

JPMorgan Japan Small Cap Growth & Income plc *(formerly JPMorgan Japan Smaller Companies Trust plc)*

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



KEY FEATURES

Your Company

Investment Objective

The Company's objective is to achieve long-term capital growth through investment in small- and medium-sized Japanese companies.

Investment Policy

In order to achieve its investment objective and to seek to manage risk, the Company invests in a diversified portfolio of Japan-based companies, emphasising capital growth rather than income.

To obtain this exposure, investment is permitted in Japanese quoted companies other than the largest 200 measured by market capitalisation, Japanese domiciled unquoted companies, Japanese domiciled companies quoted on a non-Japanese stock exchange and non-Japanese domiciled companies which have at least 75% of their revenues derived from Japan. Investment is also permitted in UK and Japanese government bonds. Borrowings may be utilised to enhance shareholder returns.

Dividend Policy

With effect from 1st April 2018, the Company implemented a dividend policy under which it aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equal to 1% of the Company's Net Asset Value ('NAV') on the last business day of the preceding financial quarter, being the end of March, June, September and December. Over the year this approximates to 4% of the average NAV. These dividends are paid from a combination of the Company's revenue, capital and other reserves and will fluctuate in line with any rise or fall in its net assets. The Company's investment objective and investment policy remained unchanged following the change in dividend policy.

Company Name and Ticker

The Company changed its name from JPMorgan Japan Smaller Companies Trust plc to JPMorgan Japan Small Cap Growth & Income plc on 16th December 2020. The Company will change its London Stock Exchange stock ticker symbol (TIDM) from JPS to JSGL with effect from 17th December 2020.

Benchmark

The Company's benchmark is the S&P Japan SmallCap Net Return Index (in sterling terms). Comparison of the Company's performance is made with the benchmark as stated, although investors should note that there is no recognised benchmark that closely reflects the Company's stated investment policy. With effect from 1st April 2021, the benchmark will be changed to the MSCI Japan Small Cap Index (in sterling terms) which has similar long term performance but is more widely recognised.

Capital Structure

As at 30th September 2020, the Company's issued share capital comprised 55,944,560 Ordinary shares of 10p each, of which 1,434,221 were held in Treasury.

Management Company

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 (Japan) Limited through JPMorgan Asset Management (UK) Limited.

Association of Investment Companies ('AIC')

The Company is a member of the AIC and complies with both the AIC Code of Corporate Governance and the Financial Reporting Council's UK Corporate Governance Code.

Website

The Company's website can be found at www.jpmmjapan-smaller-companies.co.uk (shortly to be renamed www.jpmmjapan-small-cap-growth-and-income.co.uk) and includes useful information about the Company, such as daily prices, factsheets and current and historic half year and annual reports.



Why invest in JPMorgan Japan Small Cap Growth & Income plc?

Providing income without compromising on Japanese growth opportunities

JPMorgan Japan Small Cap Growth & Income plc is an investment trust company which aims to provide access to the innovative and fast-growing smaller company stocks that are at the core of the Japanese economy by using a stock selection process based on extensive experience and local knowledge of the market.

- Managed by a Japan-based local team that has both knowledge and long-standing experience of selecting undervalued, high quality smaller companies from across Japan.
- Invests in a changing Japan, with exposure to new products, technologies and markets which are often overlooked by UK investors.
- Provides access to innovative and fast growing smaller Japanese companies, which are at the core of the Japanese economy.

The Company aims to pay a regular quarterly dividend equal to 1% of the NAV on the last business day of the preceding financial quarter. Over the year this approximates to 4% of the average NAV. This dividend policy does not change the portfolio managers' investment approach, which is focused on continuing to achieve long term capital growth.

Our heritage and our team

JPMorgan first opened its Tokyo office in 1969 and has over 50 years' experience in Japan in seeking out the most attractively valued Japanese sectors.

The team has been managing Japan equities mandates in Tokyo since 1969 and the current team has an average of 14 years' experience with the firm and 19 years' experience in the industry. They are supported by JPMorgan Asset Management's extensive resources around the world.

