (Italian, French and Danish listed), continued to outperform supported by very high demand for electrification. French Engineering company, Spie, also fits into this category as it is focused in rolling out the practical solutions required to electrify infrastructure.

As in the previous period, detractors from performance were predominantly past 'high quality growth' winners that continued to see significant multiple contraction due to rising bond yields. Underperformers include Belgian warehousing companies, Warehouses De Pauw and VGP. The German forklift truck manufacturer, Kion, detracted from performance as it was unable to pass on cost inflation in a number of its long term projects. Inflation has also weighed on consumer demand which has been a headwind for companies such as Danish audio solutions manufacturer, GN Store Nord and French animal pharmaceutical company, Virbac.

During the period we took advantage of significant valuation deratings to purchase a number of attractive high quality companies which now trade on significantly lower valuations. These included Italian diagnostics company, DiaSorin, Italian pure play renewables company, ERG, whose high exposure to spot power prices directly benefited the company given the European energy situation, and Finnish consumer packaging producer, Huhtamaki, whose margins are likely to benefit from falling raw material prices and continued strong demand for their sustainable solutions.

To fund these purchases sold out of several companies which are likely to be impacted by the current uncertain macroeconomic environment and high energy prices. These include industrial companies Indutrade, Pirelli, Rexel, and Belimo.

Communication Services rose to become the largest sector overweight. This shift was a result of the outperformance of Ipsos, the French market research company mentioned above, and a reduction in the Industrials overweight. This reduction was a result of the sale of several of the Company's more macroeconomically exposed investments such as the Dutch manufacturer of energy-efficient lighting solutions, Signify, and Italian premium tyre manufacturer, Pirelli. Financials and Energy were the largest underweights.

France and Italy remained the two largest country overweights, while Norway and Germany remained the two largest underweights.

At the end of September the net cash was -4.16%.

## Investment Managers' Report

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### Outlook

We started the year believing (like many market participants) that inflation would prove to be transitory. The sad events in the Ukraine and more recently the lockdowns in China make it highly unlikely that the high levels we are currently seeing will quickly revert to Central Bank targets. The positive aspect of equities, unlike bonds, is that there are companies and sectors that can still perform in inflationary environments and those are the companies which we have been increasingly investing in. For instance, companies with high barriers to entry and pricing power should be able to pass on inflation. Certain areas of insurance combine a positive exposure to rising bond yields and defensive business models. Companies who see demand greatly exceeding their potential to supply, such as the high voltage cable manufacturers, or those companies exposed to the electrification theme, should also find themselves well placed to raise their prices.

While it is difficult to predict when the current inflationary environment will end, historically European smaller companies have been one of the best performing asset classes globally, and we do not see the fundamentals that drove this changing. Innovation has powered smaller companies and will continue to do so long into the future. As always it is our job to uncover these opportunities.

**Francesco Conte**

**Edward Greaves**

**Investment Managers**

12th December 2022



## Portfolio Information

## List of investments

At 30th September 2022

	Value £'000		Value £'000
<b>France</b>		<b>Netherlands</b>	
IPSOS	27,915	Arcadis	15,954
SPIE	26,474	ASR Nederland	15,419
Alten	19,282	Aalberts	12,845
Elis	18,676	TKH	11,956
Nexans	17,899		<b>56,174</b>
Cie Plastic Omnium	9,838	<b>Germany</b>	
Neoen	8,579	Bechtle	16,863
Virbac	7,003	Encavis	15,576
	<b>135,666</b>	CTS Eventim	14,470
<b>Italy</b>			<b>46,909</b>
Sanlorenzo	23,898	<b>Denmark</b>	
Prysmian	21,144	ALK-Abello	8,386
DiaSorin	14,483	GN Store Nord	8,371
ERG	12,618	NKT	8,336
Reply	10,200	Netcompany	7,583
Ariston	8,366		<b>32,676</b>
Intercos	7,915	<b>Spain</b>	
Interpump	6,638	Merlin Properties Socimi	13,579
	<b>105,262</b>	Melia Hotels International	2,931
<b>Switzerland</b>			<b>16,510</b>
Helvetia	24,721	<b>Finland Huhtamaki</b>	
PSP Swiss Property	19,461	Huhtamaki	13,934
Baloise	18,499		<b>13,934</b>
SIG	14,383	<b>Norway</b>	
Swiss Prime Site	7,031	Storebrand	6,930
	<b>84,095</b>		<b>6,930</b>
<b>Sweden</b>		<b>TOTAL INVESTMENTS</b>	
Bravida	19,668		<b>642,346</b>
Trelleborg	15,703		
AFRY	8,660		
Coor Service Management	8,511		
Stillfront	7,221		
AAK	6,526		
Electrolux Professional	6,429		
Catena	5,153		
	<b>77,871</b>		
<b>Belgium</b>			
Melexis	17,090		
Kinopolis	10,067		
Warehouses De Pauw	10,010		
D'ieteren	8,317		
Azelis	8,005		
VGP	6,563		
Shurgard Self Storage	6,267		
	<b>66,319</b>		

