



JPMorgan US Smaller Companies Investment Trust plc

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

Key Features

Investment Objective

Capital growth from investing in US smaller companies.

Investment team

The investment team is situated in New York. The lead portfolio manager, Don San Jose, has managed the portfolio since November 2008. The co-managers, Dan Percella and Jon Brachle, were appointed in 2014 and 2017 respectively. They are supported by additional investment professionals dedicated to researching US smaller companies, as well as the wider JPMAM investment management team.

Investment Policy

The portfolio is a product of the investment team's bottom-up investment approach and disciplined portfolio construction. The investment philosophy is simple and straightforward; to invest in companies that have a sustainable competitive advantage, that are run by competent management teams who have a track record of success and are good stewards of capital, and to focus on owning equity stakes in businesses that trade at a discount to their intrinsic value.

Benchmark Index

The Russell 2000 Index total return with net dividends reinvested, expressed in sterling terms. This index is a smaller companies' index and is rebalanced annually to represent the smallest two thousand stocks by market capitalisation of all companies quoted in the Russell 3000 Index. Comparison of the JPMorgan US Smaller Companies Investment Trust plc's (the 'Company') performance is made with this benchmark.

Capital Structure

At 30th June 2022, the Company's share capital comprised 65,506,265 ordinary shares of 2.5p each including 480,526 shares held in Treasury. Since the period end, a further 55,000 shares have been repurchased into Treasury, resulting in total share capital of 65,506,265 ordinary shares (including 535,526 Treasury shares) as at 22nd August 2022. Therefore, the total voting rights in the Company are 64,970,739.

Continuation Vote

In accordance with the Company's Articles of Association, shareholders approved a resolution that the Company continue as an investment trust at the Annual General Meeting on 26th May 2020. The next continuation vote will be in 2025.

Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager ('AIFM') and Company Secretary. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM'). All of these entities are wholly owned subsidiaries of J.P. Morgan Chase & Co.

ESG

The Manager of the Company considers financially material Environmental, Social and Governance (ESG) factors in investment analysis and investment decisions, with the goal of enhancing long-term, risk-adjusted financial returns. For further information, please refer to the Company's website and the latest annual report. Information can also be found on the AIC website – www.theaic.co.uk

FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares issued by JPMorgan US Smaller Companies Investment Trust plc 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.

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

The Company's website, which can be found at www.jpmussmallercompanies.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 June 2022

¹ Source: Morningstar.² Source: J.P. Morgan/Morningstar, using cum-income net asset value per share.³ Source: Russell Investments. The Company's benchmark is the Russell 2000 Index total return with net dividends reinvested, expressed in sterling terms.^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 25 and 26.

Financial Highlights

Summary of results

	30th June 2022	31st December 2021	% change
Shareholders' funds (£'000)	256,258	301,783	-15.1
Number of shares in issue (excluding shares held in Treasury) ¹	65,025,739	65,306,265	-0.4
Net asset value per share	394.1p	462.1p	-14.7 ²
Share price	346.0p	467.0p	-25.9 ³
Share price (discount)/premium to net asset value per share ^A	(12.2)%	1.1%	—
Gearing^A	7.1%	6.7%	—
Ongoing charges^A	0.94%	0.99%	—

¹ 480,526 shares held in Treasury (31st December 2021: 125,000).

² % change, excluding dividend paid. Including dividend the return would be -14.2%.

³ % change, excluding dividend paid. Including dividend the return would be -25.4%.

^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 25 and 26.



Chairman's Statement



David Ross
Chairman

Performance

US stockmarkets, not unlike the vast majority of world markets, saw declines in the first six months of the year. Your company's benchmark, the Russell 2000 index, fell by 23.5% (in US dollar terms). However, as a result of the dollar's appreciation against sterling, this decline represented a fall of 14.7% in sterling terms. This compares with a fall of 14.2% in the Net Asset Value of your Company. The share price fell by 25.4%, resulting in a widening of the discount.

A fuller explanation of the performance is set out in the Investment Managers' report on pages 10 and 11.