Our investment approach

A combination of desk-based research and company meetings inform our rating of a company. We consider the growth opportunity for the industry overall before considering the company's competitive positioning and management. This allows us to assess the company's potential for growth. We then look at financial metrics with a focus on cash flow and balance sheet strength to evaluate the overall economics of the business. We also consider governance issues such as shareholder returns, management strength and the track record on environmental and social issues. Only then do we consider valuations - we do not buy companies where the short-term valuation looks low if they do not have a strong long-term growth outlook.

4%

Pays 4% of average NAV
per annum as dividends

29

investment
professionals in Japan

4,000+

Japanese company
meetings each year

400

Approximate number
of stocks covered

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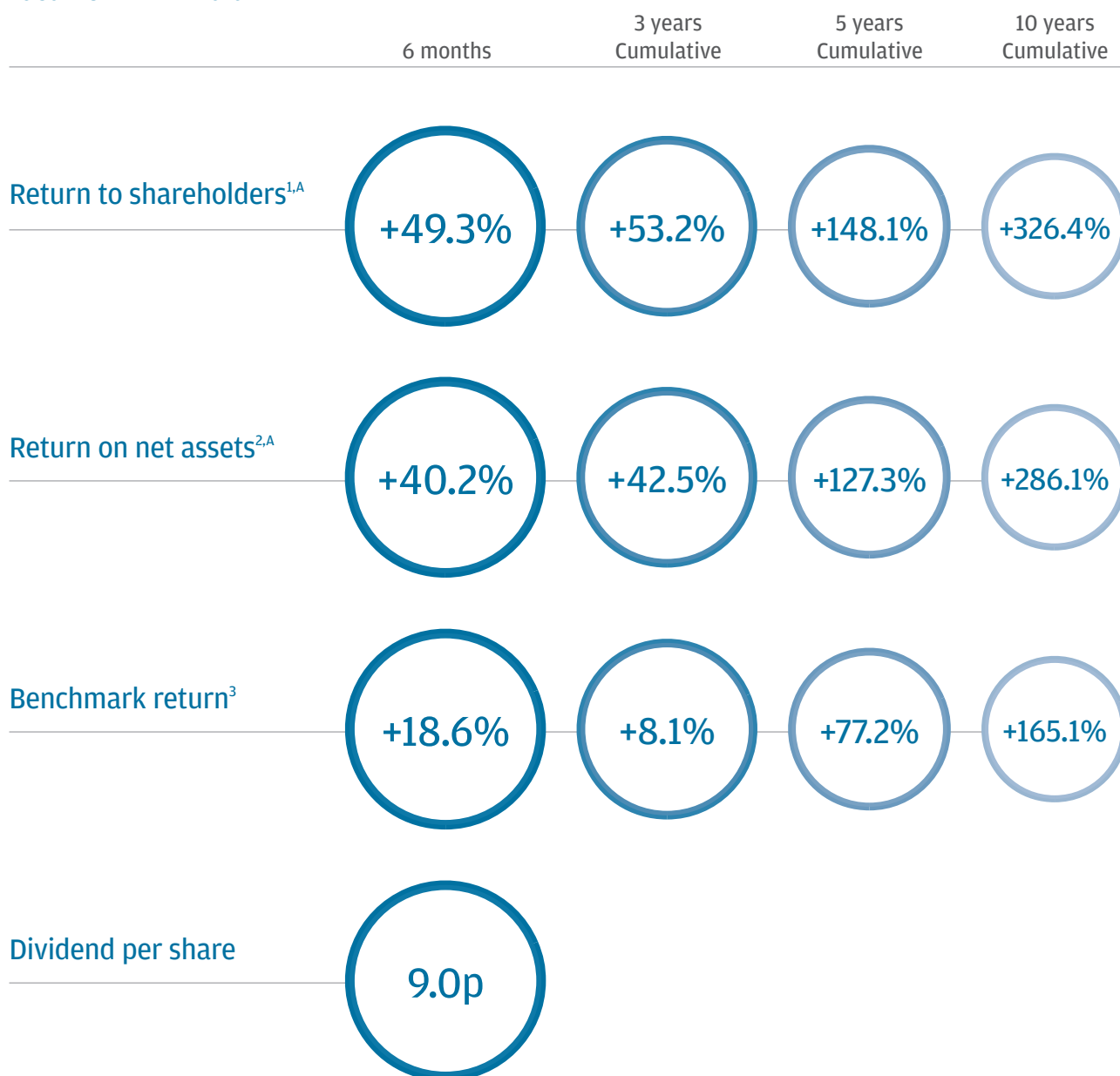
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Half Year Performance

