



JPMorgan UK Smaller Companies Investment Trust plc

Half Year Report & Financial Statements
for the six months ended 31st January 2023

Key Features

Objective

Capital growth from UK listed smaller companies.

Investment Policies

- To provide capital appreciation for shareholders from a diversified portfolio of UK listed smaller companies, emphasising capital rather than income growth.
- Liquidity and borrowings are managed with the aim of increasing returns to shareholders.
- Further details on the investment policy and risk management are contained in the Strategic Report of the Company's Annual Report on page 22.

Gearing

A flexible, low cost £50 million borrowing facility is in place and available for the Investment Managers to utilise within guidelines set by the Board. There is an option to increase the facility to £60 million under an accordion arrangement. At 31st January 2023, £21 million was drawn down on the facility with the gearing level being 7.6% at that date.

Benchmark

The Numis Smaller Companies plus AIM (excluding Investment Companies) Index.

Capital Structure

- UK Domiciled.
- Premium listing on the London Stock Exchange.
- As at 31st January 2023, 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 2023 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 delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM').

Environment, Social and Governance ('ESG') Considerations

ESG considerations are fully integrated into the stock selection process. JPMAM research teams compile proprietary ESG analyses on companies as well as using external vendor research to rank them. Following in-depth strategic and financial analysis, these ESG rankings and factors are also taken into consideration as part of the investment case. In addition, the Manager, together with stewardship specialists, engages with investee companies on specific ESG issues. JPMAM is a United Nations Principles of Responsible Investment ('UN PRI') (rated A+) and Financial Reporting Council ('FRC') UK Stewardship Code signatory and endeavours to vote at all of the meetings called by companies in which your Company invests.

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 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 'appropriateness' rules and guidance in the Conduct of Business sourcebook.

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

The Company's website, which can be found at www.jpмуksmallercompanies.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 in sterling terms (including dividends reinvested) to 31st January 2023

	6 Months	1 Year	3 Year Cumulative	5 Year Cumulative	10 Year Cumulative
Return to shareholders ^{1A}	+0.4%	-15.5%	+4.7%	+36.1%	+202.8%
Return on net assets ^{2A}	-1.2%	-17.3%	+5.9%	+33.8%	+167.7%
Benchmark return ³	-0.4%	-12.4%	+5.5%	+9.6%	+111.3%
Net asset return performance compared to benchmark return ³	-0.8%	-4.9%	+0.4%	+24.2%	+56.4%

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 26 and 27.

Financial Highlights

Summary of results

	31st January 2023	31st July 2022	% change
Shareholders' funds (£'000)	251,819	260,447	-3.3
Net asset value per share ^A	322.6p	333.7p	-3.3 ¹
Share price	291.0p	297.0p	-2.0 ²
Share price discount to net asset value per share ^A	(9.8%)	(11.0%)	
Shares in issue, excluding shares held in Treasury	78,051,669	78,051,669	—
Gearing^A	7.6%	5.8%	
Ongoing charges^A	1.01%	0.99%	