Premium and Discount to Net Asset Value

Having begun the half-year trading at a premium to Net Asset Value (NAV) of 1.1%, the Company's shares traded at a discount for much of the period, averaging a discount of 6.2% over the six months.

The relationship between our share price and the NAV is monitored on a daily basis by the Board and our professional advisers, and to help with the management of the discount we have in place the authority to repurchase up to 14.99% of the Company's issued share capital.

Share Issuance and Repurchases

The Company's move from premium to discount is reflected in its share issuance and buyback behaviour over the six months period. In January 2022 the Company resold 125,000 shares from Treasury and issued 75,000 new ordinary shares when the Company was trading at a premium. In subsequent months, with the widening of the discount, the Company repurchased a total of 480,526 shares into Treasury. The Company has purchased an additional 55,000 shares into Treasury since the period end.

The Company's policy remains one of issuing shares at a premium to NAV, if demand is present, as such issuance enhances the NAV to shareholders as a whole, improves secondary market liquidity and prevents the emergence of an excessive short term spike in premium levels. At the same time, the Company remains willing to acquire shares when it is felt to be in the long term interests of shareholders.

Board Succession Planning

Mandy Donald was appointed on 2nd January 2022 and became Chairman of the Audit Committee following the retirement of Julia Le Blan at the Annual General Meeting in April. The Board now consists of five non-executive directors with a range of tenures from 7 months to 7 years. We believe the Board has good diversity and the correct balance of skills. The Board has set in place a well-structured succession plan.

Gearing

Having renewed the Company's \$30 million gearing facility (with an accordion facility of \$10 million) in October 2021 for two years, the Company continued to utilise its revolving credit facility to maintain a meaningful but modest level of gearing. \$30 million is currently drawn down on the facility. The Company closed the six month period with a gearing level of 7.1% having averaged approximately 7.0% throughout the reporting period.

Outlook

Over the first six months of the year large cap stocks outperformed small cap, with value continuing to outperform growth. This was reflected in the Company's NAV and share price performance during the period. Difficult conditions for small cap stocks are likely to be ongoing, with rising recession fears on the back of increasing interest rates. However, valuations relative to large cap stocks are attractive and the Investment Managers' conviction in the longer terms prospects of US small caps remains.

Therefore, notwithstanding the current headwinds, we continue to remain optimistic about the outlook for the Company and the Investment Managers' ability to find a wide range of innovative, fast growing and resilient companies at attractive valuations.

David Ross
Chairman

22nd August 2022



Investment Managers' Report

Market Review

The US equity market saw its worst first half of the year since 1962, as sharp declines pushed the indices into bear market territory. In the first six months of 2022, the S&P 500 Index declined by 20% (in US dollar terms) as supply chain and COVID-19 worries eventually gave way to greater fears that as the Federal Reserve ('Fed') fights inflation, the economy will tip into recession.

A confluence of high inflation, fast-paced monetary tightening, elevated input costs and other supply chain constraints pressured the markets through several ups and downs throughout the period. Equity markets lost ground at the start of the year due to the war in Ukraine and high headline inflation. While heightened anticipation of a hawkish Fed action added to the market volatility, robust labor markets, promising consumer spending and healthy business activity even in a tough business environment provided a brief respite to the investors in March.

The markets resumed the sell-off in April as the first quarter GDP reading showed that the economy had contracted as a result of unceasing supply chain constraints and rising input prices and wage costs. Continued headwinds to corporate manufacturing and retail sales powered a volatile market in May, ultimately resulting in slow growth and the fall in manufacturing production by the end of June. While increased spending in pandemic affected areas is promising, the ability of the Fed to lead the economy into a soft landing combined with continued supply chain constraints and the highest inflation in over 40 years has brought uncertainty to equity markets.

Large cap stocks, as represented by the S&P 500 Index, returned -20.0% (in US dollar terms), outperforming the small cap Russell 2000 Index, which returned -23.5%. Overall, value continued to outperform growth, as the Russell 3000 Value Index declined by 13.1%, while the Russell 3000 Growth Index declined by 28.2%.