## Portfolio Information

### Geographical analysis

	at 30th September 2022		at 31st March 2022	
	Portfolio % <sup>1</sup>	Benchmark %	Portfolio % <sup>1</sup>	Benchmark %
France	21.1	10.2	19.3	9.4
Italy	16.4	8.6	16.5	7.7
Switzerland	13.1	14.2	14.8	13.5
Sweden	12.1	16.2	14.3	18.0
Belgium	10.3	4.2	9.1	4.7
Netherlands	8.7	6.0	12.5	6.4
Germany	7.3	12.7	6.2	14.1
Denmark	5.1	5.5	2.4	4.6
Spain	2.6	5.4	1.2	5.4
Finland	2.2	4.5	1.9	4.2
Norway	1.1	6.6	0.8	7.1
Austria	—	3.1	—	2.4
Ireland	—	2.0	—	1.6
Portugal	—	0.8	—	0.7
Czech Republic	—	—	1.0	0.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £642.3m (31st March 2022: £834.0m).

### Sector analysis

	at 30th September 2022		at 31st March 2022	
	Portfolio % <sup>1</sup>	Benchmark %	Portfolio % <sup>1</sup>	Benchmark %
Industrials	37.9	27.1	46.3	27.7
Consumer Discretionary	18.5	11.1	13.9	11.8
Information Technology	11.1	9.1	13.1	9.3
Financials	10.2	16.8	11.9	14.3
Real Estate	9.6	8.1	4.2	10.4
Health Care	6.0	8.0	3.9	7.1
Utilities	5.7	3.2	4.7	3.2
Consumer Staples	1.0	5.7	1.0	5.6
Materials	—	5.7	1.0	6.0
Energy	—	3.1	—	2.5
Communication Services	—	2.1	—	2.1
<b>Total</b>	<b>100.0</b>	<b>100.00</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £642.3m (31st March 2022: £834.0m).