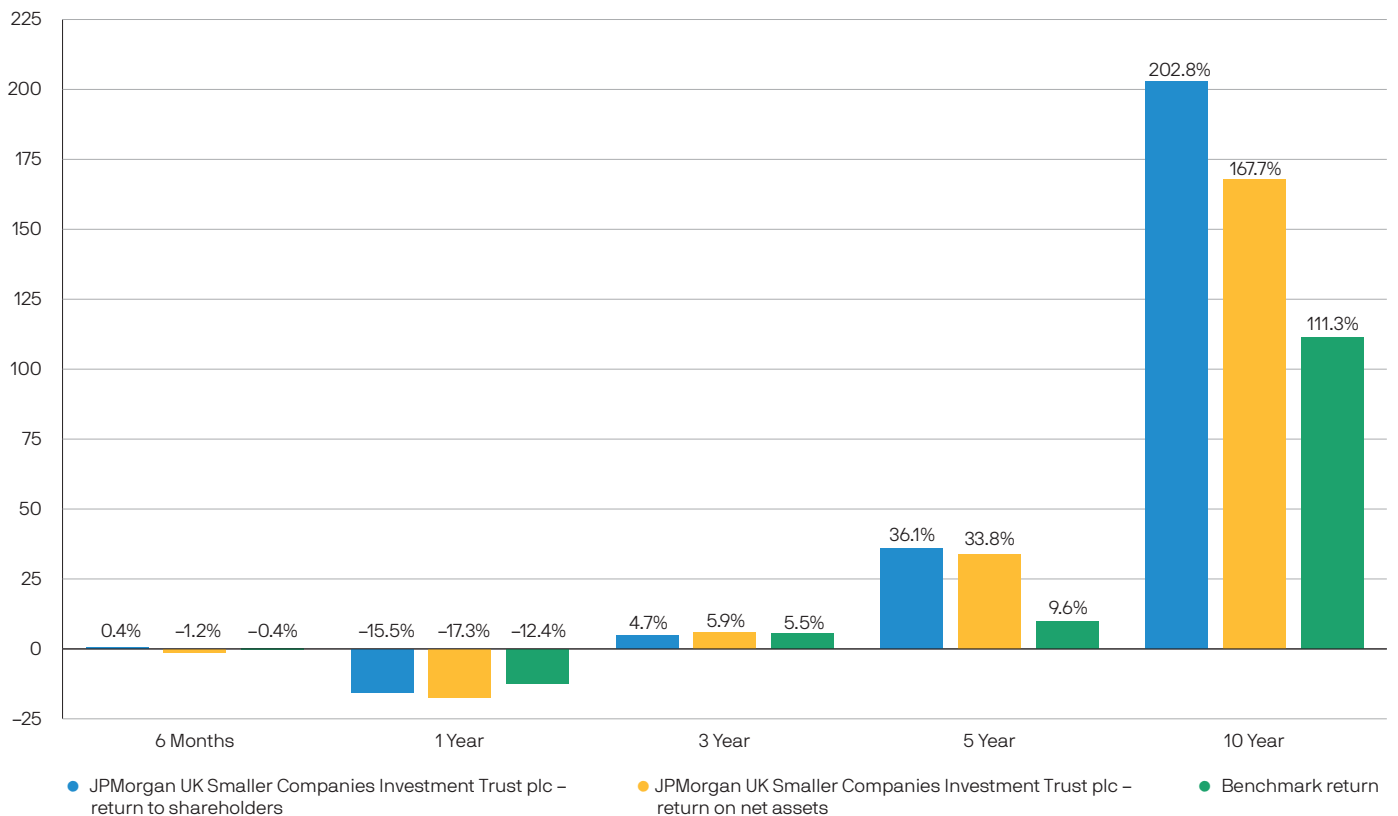
¹ This return excludes dividends reinvested. Including dividends reinvested the return would be -1.2%.

² This return excludes dividends reinvested. Including dividends reinvested the return would be +0.4%.

^A Alternative Performance Measure ('APM').

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

Cumulative performance (total returns) to 31st January 2023





Chairman's Statement



Andrew Impey
Chairman

Investment Performance

The half year saw a continuation of the unpleasant cocktail of challenges faced in the prior period. Equity markets continued to grapple with rising interest rates, high inflation, the threat of recession, supply chain constraints, a significant tightening of liquidity and further geopolitical headwinds from heightened tensions between the US and China and in Ukraine. Just at the point that global investors began to sense a relative improvement in the economic outlook and markets began to recover, the UK temporarily suffered from a spectacular own goal due to domestic political machinations. The poorly considered and communicated economic policy of the short lived Truss premiership had a significant negative impact on domestic equity and debt markets but which thankfully recovered by the end of our reporting period following the appointment of Rishi Sunak as prime minister.

With continued market volatility, the Company's total return on net assets (with net dividends reinvested) over the six months to 31st January 2023 was -1.2%, which was marginally behind the Numis Smaller Companies plus AIM (excluding Investment Companies) Index which returned -0.4%. However, the return to shareholders for the reporting period was +0.4% which reflects a narrowing of the share price discount to net asset value from 11.0% at the start of the financial year to 9.8% at the end of the half year. Despite the difficult challenges faced by UK smaller companies over recent years, over the longer term performance remains strong with your Company being up 202.8% over the past ten years, some 56.4% ahead of the benchmark. Further details can be found on pages 5 and 6.