Performance

The Portfolio's net asset value decreased by -14.2% in the first half of 2022. The Trust outperformed its benchmark, the Russell 2000 Index (Net), which fell by -14.7% in sterling terms in the face of a steep market decline. Stock selection was the primary driver of performance.

With regard to relative performance, the consumer discretionary and health care sectors contributed the most. Within health care, our overweight position in **HealthEquity** was one of the largest contributors to performance. HealthEquity provides technology that helps consumers and employers manage Health Savings Accounts (HSAs) and other consumer-directed benefits. The shares rallied as the company reported a better finish to FY22 with record HSA member growth. The company also provided FY23 guidance, which was in-line with expectations, and viewed by management as conservative. More recently, with the Fed commencing rate hikes for the first time in years, HealthEquity is poised to see a benefit as the company places custodial assets at higher yields. We took some profits on strength, but continue to like the stock.

Within consumer discretionary, our exposure to **Driven Brands** proved beneficial. Driven Brands is one of the largest operators of auto services in the US. The company reported a solid first quarter and beat consensus estimates, followed by a full year guidance increase on their second quarter call. Driven Brands benefitted from double-digit comps, and management noted that higher gas prices have not had an impact on consumer demand and pricing power. We continue to like the company due to its attractive valuations relative to other auto part retailers and the strength of the business.

Our exposure to **WEX** within industrials proved beneficial. WEX, a payment processing and technology solutions provider, posted solid earnings results for 4Q21 and has been benefiting from re-opening trends, as fleet and travel volumes rebounded. Moreover, WEX's fleet segment benefits from rising fuel prices, has been a positive in this macro environment. We view WEX as reasonably inexpensive with cyclical upside, so it remains a larger exposure for us despite recent outperformance.

On the other hand, our stock selection in utilities as well as sector allocation to energy detracted from performance. Energy was the best performing and only positive sector in the benchmark, up 17% (in US dollar terms) for the first half of the year. High oil prices exacerbated by geopolitical concerns and the continued lack of new supply caused a rally in the sector. We currently don't hold any energy



Don San Jose
Investment Manager



Jon Brachle
Investment Manager



Dan Percella
Investment Manager

Investment Managers' Report

names in our portfolio and this lack of exposure hindered our performance relative to the index. We struggle to find companies that meet our investment criteria as many small cap energy names lack financial discipline and are typically lower quality.

At the security level, our overweight in **Q2 Holdings** and exposure to **Allegro Microsystems** within the technology sector hurt performance. Q2 Holdings is a provider of digital banking software and other technology to regional/community financial institutions and fin-techs. The company performed in-line with other high-growth and low margin software stocks, which were pressured by rising rates. In mid-May, the stock surged on news that the company was evaluating alternatives after receiving takeover interest but gave back the gains in early June as offer prices were deemed too low. Allegro manufactures and markets integrated circuits for motion control and energy-efficient systems. Shares of the company fell as investors questioned the health of the global automotive market, which accounts for the majority of the company's revenue.

Portfolio Positioning

With regard to our portfolio positioning, we continue to focus on finding companies with durable franchises, good management teams and stable earnings that trade at a discount to intrinsic value. We continue to believe that smaller companies are worth investing in for long term investors as they include innovative companies that serve market niches and thereby can be a way to get in early on innovation.

This year, we have been trimming overvalued defensive names, despite the stability they have provided in a volatile market. We are also beginning to add to some cyclical names in the industrials, financials and consumer sectors, where valuations once again look attractive. We are also adding a bit to growthier names in technology and health care, as the selloff in these sectors have resulted in more reasonable valuations. Our largest absolute and relative weight remains in industrials.

On the other hand, our largest underweight remains in the energy sector. The underweight is a result of our lack of exposure to energy stocks as they do not meet our criteria for durable businesses with sustainable competitive advantages. Health care and real estate sectors are our next largest underweight sectors.