## Statement of Comprehensive Income

For the six months ended 30th September 2022

	(Unaudited) Six months ended 30th September 2022			(Unaudited) Six months ended 30th September 2021			(Audited) Year ended 31st March 2022		
	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	—	(164,778)	(164,778)	—	105,756	105,756	—	(1,046)	(1,046)
Foreign exchange gains/(losses) on liquidity fund	—	1,819	1,819	—	38	38	—	(860)	(860)
Net foreign currency losses	—	(1,455)	(1,455)	—	(1,097)	(1,097)	—	(253)	(253)
Income from investments	19,359	—	19,359	13,687	—	13,687	16,360	—	16,360
Interest receivable and similar income	70	—	70	113	—	113	138	—	138
<b>Gross return/(loss)</b>	<b>19,429</b>	<b>(164,414)</b>	<b>(144,985)</b>	<b>13,800</b>	<b>104,697</b>	<b>118,497</b>	<b>16,498</b>	<b>(2,159)</b>	<b>14,339</b>
Management fee	(989)	(2,308)	(3,297)	(1,168)	(2,725)	(3,893)	(2,360)	(5,507)	(7,867)
Other administrative expenses	(312)	—	(312)	(309)	—	(309)	(719)	—	(719)
<b>Net return/(loss) before finance costs and taxation</b>	<b>18,128</b>	<b>(166,722)</b>	<b>(148,594)</b>	<b>12,323</b>	<b>101,972</b>	<b>114,295</b>	<b>13,419</b>	<b>(7,666)</b>	<b>5,753</b>
Finance costs	(138)	(321)	(459)	(136)	(318)	(454)	(271)	(633)	(904)
<b>Net return/(loss) before taxation</b>	<b>17,990</b>	<b>(167,043)</b>	<b>(149,053)</b>	<b>12,187</b>	<b>101,654</b>	<b>113,841</b>	<b>13,148</b>	<b>(8,299)</b>	<b>4,849</b>
Taxation	(1,548)	—	(1,548)	(1,716)	—	(1,716)	(1,994)	—	(1,994)
<b>Net return/(loss) after taxation</b>	<b>16,442</b>	<b>(167,043)</b>	<b>(150,601)</b>	<b>10,471</b>	<b>101,654</b>	<b>112,125</b>	<b>11,154</b>	<b>(8,299)</b>	<b>2,855</b>
<b>Return/(loss) per share (note 3)</b>	<b>10.43p</b>	<b>(105.95)p</b>	<b>(95.52)p</b>	<b>6.57p</b>	<b>63.75p</b>	<b>70.32p</b>	<b>7.00p</b>	<b>(5.21)p</b>	<b>1.79p</b>

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/(loss) after taxation represents the profit/(loss) for the period/year and also the total comprehensive income.



## Statement of Changes in Equity

For the six months ended 30th September 2022

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves <sup>1</sup> £'000	Revenue reserve <sup>1</sup> £'000	Total £'000
<b>Six months ended 30th September 2022</b> (Unaudited)						
<b>At 31st March 2022</b>	<b>7,924</b>	<b>1,312</b>	<b>7,712</b>	<b>805,617</b>	<b>11,154</b>	<b>833,719</b>
Repurchase and cancellation of the Company's own shares	(50)	—	50	(4,254)	—	(4,254)
Net (loss)/return	—	—	—	(167,043)	16,442	(150,601)
Dividend paid in the period (note 4)	—	—	—	—	(8,661)	(8,661)
<b>At 30th September 2022</b>	<b>7,874</b>	<b>1,312</b>	<b>7,762</b>	<b>634,320</b>	<b>18,935</b>	<b>670,203</b>
<b>Six months ended 30th September 2021</b> (Unaudited)						
<b>At 31st March 2021</b>	<b>7,974</b>	<b>1,312</b>	<b>7,662</b>	<b>820,196</b>	<b>9,160</b>	<b>846,304</b>
Net return	—	—	—	101,654	10,471	112,125
Dividend paid in the period (note 4)	—	—	—	—	(8,770)	(8,770)
<b>At 30th September 2021</b>	<b>7,974</b>	<b>1,312</b>	<b>7,662</b>	<b>921,850</b>	<b>10,861</b>	<b>949,659</b>
<b>Year ended 31st March 2022 (Audited)</b>						
<b>At 31st March 2021</b>	<b>7,974</b>	<b>1,312</b>	<b>7,662</b>	<b>820,196</b>	<b>9,160</b>	<b>846,304</b>
Repurchase and cancellation of Company's own shares	(50)	—	50	(4,760)	—	(4,760)
Net (loss)/return on ordinary activities	—	—	—	(8,299)	11,154	2,855
Dividends paid in the year (note 4)	—	—	—	(1,520)	(9,160)	(10,680)
<b>At 31st March 2022</b>	<b>7,924</b>	<b>1,312</b>	<b>7,712</b>	<b>805,617</b>	<b>11,154</b>	<b>833,719</b>

<sup>1</sup> These reserves form the distributable reserves of the Company and may be used to fund distribution of profits to investors via dividend payments. For the year ended 31st March 2022 the dividend payment was split between revenue reserve and capital reserve as the revenue reserve opening balance was entirely exhausted.