Since the end of the reporting period, markets have fallen due to concerns in the banking sector. From 31st January 2023 to 21st March 2023, the Company's total return on net assets was -6.6%, marginally underperforming the Company's benchmark index which declined by -6.0% as at 21st March 2023. Over the same period, the Company delivered a return to ordinary shareholders of -10.7% as the discount widened.

In their report, your Investment Managers provide a review of the Company's performance for the period and the outlook for the remainder of the year.

Loan Facility and Gearing

During the reporting period, the Company continued to utilise its revolving credit facility to maintain a meaningful but modest level of gearing. As noted in the previous Annual Report, on 1st October 2021 the Board renewed and increased the borrowing facility with Scotiabank to £50 million for a period of 24 months. There is a further option to increase borrowings to £60 million subject to certain conditions. As at 31st January 2023, £21 million was drawn on the loan facility. Since the end of the reporting period an additional £5 million was drawn down. The current facility matures on 1st October 2023 and the Board will review the Company's borrowing requirements in advance of this date.

The Company has maintained a fairly constant level of gearing, with the Board giving the Investment Managers flexibility to adjust the gearing tactically within a range set by the Board of 10% net cash to 15% geared in normal markets. During the reporting period, the Company's gearing ranged from 4.0% to 8.7%, ending the half year at 7.6% as the Investment Managers took advantage of perceived attractive valuations. As at 21st March 2023 the Company's gearing was 6.9%, with total borrowings of £26 million.

Share Repurchases and Issuance

During the six months to 31st January 2023, the Company did not repurchase or issue any shares. However, the Board's objective remains to act in the best interests of shareholders by using the repurchase and allotment authorities to manage imbalances between the supply and demand of the Company's shares with the intention of reducing the volatility of the discount or premium in normal market conditions. As at the end of the reporting period there were 79,611,410 shares in issue (including 1,559,741 shares held in Treasury).

Chairman's Statement

Board Succession

Having completed nine years of service as a Director, Frances Davies retired from the Board at the Annual General Meeting (AGM) in December 2022. Frances was also Chairman of the Remuneration Committee and Senior Independent Director. Following her retirement Alice Ryder took over these roles. Katrina Hart was also formally appointed at the AGM and is proving to be a valuable addition to the Board.

Being a Board of four, the Directors are mindful that the size of the Board may need to be increased in light of new regulations. In accordance with the FCA's new policy on diversity, the Board currently complies with the gender recommendation and is committed to increasing diversity and inclusion over time.

Outlook

Following a period of optimism that inflation might fall back significantly towards the end of 2023 and that interest rate rises were coming to an end, markets have become nervous over the path of interest rates. More recently UK and global equities have fallen and government bond yields have risen suggesting that, despite the significant rise in interest rates over the past year, economic activity remains unexpectedly robust and investors are again growing concerned about inflation and monetary policy. Whatever the eventual outcome it seems likely that markets will be influenced by key data and policy announcements as investor sentiment is likely being driven by hopes of a more supportive US policy rather than improving fundamentals. Recent developments in the banking sector have raised concerns over the solvency of several banks and whether this is potentially a systemic problem. However, central and commercial banks have acted decisively in unison to contain the issue and a by-product of this maybe a more dovish approach to interest rates. In this environment volatility is likely to remain.

However, as your managers comment in their outlook, despite being cautious on the timing of interest rate reductions and the short term path of the economy, they find reasons to be more optimistic. This more encouraging view is primarily built upon the attractive valuation on which UK smaller companies currently stand. Whilst these are difficult markets to navigate, experience points to opportunity for patient investors.

Andrew Impey
Chairman

23rd March 2023



Investment Managers' Report

Performance and Market Background

The first half of your Company's financial year endured a bleak backdrop. The atrocious war in Ukraine raged on, energy prices and inflation remained uncomfortably high, interest rates rose swiftly and there was a growing threat of recession in 2023 in much of the developed world. While public sector strike action grew in the UK in response to the stark cost of living increase over the year, towards the end of the period there were a few positives of note. China backed down on its zero-Covid policy; inflation appeared to have peaked in the US, UK and Europe; recessionary risks in Europe and the UK began to diminish; and in the UK the new Prime Minister, Rishi Sunak, calmed markets and investors after the disastrous Liz Truss mini budget in September.