Market Outlook

We expect rising recession fears to continue to pose a challenging backdrop for US small cap stocks in the near term. However, with US small caps currently in a bear market, investor sentiment near all-time lows and valuations relative to large caps at historically attractive levels, we believe the longer term prospects for US small caps have become more compelling, and we have begun incrementally positioning for a market recovery. Inflation and other uncertainties, such as the tightening liquidity, lingering effects of COVID-19 on the continued supply chain constraints, and economic impacts of the war in Ukraine will be integral to investor sentiment moving forward.

While the economy has steadily recovered, we remain balanced and continue to monitor incremental risks that could represent headwinds for US stocks. Through the volatility, we maintain exposure to quality, focus on high conviction stocks, and take advantage of market dislocations for compelling stock selection opportunities.

Don San Jose

Jon Brachle

Dan Percella

Investment Managers

22nd August 2022

List of Investments

List of Investments

As at 30th June 2022

Company	Valuation £'000	Company	Valuation £'000		
Industrials					
WillScot Mobile Mini	5,025	BJ's Wholesale Club	4,828		
MSA Safety	4,302	Driven Brands	3,909		
Lincoln Electric	4,184	Wendy's	3,490		
AptarGroup	4,131	Acushnet	3,321		
WEX	4,006	LCI Industries	2,941		
Landstar System	3,393	IAA	2,940		
Douglas Dynamics	3,369	Planet Fitness	2,896		
Toro	3,345	Malibu Boats	2,769		
Applied Industrial Technologies	3,226	Leslie's	2,715		
Brunswick	3,161	Monarch Casino & Resort	2,620		
UniFirst	3,010	Bright Horizons Family Solutions	2,302		
Hayward	2,970	Carter's	2,193		
Knight-Swift Transportation	2,949	National Vision	1,716		
Brady	2,862		38,640		
Janus International	2,851	Health Care			
Badger Meter	2,626	Encompass Health	4,107		
Hillman Solutions	2,592	ICU Medical	3,831		
Woodward	2,505	HealthEquity	3,717		
Simpson Manufacturing	2,438	Syneos Health	3,698		
Patrick Industries	2,374	Envista	3,436		
Altra Industrial Motion	2,258	Agiliti	3,170		
First Advantage	2,257	Certara	2,807		
Gates Industrial	2,243	ModivCare	2,469		
Diversey	1,705	Neogen	2,312		
Pactiv Evergreen	497	Progyny	2,044		
	74,279	QuidelOrtho	1,740		
Financials					
Kinsale Capital	4,387		33,331		
RLI	3,999	Technology			
Western Alliance Bancorp	3,736	Novanta	4,099		
AssetMark Financial	3,535	Power Integrations	3,845		
StepStone	3,484	Allegro MicroSystems	3,074		
Wintrust Financial	3,484	Q2	2,679		
Washington Trust Bancorp	3,434	Envestnet	2,628		
Focus Financial Partners	3,427	Paycor HCM	2,470		
BankUnited	3,181	Definitive Healthcare	2,056		
Moelis	3,032	Guidewire Software	1,943		
ServisFirst Bancshares	2,912	MACOM Technology Solutions	1,925		
First Hawaiian	2,673	Azenta	1,604		
City Holding	2,596	nLight	1,563		
Evercore	2,594	Xometry	1,532		
First Financial Bancorp	2,055	Duck Creek Technologies	1,440		
First Interstate BancSystem	1,362	Clearwater Analytics	1,418		
	49,891		32,276		

List of Investments

List of Investments (continued)

As at 30th June 2022

Company	Valuation £'000
Real Estate	
National Retail Properties	3,966
EastGroup Properties	3,379
Ryman Hospitality Properties	2,880
Outfront Media	2,312
Cushman & Wakefield	2,304
	14,841
Basic Materials	
RBC Bearings	4,516
Quaker Chemical	3,610
Valvoline	3,308
Ecovyst	3,193
	14,627
Utilities	
Casella Waste Systems	3,642
Portland General Electric	3,447
NorthWestern	3,057
	10,146
Consumer Staples	
Primo Water	3,827
Utz Brands	2,687
	6,514
Total investments	274,545