FINANCIAL HIGHLIGHTS

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

TO 30TH SEPTEMBER 2020



¹ Source: Morningstar.

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

³ Source: Morningstar. The Company's benchmark is the S&P Japan SmallCap Net Return Index (in sterling terms).

^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 27 and 28.

SUMMARY OF RESULTS

	30th September 2020	31st March 2020	% change
Shareholders' funds (£'000)	301,069	218,996	+37.5 ¹
Ordinary shares in issue ²	54,510,339	54,510,339	
Net asset value per share	552.3p	401.8p	+37.5 ³
Share price (p)	517.0p	354.0p	+46.0
Share price discount to net asset value per share ⁴	6.4%	11.9%	
Ongoing charges (%)⁴	1.01%	1.14%	
Gearing (%)⁴	8.8%	7.5%	

¹ Excluding dividends reinvested. Including dividends reinvested, the return is +40.2%.

² Excludes 1,434,221 (31st March 2020: 1,434,221) shares held in Treasury.

³ Excluding dividends reinvested. Including dividends reinvested, the return is +49.3%.

⁴ Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 27 and 28.

Chairman's Statement



Alexa Henderson
Chairman

Dear Shareholders,

Investment Performance

The first half of the Company's financial year continued to be dominated by the effects of the global coronavirus pandemic. However, following the negative return reported in the last financial year, I am pleased to report a significant turnaround in the Company's investment performance for the six months ending 30th September 2020. The total return on the Company's net assets was +40.2% compared with a total return of +18.6% recorded by the benchmark, the S&P Japan SmallCap Net Return Index (in sterling terms), representing an outperformance of +21.6%.

The return to shareholders was +49.3%, reflecting a narrowing of the Company's share price discount to its Net Asset Value (NAV) over the half year. The investment performance is explored in depth in the Investment Managers' Report, where the team explain the challenging market conditions and highlight the stocks and sectors which have most impacted performance. The Company continues to build on its strong long-term performance, as illustrated in the Financial Highlights on page 4.

The Board commends the investment management team on the remarkable outperformance they have delivered. It comes on the back of the Company's challenging year ending 31st March 2020 when, notwithstanding some extraordinarily volatile trading days in early 2020, the Company still outperformed both its benchmark and other competitor funds.

Dividend Policy and Discount Management

The Company's revised dividend policy, which has now been in place for over two years, aims to pay dividends approximating 4% of the average NAV of the Company over each preceding financial year. These dividends are paid quarterly from a combination of revenue, capital and other reserves. For the year ended 31st March 2020, dividends paid totalled 17.7 pence. In this half year, two dividends of 5.0 pence and 5.5 pence respectively were paid. Two further dividends will be declared on the first business day after 31st December 2020 and 31st March 2021.

Over the period, the Company's discount narrowed from 11.9% to 6.4%. The Company did not repurchase any shares during the six months. However, the Board continues to monitor the discount closely with its advisers and is prepared to repurchase shares when it feels that it is appropriate, taking into account market conditions. At the time of writing, the discount stands at 5.8%.

Company Name and Ticker

Reflecting the now established dividend policy, the Company has changed its name to JPMorgan Japan Small Cap Growth & Income plc. This change is effective from today, 16th December 2020. Following the change of name, the Company will change its London Stock Exchange stock ticker symbol (TIDM) from JPS to JSGL with effect from 8.00 a.m. on 17th December 2020. The Company's ISIN, SEDOL and LEI remain unchanged and its website URL will shortly be renamed www.jpmmjapanmallcapgrowthandincome.co.uk.