Against this backdrop, the Numis Smaller Companies plus AIM (excluding Investment Companies) Index was effectively flat at -0.4% for the six months (although it is notable that this hid significant declines at the start of the period, followed by a rebound as markets looked to life beyond peak inflation). Your Company was marginally behind and produced a total return on net asset value of -1.2% in the period, while the total return to shareholders was +0.4%.

Portfolio

Among the positive contributors to performance in the six months were Ashtead Technology, Bank of Georgia, Dunelm and Hollywood Bowl. We have owned Ashtead Technology (subsea rental equipment) since its IPO at the end of 2021 and it continued to produce impressive results and see growing demand, while Bank of Georgia benefitted from the strength of the Georgian economy, which is currently among the strongest globally. Both Dunelm (the homewares retailer) and Hollywood Bowl (a bowling company) enjoyed a rerating following strong figures which demonstrated the strength of their appeal to consumers. On the negative side, the main detractors included Serica Energy, the North Sea gas producer, following the Government's extra tax levy on North Sea oil and gas producers, the housebuilder Vistry, on concerns over the housing market, and not owning Micro Focus, which hurt performance on a relative basis as it received a bid at a very significant premium.

We continued to make changes to the portfolio to adapt to the fast-changing economic outlook. New additions included: the book publisher, Bloomsbury, purchased due to the quality of its portfolio and long-term track record of earnings upgrades; the high street card retailer, Card Factory, purchased on indications that the business has successfully turned around following a more challenging period; the price comparison website, Moneysupermarket.Com, on valuation grounds; and Zoo Digital, which provides localisation services such as dubbing to the film industry and is benefitting from the proliferation of video content globally.

Outlook

It is very easy to paint a dark and gloomy picture of the UK economy and to make a direct read across to the UK stockmarket. However, markets (and investors) are pre-emptive and looking out to the next 12 to 18 months provides reasons to be more optimistic.

In line with most economists, we expect a mild recession in the UK in 2023 at worst, or minimal growth at best. The most recent composite UK Purchasing Managers Index (PMI) data was a positive surprise at 53, where anything over 50 signals expansion. We believe inflation has peaked in the UK, and while we expect it to remain elevated, we do foresee a significant decline from the current 10.1% over the course of this year. In part this is due to gas prices, which are substantially lower than the peak in 2022, although still high versus history. After ten increases since December 2021, interest rates at 4% have substantially normalised and are much closer to peak. Current market expectations are for a first cut of 25bp in the second half of 2023, but we think that is likely to be premature and we do not expect them to come down any time soon. Consumer confidence remains very weak – headlines, strikes, utility bills and potential house price declines are all playing a part – but has picked up significantly this February. The unemployment rate remains very low at 3.7% and there are still over a million job vacancies. Freight rates have fallen significantly, and it appears that supply chains are beginning to function more normally, aided by the re-opening of China.



Georgina Brittain
Investment Manager



Katen Patel
Investment Manager

Investment Managers' Report

This leads us to valuations. The environment is going to remain extremely difficult for businesses and consumers to navigate this year – but a lot of this is already reflected in valuations. While the stockmarket has rallied off its low in October, the Numis Smaller Companies plus AIM (excluding Investment Companies) Index is on a similar P/E ratio to the FTSE 100 of under 11x, despite growing faster. Your Company's portfolio has a lower forecast P/E of 10.5x and on our favoured free cashflow yield metric the portfolio is undeniably attractive on an historic free cashflow yield of 6.8%. As we have said before, acquirors of UK businesses recognise this. M&A continued in 2022 despite the economic backdrop; we have already seen a number of bids in the small cap arena in 2023 and we strongly believe this trend will continue this year while valuations remain so compelling on any sensible timeframe.