Sector Analysis

Sector

	30th June 2022		31st December 2021	
	Portfolio	Benchmark	Portfolio	Benchmark
	% ¹	%	% ¹	%
Industrials	27.1	16.3	25.9	15.4
Financials	18.2	16.9	17.2	15.8
Consumer Discretionary	14.1	12.3	13.3	14.5
Health Care	12.1	16.4	12.8	17.5
Technology	11.7	11.6	12.5	13.0
Real Estate	5.4	7.5	7.0	7.6
Basic Materials	5.3	3.9	4.3	3.7
Utilities	3.7	3.9	3.4	3.0
Consumer Staples	2.4	3.5	3.6	3.0
Energy	—	5.9	—	4.6
Telecommunications	—	1.8	—	1.9
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £274.5m (31st December 2021: £322.1m).



Statement of Comprehensive Income

For the six months ended 30th June 2022

	(Unaudited) Six months ended 30th June 2022			(Unaudited) Six months ended 30th June 2021			(Audited) Year ended 31st December 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
	—	(40,791)	(40,791)	—	26,175	26,175	—	44,039	44,039
(Losses)/gains on investments held at fair value through profit or loss	—	(40,791)	(40,791)	—	26,175	26,175	—	44,039	44,039
Net foreign currency (losses)/gains on cash and loans	—	(2,028)	(2,028)	—	95	95	—	(284)	(284)
Income from investments	1,542	—	1,542	1,555	—	1,555	3,236	—	3,236
Interest receivable	14	—	14	16	—	16	30	—	30
Gross return/(loss)	1,556	(42,819)	(41,263)	1,571	26,270	27,841	3,266	43,755	47,021
Management fee	(209)	(834)	(1,043)	(222)	(888)	(1,110)	(468)	(1,873)	(2,341)
Other administrative expenses	(233)	—	(233)	(189)	—	(189)	(422)	—	(422)
Net return/(loss) before finance costs and taxation	1,114	(43,653)	(42,539)	1,160	25,382	26,542	2,376	41,882	44,258
Finance costs	(31)	(123)	(154)	(27)	(101)	(128)	(51)	(201)	(252)
Net return/(loss) before taxation	1,083	(43,776)	(42,693)	1,133	25,281	26,414	2,325	41,681	44,006
Taxation	(193)	—	(193)	(197)	—	(197)	(477)	—	(477)
Net return/(loss) after taxation	890	(43,776)	(42,886)	936	25,281	26,217	1,848	41,681	43,529
Return/(loss) per share (note 3)	1.37p	(67.18)p	(65.81)p	1.48p	39.95p	41.43p	2.87p	64.81p	67.68p

No interim dividend has been declared in respect of the six months ended 30th June 2022 (2021: nil).

All revenue and capital items in the above statement derive from continuing operations.

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) on ordinary activities after taxation represents the profit for the period/year and also the total comprehensive income.

Statement of Changes in Equity

	Called up share capital £'000	Capital Share premium £'000	Capital redemption reserve £'000	Capital reserves ¹ £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 30th June 2022 (Unaudited)						
At 31st December 2021	1,636	45,367	1,851	250,536	2,393	301,783
Issues of Ordinary shares	2	329	—	—	—	331
Repurchase of shares into Treasury	—	—	—	(1,880)	—	(1,880)
Shares reissued from Treasury	—	105	—	479	—	584
Block listing fees	—	—	—	(48)	—	(48)
Net (loss)/return for the period	—	—	—	(43,776)	890	(42,886)
Dividends paid in the period (note 4)	—	—	—	—	(1,626)	(1,626)
At 30th June 2022	1,638	45,801	1,851	205,311	1,657	256,258
Six months ended 30th June 2021 (Unaudited)						
At 31st December 2020	1,499	21,970	1,851	209,377	2,142	236,839
Issue of Ordinary shares	137	23,354	—	—	—	23,491
Repurchase of shares into Treasury ²	—	—	—	(5)	—	(5)
Net return for the period	—	—	—	25,281	936	26,217
Dividends paid in the period (note 4)	—	—	—	—	(1,597)	(1,597)
At 30th June 2021	1,636	45,324	1,851	234,653	1,481	284,945
Year ended 31st December 2021 (Audited)						
At 31st December 2020	1,499	21,970	1,851	209,377	2,142	236,839
Issue of Ordinary shares	137	23,354	—	—	—	23,491
Shares reissued from Treasury	—	43	—	417	—	460
Repurchase of shares into Treasury	—	—	—	(939)	—	(939)
Net return for the year	—	—	—	41,681	1,848	43,529
Dividends paid in the year (note 4)	—	—	—	—	(1,597)	(1,597)
At 31st December 2021	1,636	45,367	1,851	250,536	2,393	301,783