## Statement of Financial Position

At 30th September 2022

	(Unaudited) 30th September 2022 £'000	(Unaudited) 30th September 2021 £'000	(Audited) 31st March 2022 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	642,346	961,055	834,018
<b>Current assets</b>			
Derivative financial instruments	—	1	2
Debtors	5,482	12,400	2,266
Cash and cash equivalents	57,729	54,918	75,318
	63,211	67,319	77,586
<b>Current liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	(35,354)	(1,339)	(77,885)
Derivative financial liabilities	—	(18)	—
<b>Net current assets/(liabilities)</b>	<b>27,857</b>	<b>65,962</b>	<b>(299)</b>
<b>Total assets less current liabilities</b>	<b>670,203</b>	<b>1,027,017</b>	<b>833,719</b>
<b>Creditors:</b> amounts falling due after more than one year	—	(77,358)	—
<b>Net assets</b>	<b>670,203</b>	<b>949,659</b>	<b>833,719</b>
<b>Capital and reserves</b>			
Called up share capital	7,874	7,974	7,924
Share premium	1,312	1,312	1,312
Capital redemption reserve	7,762	7,662	7,712
Capital reserves	634,320	921,850	805,617
Revenue reserve	18,935	10,861	11,154
<b>Total shareholders' funds</b>	<b>670,203</b>	<b>949,659</b>	<b>833,719</b>
<b>Net asset value per share (note 5)</b>	<b>425.6p</b>	<b>595.5p</b>	<b>526.1p</b>

The financial statements on pages 16 to 22 were approved and authorised for issue by the Directors on 12th December 2022 and signed on their behalf by:

Marc van Gelder  
Director

The notes on pages 20 to 22 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 2022

	(Unaudited) Six months ended 30th September 2022 £'000	(Unaudited) Six months ended 30th September 2021 £'000	(Audited) Year ended 31st March 2022 £'000
Net cash outflow from operations before dividends and interest (note 6)	(2,882)	(4,740)	(10,675)
Dividends received	16,084	11,254	13,119
Interest received	—	1	1
Overseas tax recovered	531	148	215
Interest paid	(536)	(458)	(919)
<b>Net cash inflow from operating activities</b>	<b>13,197</b>	<b>6,205</b>	<b>1,741</b>
Purchases of investments and derivatives	(258,862)	(322,461)	(620,647)
Sales of investments and derivatives	282,414	378,263	707,608
Settlement of forward currency contracts	184	53	118
<b>Net cash inflow from investing activities</b>	<b>23,736</b>	<b>55,855</b>	<b>87,079</b>
Dividends paid	(8,661)	(8,770)	(10,680)
Repurchase and cancellation of the Company's own shares	(4,412)	—	(4,602)
Repayment of bank loans	(42,528)	—	—
<b>Net cash outflow from financing activities</b>	<b>(55,601)</b>	<b>(8,770)</b>	<b>(15,282)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(18,668)</b>	<b>53,290</b>	<b>73,538</b>
Cash and cash equivalents at start of period	75,318	1,407	1,407
Exchange movements	1,079	221	373
Cash and cash equivalents at end of period	57,729	54,918	75,318
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(18,668)</b>	<b>53,290</b>	<b>73,538</b>
<b>Cash and cash equivalents consist of:</b>			
Cash and short term deposits	266	267	430
Cash held in JPMorgan Euro Liquidity Fund	57,463	54,651	74,888
<b>Total</b>	<b>57,729</b>	<b>54,918</b>	<b>75,318</b>

## Reconciliation of net debt

	As at 31st March 2022 £'000	Cash flows £'000	Other non-cash charges £'000	As at 30th September 2022 £'000
<b>Cash and cash equivalents:</b>				
Cash	430	(162)	(2)	266
Cash equivalents	74,888	(18,506)	1,081	57,463
	75,318	(18,668)	1,079	57,729
<b>Borrowings</b>				
Debt due within one year	(76,056)	42,528	(1,576)	(35,104)
	(76,056)	42,528	(1,576)	(35,104)
<b>Total</b>	<b>(738)</b>	<b>23,860</b>	<b>(497)</b>	<b>22,625</b>

# Notes to the Financial Statements

For the six months ended 30th September 2022

## 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 2022 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 April 2021.

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 2022.

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 2022.