Georgina Brittain
Katen Patel
Portfolio Managers

23rd March 2023

List of Investments

List of Investments

As at 31st January 2023

Company	Valuation £'000	Company	Valuation £'000
Consumer Discretionary		Industrials continued	
Next Fifteen Communications ¹	8,134	Macfarlane	1,015
Watches of Switzerland	7,912	Avingtrans ¹	936
4imprint	7,328	Norcros	789
Dunelm	5,621	Brickability ¹	598
JET2 ¹	4,858		63,874
Future	3,655	Financials	
Hollywood Bowl	3,504	Alpha International ¹	11,011
Redrow	3,361	OSB	10,719
CVS ¹	2,932	Bank of Georgia	8,945
Wilmington	2,822	TBC Bank	3,206
Team17 ¹	2,530	H&T ¹	3,173
Bloomsbury Publishing	2,131	Tatton Asset Management ¹	2,745
M&C Saatchi ¹	1,908	Provident Financial	2,492
Vistry	1,787	TP ICAP	2,420
Warpaint London ¹	1,636	Polar Capital ¹	2,327
Games Workshop	1,406	CMC Markets	1,691
Sanderson Design ¹	981	Mortgage Advice Bureau ¹	1,364
National Express	944		50,093
Card Factory	932	Technology	
	64,382	Cerillion ¹	7,392
Industrials		Bytes Technology	4,857
Judges Scientific ¹	7,544	Learning Technologies ¹	3,337
SDI ¹	7,426	Quixant ¹	2,787
Oxford Instruments	5,112	Big Technologies	2,450
Equals ¹	4,951	accesso Technology ¹	2,448
Morgan Advanced Materials	3,527	Computacenter	1,508
Morgan Sindall	3,444	Zoo Digital ¹	1,150
Solid State ¹	2,895	Tinybuild ¹	739
Clarkson	2,850	Moneysupermarket.com	147
Keller	2,707		26,815
Wincanton	2,590	Energy	
Elixirr International ¹	2,500	Serica Energy ¹	6,829
Chemring	2,097	Ashtead Technology	6,736
FRP Advisory ¹	1,843	Energear	5,261
VIDENDUM	1,744	Hunting	5,084
Fonix Mobile ¹	1,623	Jadestone Energy ¹	1,569
Robert Walters	1,481		25,479
Somero Enterprises ¹	1,340	Health Care	
Science ¹	1,287	Ergomed ¹	7,701
Volox ¹	1,260	Indivior	7,679
BRAEMAR	1,162	NIOX ¹	1,273
Hargreaves Services ¹	1,153		16,653

List of Investments

List of Investments continued

Company	Valuation £'000
Consumer Staples	
Premier Foods	7,353
	7,353
Telecommunications	
Calnex Solutions ¹	3,860
Telecom Plus	2,797
	6,657
Basic Materials	
Central Asia Metals ¹	2,848
Hill & Smith	2,453
	5,301
Real Estate	
CLS	2,101
Palace Capital	1,241
Urban Logistics REIT	1,112
	4,454
Total investments¹	271,061

¹ AIM listed, totalling 44.6% of total investments (31st July 2022: 47.3%).

Portfolio Analysis

Sector	31st January 2023		31st July 2022	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Consumer Discretionary	23.7	19.1	23.5	16.0
Industrials	23.6	20.7	25.4	25.5
Financials	18.5	16.3	15.4	14.5
Technology	9.9	10.2	10.0	9.8
Energy	9.4	6.0	9.4	8.0
Health Care	6.1	4.2	5.7	5.6
Consumer Staples	2.7	4.9	2.8	4.5
Telecommunications	2.5	1.8	2.6	1.7
Basic Materials	2.0	8.9	1.9	6.9
Real Estate	1.6	7.0	3.3	5.3
Utilities	—	0.9	—	2.2
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £271.1m (31st July 2022: £275.6m).