¹ These reserves form the distributable reserve of the Company and may be used to fund distributions to investors.

² This amount represents Stamp Duty Reserve Tax paid in 2021 in respect of repurchases made in 2020.

Statement of Financial Position

At 30th June 2022

	(Unaudited) 30th June 2022 £'000	(Unaudited) 30th June 2021 £'000	(Audited) 31st December 2021 £'000
Fixed assets			
Investments held at fair value through profit or loss	274,545	304,857	322,123
Current assets			
Debtors	985	196	559
Cash and cash equivalents	6,920	2,481	3,057
	7,905	2,677	3,616
Current liabilities			
Creditors: amounts falling due within one year ¹	(1,489)	(22,589)	(1,807)
Net current assets/(liabilities)	6,416	(19,912)	1,809
Total assets less current liabilities	280,961	284,945	323,932
Creditors: amounts falling due after one year	(24,703)	—	(22,149)
Net assets	256,258	284,945	301,783
Capital and reserves			
Called up share capital	1,638	1,636	1,636
Share premium	45,801	45,324	45,367
Capital redemption reserve	1,851	1,851	1,851
Capital reserves	205,311	234,653	250,536
Revenue reserve	1,657	1,481	2,393
Total shareholders' funds	256,258	284,945	301,783
Net asset value per share (note 5)	394.1p	435.5p	462.1p

¹ At 30th June 2021, the Company had drawn down US\$30.0m (GBP £21.7m equivalent) on its loan facility with Scotiabank which was repayable on 29th October 2021, this agreement was reviewed and renewed, with a new maturity date of 27th October 2023.

Statement of Cash Flows

For the six months ended 30th June 2022

	(Unaudited) 30th June 2022 £'000	(Unaudited) 30th June 2021 £'000	(Audited) 31st December 2021 £'000
Net cash outflow from operations before dividends and interest (note 6)	(1,349)	(1,294)	(2,710)
Dividends received	1,351	1,300	2,694
Interest received	14	16	30
Overseas tax recovered	40	50	50
Interest paid	(148)	(112)	(240)
Net cash outflow from operating activities	(92)	(40)	(176)
Purchases of investments	(41,300)	(66,028)	(105,707)
Sales of investments	47,369	36,753	77,565
Settlement of foreign currency contracts	15	1	5
Net cash inflow/(outflow) from investing activities	6,084	(29,274)	(28,137)
Dividend paid	(1,626)	(1,597)	(1,597)
Issue of Ordinary shares	331	23,891	23,891
Shares reissued from Treasury	584	—	460
Repurchase of shares into Treasury ¹	(1,880)	(5)	(939)
Block listing fees	(48)	—	—
Draw down of bank loans	—	3,531	3,531
Net cash (outflow)/inflow from financing activities	(2,639)	25,820	25,346
Increase/(decrease) in cash and cash equivalents	3,353	(3,494)	(2,967)
Cash and cash equivalents at start of period/year	3,057	5,985	5,985
Exchange movements	510	(10)	39
Cash and cash equivalents at end of period/year	6,920	2,481	3,057
Increase/(decrease) in cash and cash equivalents	3,353	(3,494)	(2,967)
Cash and cash equivalents consist of:			
Cash and short term deposits	7	3	27
Cash held in JPMorgan US Dollar Liquidity Fund	6,913	2,478	3,030
Total	6,920	2,481	3,057

¹ The 30th June 2021 amount represents Stamp Duty Reserve Tax paid in 2021 in respect of repurchases made in 2020.