Benchmark Index

Following a review of the composition of relevant indices, the Board has decided to change the Company's benchmark from S&P Japan SmallCap Net Return Index (in sterling terms) to MSCI Japan Small Cap Index (in sterling terms). This change will be effective from 1st April 2021. It reflects the Board's view that the new benchmark is an index which has similar long term performance but is more widely recognised.

Borrowing

The Company has a revolving credit facility with Scotiabank which is flexible and provides the Investment Managers with the ability to gear tactically. The Company's investment policy permits gearing within a range of 10% net cash to 25% geared. However, the Board requires the Investment Managers, in normal market conditions, to operate within the range of 5% cash to 15% geared. The level of gearing is reviewed by the Directors at each Board meeting. During the six months, the Company's gearing level ranged between 6.1% and 10.4%, ending the half year at 8.8%.

Outlook

Whilst the pandemic continues to dominate the economic and investment outlook globally, and with further challenges inevitable in the short term, the Board and the Managers take the view that the current problems will ease with time. The Board is encouraged by performance over this six-month period and confident that the Investment Managers' focus on strong businesses with solid balance sheets, robust cash flow and leading market positions will continue to deliver long-term outperformance, as it has done in the past.

The Investment Managers continue to identify many interesting stock opportunities amongst smaller companies that are at the core of the Japanese economy - including so-called 'disruptor' businesses that are at the forefront of Japan's technological advance. Particularly in focus for the team are areas benefitting from the structural changes taking place across Japan, such as automation and information technologies, where the Investment Managers have uncovered many companies with strong future growth potential. The team's location 'on the ground' in Tokyo provides a huge advantage in this respect, since investors benefit from a stock selection process based on extensive experience and local knowledge of an under-researched market.

Given the Company's positioning, there may be times ahead when relative performance will falter, but we believe that any such periods of underperformance will be short-lived and marginal. Moreover, the Board maintains full confidence in the Company's stance, strategy and stock selection process: we believe the Company is well placed to deliver positive and superior returns for investors over the longer term.

Alexa Henderson
Chairman

16th December 2020



Eiji Saito
Investment Manager



Naohiro Ozawa
Investment Manager



Michiko Sakai
Investment Manager

Performance and market review

Over the six months to 30th September 2020, the Company's benchmark, the Standard & Poor's Japan SmallCap Net Return Index (in sterling terms), produced a total return of +18.6%. In contrast, the Company's net assets outperformed the index by 21.6% over the same period, delivering a return of +40.2%.

The Company's performance is ahead of the benchmark by 22.6% over twelve months, by 9.9% per annum over three years and by 6.4% per annum over five years. This continued strong performance has resulted in annualised net asset value total returns of 12.5%, 17.9% and 14.5% over three, five and ten years respectively.

Over the six months, the broader TOPIX index advanced 15.8% in Japanese yen terms. The market bounced back from the turmoil witnessed towards the end of the Company's March year-end, amid signs that post-lockdown resumption of economic activity had got off to a good start, but the rally was limited by concerns about a second wave of COVID-19 infections in the US and Europe. During the same period, the Japanese yen strengthened against the US dollar and weakened against sterling.

Spotlight on stocks and sectors

During the six months under review, both stock selection and sector allocation recorded positive contributions. Stocks that contributed most positively over the review period included **Bengo4.com**, **BASE**, and **Net One Systems**:

- **Bengo4.com** is an internet media business that provides an online legal consulting portal which is at the forefront of Japanese law firms' office digitalisation. Bengo4.com also operates a cloud-based service for digital contracts called 'Cloudsign', which is the pioneer and market leader in Japan, with about 80% market share in its field. Japan maintains many old-fashioned business practices, such as the use of small ink signature stamps to certify documentation. However, COVID-19 has accelerated the move away from many traditional practices, such as this one, which has, in turn, created a growing need for digital signatures. We believe this will be a continuing trend and provides Bengo4.com with a strong competitive advantage.
- **BASE** is an e-commerce platform for smaller companies and individuals. It allows anyone to open an online store easily and quickly, with no set-up or recurring monthly fees. In Japan, e-commerce market penetration is lower than in many developed countries and also well behind China (which has undergone rapid digital transformation). Whilst e-commerce was already growing in Japan before COVID-19, the pandemic has provided added impetus, with consumers and store operators shifting significantly online.
- **Net One Systems** provides network integration services to enterprises, telecommunication companies, schools and hospitals. It has also benefitted from Japan's digitalisation wave which has created stronger demand for cloud and cyber-security infrastructure services.

Negative contributors to relative performance included real estate company **Star Mica**, leasing services provider **Mitsubishi UFJ Lease & Finance Co**, and **Teikoku Electric Manufacturing**, which manufactures pumps and electric parts. We believe that all three companies possess competitive advantages that will support their long-term prospects, so we have kept faith with these holdings in spite of short-term headwinds.

Top sector contributors included Software & Services (where we were overweight), and top detractors included Retail (underweight).

The Company's gearing level was within the expected range of 8-10%, ending the period at 8.8%. Gearing contributed positively to returns over the period.

Portfolio activity

The Company maintained its focus on individual stocks that we believe can deliver earnings growth over the long term; these are companies with strong competitive positions supported by robust management teams and healthy cash flow. We avoided stocks that have no clear differentiation and operate in industries

plagued by excess supply. Many shares in the Financial Services and Real Estate sectors fall into this category.

Three of our new purchases during the review period were **Fuso Chemical**, **Medley**, and **HENNGE**.

- **Fuso Chemical** is a specialist chemical manufacturer, mainly engaged in the life science and electronic materials businesses, including specialist chemicals used in semiconductor production.
- **Medley** is an online healthcare provider providing human resources across the medical healthcare industry and is also at the forefront of telemedicine, remote medication instruction and digital medical records, all of which stand to gain traction thanks to recent regulatory reform.
- **HENNGE** provides cloud security services, increasingly relevant to the Japanese market as businesses upgrade their aged systems to facilitate more flexible working practices such as working from home. HENNGE offers identity authentication and access control services, a market that is expected to expand strongly off the back of the structural change underway in Japan.

Three of our largest divestments were **MonotaRo**, **Pan Pacific International**, and **Daikokutenbussan**.

- We were obliged to sell our entire holdings in e-commerce business **MonotaRo** and retail group **Pan Pacific International** (owner of the Don Quijote discount retailer) as both companies have now become amongst Japan's largest 100, as measured by market capitalisation, so are no longer permitted investments under the Company's investment restriction guidelines.
- We sold to take profits on supermarket business **Daikokutenbussan**, after its strong share price rally.

Over the last twelve months, the annualised portfolio turnover was 18%. The overall shape of the portfolio has changed little, and we maintain its positioning towards quality and growth stocks: good quality businesses with improved governance structures and the opportunity for re-rating.

Our investment philosophy and process

The Company celebrated its 20th anniversary earlier in 2020 and our commitment to providing access to the innovative and fast-growing smaller companies' universe at the core of the Japanese economy is undimmed. Our portfolio favours quality and growth and we aim to invest in companies (other than Japan's largest 200) which we believe can compound earnings growth over the long term, supported by sustainable competitive advantages and good management teams. We believe such companies' strong and durable market positioning will allow them to substantially increase their intrinsic value in the future. This also means that the portfolio tends to enjoy a high active share and differs significantly from the benchmark which provides a further source for additional return and hence the Company's outperformance.

Our stock selection is based on fundamental analysis, local 'on-the-ground' knowledge and extensive contact with company management. The Company is managed by a team of three and further supported by over 20 Tokyo-based investment professionals offering expertise and in-depth knowledge of local markets in what is a very under-researched and under-appreciated market. This local knowledge provides us with a significant strength in identifying investment opportunities, with a focus on businesses that reinvest to provide higher growth potential.