Condensed Statement of Comprehensive Income

	(Unaudited)			(Unaudited)			(Audited)		
	Six months ended			Six months ended			Year ended		
	31st January 2023			31st January 2022			31st July 2022		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Losses on investments held at fair value through profit or loss	—	(4,427)	(4,427)	—	(32,407)	(32,407)	—	(85,781)	(85,781)
Net foreign currency gains/(losses)	—	3	3	—	1	1	—	(2)	(2)
Income from investments	2,848	—	2,848	3,609	—	3,609	8,101	—	8,101
Interest receivable and similar income	67	—	67	4	—	4	50	—	50
Gross return/(loss)	2,915	(4,424)	(1,509)	3,613	(32,406)	(28,793)	8,151	(85,783)	(77,632)
Management fee	(289)	(674)	(963)	(406)	(948)	(1,354)	(748)	(1,744)	(2,492)
Other administrative expenses	(288)	—	(288)	(259)	—	(259)	(566)	—	(566)
Net return/(loss) before finance costs and taxation	2,338	(5,098)	(2,760)	2,948	(33,354)	(30,406)	6,837	(87,527)	(80,690)
Finance costs	(140)	(327)	(467)	(78)	(183)	(261)	(180)	(419)	(599)
Net return/(loss) before taxation	2,198	(5,425)	(3,227)	2,870	(33,537)	(30,667)	6,657	(87,946)	(81,289)
Taxation	(15)	—	(15)	(18)	—	(18)	(106)	—	(106)
Net return/(loss) after taxation	2,183	(5,425)	(3,242)	2,852	(33,537)	(30,685)	6,551	(87,946)	(81,395)
Return/(loss) per share (note 3)	2.80p	(6.95)p	(4.15)p	3.65p	(42.97)p	(39.32)p	8.39p	(112.68)p	(104.29)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 or loss for the period and also the total comprehensive income.

Condensed Statement of Changes in Equity

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves ¹ £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 31st January 2023 (Unaudited)						
At 31st July 2022	3,981	25,895	2,903	220,248	7,420	260,447
Net (loss)/return after taxation	—	—	—	(5,425)	2,183	(3,242)
Dividend paid in the period (note 4)	—	—	—	—	(5,386)	(5,386)
At 31st January 2023	3,981	25,895	2,903	214,823	4,217	251,819
Six months ended 31st January 2022 (Unaudited)						
At 31st July 2021	3,981	25,895	2,903	308,194	5,318	346,291
Net (loss)/return after taxation	—	—	—	(33,537)	2,852	(30,685)
Dividend paid in the period (note 4)	—	—	—	—	(4,449)	(4,449)
At 31st January 2022	3,981	25,895	2,903	274,657	3,721	311,157
Year ended 31st July 2022 (Audited)						
At 31st July 2021	3,981	25,895	2,903	308,194	5,318	346,291
Net (loss)/return after taxation	—	—	—	(87,946)	6,551	(81,395)
Dividend paid in the period (note 4)	—	—	—	—	(4,449)	(4,449)
At 31st July 2022	3,981	25,895	2,903	220,248	7,420	260,447

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

Condensed Statement of Financial Position

	(Unaudited) At 31st January 2023 £'000	(Unaudited) At 31st January 2022 £'000	(Audited) At 31st July 2022 £'000
Fixed assets			
Investments held at fair value through profit or loss	271,061	340,828	275,604
Current assets			
Debtors	647	1,512	1,476
Cash and cash equivalents	2,345	8,941	9,650
	2,992	10,453	11,126
Current liabilities			
Creditors: amounts falling due within one year	(22,234)	(124)	(1,283)
Net current (liabilities)/assets	(19,242)	10,329	9,843
Total assets less current liabilities	251,819	351,157	285,447
Creditors: amounts falling due after one year	—	(40,000)	(25,000)
Net assets	251,819	311,157	260,447
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	214,823	274,657	220,248
Revenue reserve	4,217	3,721	7,420
Total shareholders' funds	251,819	311,157	260,447
Net asset value per share (note 5)	322.6p	398.7p	333.7p

Company registration number : 2515996.