Reconciliation of net debt

	As at 31st December 2021 £'000	Cash flows £'000	Other non-cash charges £'000	As at 30th June 2022 £'000
Cash and cash equivalents				
Cash	27	(20)	—	7
Cash equivalents	3,030	3,622	261	6,913
	3,057	3,602	261	6,920
Borrowings				
Debt due after one year	(22,149)	—	(2,553)	(24,703)
Total	(19,092)	3,602	(2,292)	(17,783)

Notes to the Financial Statements

For the six months ended 30th June 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 December 2021 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 June 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 December 2021.

3. (Loss)/return per share

	(Unaudited) Six months ended 30th June 2022 £'000	(Unaudited) Six months ended 30th June 2021 £'000	(Audited) Year ended 31st December 2021 £'000
(Loss)/return per share is based on the following:			
Revenue return	890	936	1,848
Capital (loss)/return	(43,776)	25,281	41,681
Total (loss)/return	(42,886)	26,217	43,529
Weighted average number of shares in issue	65,166,032	63,281,564	64,314,208
Revenue return per share	1.37p	1.48p	2.87p
Capital (loss)/return per share	(67.18)p	39.95p	64.81p
Total (loss)/return per share	(65.81)p	41.43p	67.68p

4. Dividends paid

	(Unaudited) Six months ended 30th June 2022 £'000	(Unaudited) Six months ended 30th June 2021 £'000	(Audited) Year ended 31st December 2021 £'000
Final dividend in respect of the year ended 31st December 2021 of 2.5p (2020: 2.5p)			
	1,626	1,597	1,597
Total dividends paid in the period/year	1,626	1,597	1,597

The dividend paid in the period/year has been funded from the revenue earnings.

Notes to the Financial Statements

5. Net asset value per share

	(Unaudited) Six months ended 30th June 2022 £'000	(Unaudited) Six months ended 30th June 2021 £'000	(Audited) Year ended 31st December 2021 £'000
Net assets (£'000)	256,258	284,945	301,783
Number of shares in issue at period/year end	65,025,739	65,431,265	65,306,265
Net asset value per share	394.1p	435.5p	462.1p

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 June 2022 £'000	(Unaudited) Six months ended 30th June 2021 £'000	(Audited) Year ended 31st December 2021 £'000
Net (loss)/return before finance costs and taxation	(42,539)	26,542	44,258
Add capital loss/(less capital return) before finance costs and taxation	43,653	(25,382)	(41,882)
Decrease in accrued income and other debtors	21	16	6
(Decrease)/increase in accrued expenses	(51)	(19)	32
Management fee charged to capital	(834)	(888)	(1,873)
Overseas withholding tax	(234)	(247)	(527)
Dividends received	(1,351)	(1,300)	(2,694)
Interest received	(14)	(16)	(30)
Net cash outflow from operations before dividends and interest	(1,349)	(1,294)	(2,710)

7. Fair valuation of instruments

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

	(Unaudited) Six months ended 30th June 2022		(Unaudited) Six months ended 30th June 2021		(Audited) Year ended 31st December 2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	274,545	—	304,857	—	322,123	—
Total value of investments	274,545	—	304,857	—	322,123	—



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 fall into the following broad categories: underperformance; market and economic; discount control; shareholder demand; lost of investment team or portfolio manager; outsourcing; cyber crime; statutory and regulatory compliance; and climate change. In addition, the following were identified as emerging risks: political and economic; global pandemics; market risk; and ongoing shareholder demand. The Board continues to closely consider and monitor these risks. Information on each of these areas is given in the Strategic Report within the Annual Report and Financial Statements for the year ended 31st December 2021.

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, the vast majority of 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 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 30th June 2022 as required by the UK Listing Authority Disclosure and Transparency Rules 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

and the Directors confirm that they have done so.

For and on behalf of the Board

David Ross

Chairman

22nd August 2022



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.