## 3. Return/(loss) per share

	(Unaudited) Six months ended 30th September 2022 £'000	(Unaudited) Six months ended 30th September 2021 £'000	(Audited) Year ended 31st March 2022 £'000
<b>Return per share is based on the following:</b>			
Revenue return	16,442	10,471	11,154
Capital (loss)/return	(167,043)	101,654	(8,299)
<b>Total (loss)/return</b>	<b>(150,601)</b>	<b>112,125</b>	<b>2,855</b>
Weighted average number of shares in issue	157,662,663	159,462,885	159,257,259
Revenue return per share	10.43p	6.57p	7.00p
Capital (loss)/return per share	(105.95)p	63.75p	(5.21)p
<b>Total (loss)/return per share</b>	<b>(95.52)p</b>	<b>70.32p</b>	<b>1.79p</b>



## Notes to the Financial Statements

## 4. Dividends paid

	(Unaudited) Six months ended 30th September 2022 £'000	(Unaudited) Six months ended 30th September 2021 £'000	(Audited) Year ended 31st March 2022 £'000
2022 final dividend of 5.5p (2021: 5.5p) per share	8,661	8,770	8,770
2022 interim dividend of 1.2p per share	—	—	1,910
<b>Total dividends paid in the period/year</b>	<b>8,661</b>	<b>8,770</b>	<b>10,680</b>

All dividends paid in the period have been funded from the revenue reserve. For the year ended 31st March 2022 the dividend payment was split between revenue reserve and capital reserve as the revenue reserve opening balance was entirely exhausted.

An interim dividend of 1.2p (2021:1.2p) has been declared in respect of the six months ended 30th September 2022, amounting to £1,890,000.

## 5. Net asset value per share

	(Unaudited) Six months ended 30th September 2022	(Unaudited) Six months ended 30th September 2021	(Audited) Year ended 31st March 2022
Net assets (£'000)	670,203	949,659	833,719
Number of shares in issue	157,474,931	159,462,885	158,469,931
<b>Net asset value per share</b>	<b>425.6p</b>	<b>595.5p</b>	<b>526.1p</b>

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

	(Unaudited) Six months ended 30th September 2022 £'000	(Unaudited) Six months ended 30th September 2021 £'000	(Audited) Year ended 31st March 2022 £'000
Net (loss)/return before finance costs and taxation	(148,594)	114,295	5,753
Add capital losses/(less capital return) before finance costs and taxation	166,722	(101,972)	7,666
Scrip dividends received as income	(188)	—	—
(Increase)/decrease in accrued income and other debtors	(1)	14	(202)
(Decrease)/increase in accrued expenses	(15)	(25)	(1)
Management fee allocated to capital	(2,308)	(2,725)	(5,507)
Overseas withholding tax	(3,093)	(2,447)	(3,049)
Dividends received	(16,084)	(11,254)	(13,119)
Interest received	—	(1)	(1)
Realised losses on foreign exchange transactions	(59)	(425)	(804)
Realised exchange gains/(losses) on liquidity	738	(200)	(1,413)
<b>Net cash outflow from operations before dividends and interest</b>	<b>(2,882)</b>	<b>(4,740)</b>	<b>(10,675)</b>

## Notes to the Financial Statements

### 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 2022		(Unaudited) Six months ended 30th September 2021		(Audited) Year ended 31st March 2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	642,346	—	961,055	—	834,018	—
Level 2 <sup>1</sup>	—	—	1	(18)	2	—
<b>Total</b>	<b>642,346</b>	<b>—</b>	<b>961,056</b>	<b>(18)</b>	<b>834,020</b>	<b>—</b>

<sup>1</sup> 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 and emerging 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, climate change and emerging risks. The Board has reviewed the principal risks and uncertainties, reported in the Annual Report and Financial Statements for the year ended 31st March 2022, and concluded that the emerging risks identified within that Annual Report in respect of geopolitical and global recession are now principal risks. In the view of the Board, these principal risks and uncertainties are as much applicable to the remaining six months of the financial year as they were to the six months under review.