Condensed Statement of Cash Flows

	(Unaudited) Six months ended 31st January 2023 £'000	(Unaudited) Six months ended 31st January 2022 £'000	(Audited) Year ended 31st July 2022 £'000
Net cash outflow from operations before dividends and interest (note 6)	(1,288)	(1,674)	(3,018)
Dividends received	3,417	3,385	7,419
Interest received	77	4	40
Interest paid	(409)	(265)	(604)
Net cash inflow from operating activities	1,797	1,450	3,837
Purchases of investments	(43,844)	(38,883)	(105,409)
Sales of investments	44,132	42,776	122,651
Settlement of foreign currency contracts	—	—	(4)
Net cash inflow from investing activities	288	3,893	17,238
Dividend paid	(5,386)	(4,449)	(4,449)
Litigation expense	—	(31)	(52)
Repayment of bank loans	(4,000)	(3,000)	(18,000)
Drawdown of bank loans	—	8,000	8,000
Net cash (outflow)/inflow from financing activities	(9,386)	520	(14,501)
(Decrease)/increase in cash and cash equivalents	(7,301)	5,863	6,574
Cash and cash equivalents at start of period/year	9,650	3,077	3,077
Exchange movements	(4)	1	(1)
Cash and cash equivalents at end of period/year	2,345	8,941	9,650
Cash and cash equivalents consist of:			
Cash and short term deposits	346	278	294
Cash held in JPMorgan Sterling Liquidity Fund	1,999	8,663	9,356
Total	2,345	8,941	9,650

Reconciliation of net debt

	As at 31st July 2022 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st January 2023 £'000
Cash and cash equivalents				
Cash	294	56	(4)	346
Cash equivalents	9,356	(7,357)	—	1,999
	9,650	(7,301)	(4)	2,345
Borrowings				
Debt due in less than one year	(25,000)	4,000	—	(21,000)
Total	(15,350)	(3,301)	(4)	(18,655)

Notes to the Condensed Financial Statements

For the six months ended 31st January 2023

1. Financial statements

The information contained within the condensed 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 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 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 July 2022.

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 2023.

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 2022.

3. Return/(loss) per share

	(Unaudited) Six months ended 31st January 2023 £'000	(Unaudited) Six months ended 31st January 2022 £'000	(Audited) Year ended 31st July 2022 £'000
Return per share is based on the following:			
Revenue return	2,183	2,852	6,551
Capital loss	(5,425)	(33,537)	(87,946)
Total loss	(3,242)	(30,685)	(81,395)
Weighted average number of shares in issue	78,051,669	78,051,669	78,051,669
Revenue return per share	2.80p	3.65p	8.39p
Capital loss per share	(6.95)p	(42.97)p	(112.68)p
Total loss per share	(4.15)p	(39.32)p	(104.29)p

4. Dividends paid

	(Unaudited) Six months ended 31st January 2023 £'000	(Unaudited) Six months ended 31st January 2022 £'000	(Audited) Year ended 31st July 2022 £'000
2022 final dividend of 6.9p (2021: 5.7p)	5,386	4,449	4,449

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

The Company will normally declare one final dividend for the year ending 31st July 2023, therefore no interim dividend has been declared in respect of the six months ended 31st January 2023 (2022: nil).

Notes to the Financial Statements

5. Net asset value per share

	(Unaudited) Six months ended 31st January 2023	(Unaudited) Six months ended 31st January 2022	(Audited) Year ended 31st July 2022
Net assets (£'000)	251,819	311,157	260,447
Number of shares in issue	78,051,669	78,051,669	78,051,669
Net asset value per share	322.6p	398.7p	333.7p

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

	(Unaudited) Six months ended 31st January 2023 £'000	(Unaudited) Six months ended 31st January 2022 £'000	(Audited) Year ended 31st July 2022 £'000
Net loss before finance costs and taxation	(2,760)	(30,406)	(80,690)
Add: capital loss before finance costs and taxation	5,098	33,354	87,527
Scrip dividends received as income	(27)	(145)	(145)
Decrease/(increase) in accrued income and other debtors	598	(103)	(440)
(Decrease)/increase in accrued expenses	(21)	(19)	36
Management fee charged to capital	(674)	(948)	(1,744)
Tax on unfranked investment income	(15)	(18)	(106)
Dividends received	(3,417)	(3,385)	(7,419)
Interest received	(77)	(4)	(40)
Realised loss on foreign exchange transactions	7	—	3
Net cash outflow from operations before dividends and interest	(1,288)	(1,674)	(3,018)