Total return calculation	Page	Six months ended	
		30th June 2022	
Opening share price (p)	6	467.0	(a)
Closing share price (p)	6	346.0	(b)
Total dividend adjustment factor ¹		1.006361	(c)
Adjusted closing share price (d = b x c)		348.2	(d)
Total return to shareholders (e = (d / a) - 1)		-25.4%	(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, 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 June 2022	
Opening cum-income NAV per share (p)	6	462.1	(a)
Closing cum-income NAV per share (p)	6	394.1	(b)
Total dividend adjustment factor ¹		1.00589	(c)
Adjusted closing share price (d = b x c)		396.4	(d)
Total return on net assets (e = (d / a) - 1)		-14.2%	(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.

Benchmark 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 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Gearing/(Net Cash) (APM)

Gearing represents the excess amount above shareholder's 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	Six months ended		Year ended	
		30th June	2022	31st December	2021
Investments held at fair value through profit or loss	18	274,545		322,123	(a)
Net assets	18	256,258		301,783	(b)
Gearing (c = (a / b) - 1)	6	7.1%		6.7%	(c)

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

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.

	Page	Estimated year ending 31st December	Year ended 31st December
		2022 ¹	2021
Management Fee	16	2,086	2,341
Other administrative expenses	16	466	422
Total management fee and other administrative expenses		2,522	2,763
Average daily cum-income net assets		272,648	280,180
Ongoing charges (c = a / b)		0.94%	0.99%
			(c)

¹ Figures shown are estimated annualised figures based on the actual management fee and other administration expenses for the six months ended 30th June 2022 multiplied by two.

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 trusts' shares to trade at a discount than at a premium (see page 6).

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 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.

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

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



Information About the Company

FINANCIAL CALENDAR

Financial year end	31st December
Final results announced	March
Half year end	30th June
Half year results announced	August
Dividend (if any) on ordinary shares paid	May
Annual General Meeting	April

History

JPMorgan US Smaller Companies Investment Trust plc was incorporated in 1955 as Atomic Securities Trust Limited. It was dormant until 1962 when it changed its name to Fledgeling Investments Limited and began operations as an unquoted investment company.

The Company was wholly owned by a number of Fleming investment trusts and invested in listed and unlisted companies in the UK and US which for reasons of small size, illiquidity or risk, were unsuitable for direct investment. In 1982, with assets of £9.2 million, it obtained a listing on the London Stock Exchange and gained investment trust status, at which time it changed its name to The Fleming Fledgeling Investment Trust plc. In April 1998, the Company changed its mandate and also its name to The Fleming US Discovery Investment Trust plc, then again to JPMorgan Fleming US Discovery Investment Trust plc in May 2002 and to JPMorgan US Discovery Investment Trust plc in April 2006. The Company adopted its present name in April 2010.

Directors

David Ross (Chairman)
 Mandy Donald (Audit Committee Chairman)
 Christopher Metcalfe (Senior Independent Director)
 Dominic Neary
 Shefaly Yogendra (Remuneration Committee Chairman)

Company Numbers

Company registration number: 552775
 London Stock Exchange Code: JUSC LN
 ISIN: GB00BJL5F346
 Bloomberg: JUSC LN
 LEI: 549300MDD7SOXDMBN667
 Reuters: JUSC.L

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 Company's website at www.jpmussmallercompanies.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmussmallercompanies.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf.

Manager and Company Secretary

JPMorgan Funds Limited.

Company's Registered Office

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

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

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.

Custodian

JPMorgan Chase Bank, N.A.
 25 Bank Street
 Canary Wharf
 London E14 5JP

Registrars

Equiniti Limited
 Reference 1084
 Aspect House
 Spencer Road
 Lancing
 West Sussex BN99 6DA
 Telephone number: 0371 384 2326

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 1084. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Independent Auditor

BDO LLP
 Statutory Auditor
 55 Baker Street
 London W1U 7EU

Brokers

Numis Securities Limited
 45 Gresham Street
 London EC2V 7BF
 Telephone number: 020 7260 1000



The Association of
 Investment Companies

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