### 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

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, including its Covid-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 outbreak and more recently the Russian invasion of Ukraine, but does not believe the Company's going concern status is affected. The Company's assets, which are investments in quoted securities which are readily realisable, exceed its liabilities significantly under all stress test scenarios reviewed by the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. Furthermore, the Directors are satisfied that the Company and its key third party service providers have in place appropriate business continuity plans. Accordingly, having assessed the principal and emerging risks and other matters, the Directors believe that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least 12 months from the date of the approval of this half yearly financial report.

### Directors' Responsibilities

The Board of Directors confirm 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 2022, 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*

12th December 2022





## Glossary of Terms and Alternative Performance Measures ('APMs')

### 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	Page	Six months ended 30th September 2022	Six months ended 31st March 2022	
Opening share price (p)	6	450.0	462.0	(a)
Closing share price (p)	6	355.5	450.0	(b)
Total dividend adjustment factor <sup>1</sup>		1.015007	1.013793	(c)
Adjusted closing share price (d = b x c)		360.8	456.2	(d)
<b>Total return to shareholders (e = d / a - 1)</b>		<b>(19.8)%</b>	<b>-1.3%</b>	<b>(e)</b>

<sup>1</sup> 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	Page	Six months ended 30th September 2022	Year ended 31st March 2022	
Opening NAV per share (p)	6	526.1	530.7	(a)
Closing NAV per share (p)	6	425.6	526.1	(b)
Total dividend adjustment factor <sup>1</sup>		1.012230	1.011652	(c)
Adjusted closing NAV per share (d = b x c)		430.8	532.2	(d)
<b>Total return on net assets (e = d / a - 1)</b>		<b>(18.1)%</b>	<b>0.3%</b>	<b>(e)</b>

<sup>1</sup> 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.

		30th September 2022 £'000	31st March 2022 £'000	
Gearing calculation	Page			
Investments held at fair value through profit or loss	18	642,346	834,018	(a)
Net assets	18	670,203	833,719	(b)
<b>Gearing/(net cash) (<math>c = a / b - 1</math>)</b>		<b>(4.16)%</b>	<b>0.04 %</b>	<b>(c)</b>

### 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 2022 is an estimated annualised figure based on the numbers for the six months ended 30th September 2021.

		30th September 2022 £'000	31st March 2022 £'000	
Ongoing charges calculation	Page			
Management Fee	16	6,594	7,867	
Other administrative expenses	16	624	719	
Total management fee and other administrative expenses		7,218	8,586	(a)
Average daily cum-income net assets		758,774	925,207	(b)
<b>Ongoing charges (<math>c = a / b</math>)</b>		<b>0.95%</b>	<b>0.93%</b>	<b>(c)</b>

### 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.

## Where to buy J.P. Morgan Investment Trusts

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

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/](http://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](http://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](http://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](http://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](http://www.actionfraud.police.uk)

**Find out more at**  
[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)





## Information about the Company

**FINANCIAL CALENDAR**

Financial year end	31st March
Final results announced	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 Fledgling Fund Limited (the 'Fund') in exchange for the issue of its shares and warrants. That Fund was an open-ended, unquoted investment company based in Jersey with the same objectives and investment policies as the Company. The Company changed its name from JPMorgan European Smaller Companies Trust plc to JPMorgan European Discovery Trust plc on 15th June 2021. It is a constituent of the FTSE 250 index.

**Directors**

Marc van Gelder (Chairman)  
Ashok Gupta  
Nicholas Smith  
Sarah Watters  
Suzy Ross

**Company Numbers**

Company registration number: 2431143  
London Stock Exchange number: 0341969  
ISIN: GB00BMTS0Z37  
Bloomberg code: JEDT 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.jpmeuropeandiscovery.co.uk](http://www.jpmeuropeandiscovery.co.uk), where the share price is updated every fifteen minutes during trading hours.

**Website**

[www.jpmeuropeandiscovery.co.uk](http://www.jpmeuropeandiscovery.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](mailto: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](http://www.shareview.co.uk)

**Independent Auditors**

Ernst & Young LLP  
Statutory Auditor  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EB

**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.

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## CONTACT

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**J.P.Morgan**  
ASSET MANAGEMENT