7. Fair valuation of investments

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

	(Unaudited) Six months ended 31st January 2023		(Unaudited) Six months ended 31st January 2022		(Audited) Year ended 31st July 2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	271,061	—	340,828	—	275,604	—
Total	271,061	—	340,828	—	275,604	—



Interim Management Report

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

Principal and Emerging Risks and Uncertainties

The principal risks and uncertainties faced by the Company have not changed significantly and fall into the following broad categories: strategic and performance risk; discount/premium; smaller company investment and market; political and economic (including the continuing war in Ukraine and the heightened political tensions between the US and China); investment management team; accounting, legal and regulatory; cybercrime; global pandemics; and climate change. Information on each of these areas is given in the Strategic Report within the Annual Report and Financial Statements for the year ended 31st July 2022 and in the view of the Board, these principal and emerging risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the period 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 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 12 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 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 year 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 2023, as required by the UK Listing Authority Disclosure and Transparency Rules 4.2.4R; and
- (ii) the half year 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

23rd March 2023



Glossary of Terms and Alternative Performance Measures ('APMS') (Unaudited)

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.

	Page	Six months ended 31st January 2023	
Total return calculation			
Opening share price (p)	6	297.0	(a)
Closing share price (p)	6	291.0	(b)
Total dividend adjustment factor ¹		1.024820	(c)
Adjusted closing share price (d = b x c)		298.2	(d)
Total return to shareholders (e = d / a - 1)		0.4%	(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.

	Page	Six months ended 31st January 2023	
Total return calculation			
Opening cum-income NAV per share (p)	6	333.7	(a)
Closing cum-income NAV per share (p)	6	322.6	(b)
Total dividend adjustment factor ¹		1.021965	(c)
Adjusted closing cum-income NAV per share (d = b x c)		329.7	(d)
Total return on net assets (e = d / a - 1)		-1.2%	(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 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 22 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.

Glossary of Terms and Alternative Performance Measures ('APMS') (Unaudited)

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.

		Six months ended 31st January 2023 £'000	Year ended 31st July 2022 £'000	
Gearing calculation	Page			
Investments held at fair value through profit or loss	19	271,061	275,604	(a)
Net assets	19	251,818	260,447	(b)
Gearing/(net cash) (c = a / b - 1)		7.6%	5.8%	(c)

Ongoing Charges Ratio (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 2023 is an estimated annualised figure based on the numbers for the six months ended 31st January 2023.

		Six months ended 31st January 2023 £'000	Year ended 31st July 2022 £'000	
Ongoing charges calculation	Page			
Management Fee	17	1,926	2,492	
Other administrative expenses	17	578	566	
Total management fee and other administrative expenses		2,504	3,058	(a)
Average daily cum-income net assets		248,047	308,509	(b)
Ongoing charges (c = a / b)		1.01%	0.99%	(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.

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	Hargreaves Lansdown
Barclays Smart investor	iDealing
Bestinvest	IG
Charles Stanley Direct	Interactive investor
Close brothers A.M. Self	IWeb
Directed Service	ShareDeal active
Fidelity Personal Investing	Willis Owen
Freetrade	X-O.co.uk
Halifax Share Dealing	

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These are third party providers and J.P. Morgan Asset Management does not endorse or recommend any. Please observe each provider'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 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 and JPMorgan Smaller Companies Investment Trust plc in 2006. The Company adopted its present name in September 2021.

Directors

Andrew Impey (Chairman of the Board, Nomination Committee and Management Engagement Committee)
 Katrina Hart
 Gordon Humphries (Chairman of the Audit Committee)
 Alice Ryder (Chairman of the Remuneration Committee and Senior Independent Director)

Company Numbers

Company registration number: 2515996
 LEI: 549300PXALXKUMU9JM18
 London Stock Exchange SEDOL: 0741600
 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 and on the JPMorgan website at www.jpmuksmallercompanies.co.uk, where the share price is updated every 15 minutes during trading hours.

Website

www.jpmuksmallercompanies.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.

aic

The Association of
Investment Companies

A member of the AIC

www.theaic.co.uk

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
 160 Queen Victoria Street
 London EC4V 4LA

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

Registrars

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

Lines open 9.00 a.m. to 5.00 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.

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 Statutory Auditor
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Brokers

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