Smaller companies in Japan comprise diverse sectors with strong growth potential, serving both local and global market needs. Moreover, an increasing number of constituent stocks within these sectors have latterly adopted a greater focus on improving return on equity and also enhancing dividend yields.

Trends and themes

While our decisions are based on company-specific factors, there are also structural, long-term trends and themes that underlie much of our stock selection. For example, Japan's elderly makes up an ever-increasingly large percentage of the total population: this is a significant economic challenge for the Japanese government but one which it is committed to tackling through regulatory reforms and digitalisation. The country's new

Prime Minister, Yoshihide Suga, is spearheading a digital revolution and smaller companies are at the heart of this.

Our investment themes include:

- Changing demographics: Japan's ageing and declining population is providing opportunities for innovative smaller companies that are working to improve the quality of life for seniors. Also, businesses which focus on labour productivity improvement in the workplace are benefitting from the tight labour market.
- Government policy reforms that improve labour productivity: Japan's new Prime Minister is supportive of regulatory reforms, and the government will establish a digital agency, which aims to accelerate the digitalisation of national and local government, education, and the healthcare and medical sectors.
- Technological innovation: many companies are embracing the productivity opportunities that technology offers. Despite Japan being an advanced industrial economy, certain areas such as financial services and payments lag other markets in terms of technological sophistication. Japanese manufacturing however is world class, and the country is a leading supplier of factory automation equipment, robots, and electronics parts and materials. These present attractive investment opportunities for companies that specialise in niche product/technology segments.
- Corporate governance: improving governance standards across Japanese companies has resulted in increasing numbers of independent, external directors serving on company boards, as well as better policies overall; these include enhanced shareholder returns, internal controls and disclosure. The market is likely to reward companies that improve their governance standards, and we maintain a constructive dialogue with companies on this broad theme.
- Overseas growth: businesses operating beyond Japan's shores are in a very strong position to capture the benefits of the dynamic economic growth across Asia which is creating demand for high quality Japanese goods, services and brands from new customers in overseas markets.

Outlook

On the ground in Japan, we see that COVID-19 and its aftermath have cast a shadow over the country's economic outlook. The pandemic has already delivered a massive shock to global economies, with Japan and most other global economies stunned into recession. Whilst we acknowledge that investors will need to maintain a patient attitude during this unprecedented period, we believe that the problems will ease with time. We may see industry consolidation and productivity growth through trends such as diversifying production sources, adoption of flexible working practices and better use of information technologies.

As always, we believe it is important to continue focusing on good quality companies that possess the following attributes: leading market positions; strong cash generation; structural growth potential; and robust finances. Our task is aided by the fact that Japanese companies typically have significant cash on hand as well as the strongest balance sheets among its peers in developed countries. We are confident that our strategy puts the Company in a strong position to benefit from long-term trends in Japan as well as weathering any potential short-term changes in sentiment, driven by the pandemic, trade policies or other economic roadblocks, that could lie ahead.

Japan remains set on its long-term goals of achieving sustainable and broadly-based growth, driven by digitalisation, free trade and the government's major corporate governance and stewardship reforms. Japan's signing of the RCEP (Regional Comprehensive Economic Partnership), an agreement between 15 Asia-Pacific member states to reduce trade tariffs and lay the foundation for deeper cooperation, represents a positive step towards boosting its trade in the decades to come. Moreover, in sharp contrast

to other developed economies, it is Japan's smaller and more entrepreneurial companies which are at the forefront of innovation; as such, we are confident that the long-term outlook for smaller companies remains positive and that we will continue to uncover exciting investment opportunities.

Even though the Company has delivered an excellent performance over this half-year review period, it is important to highlight that average valuations of Japanese companies remain reasonable, both lower than historical averages and below those of most other major markets. In tandem with the structural changes taking place in Japan, we remain confident that our investment approach will deliver positive and sustained returns over the long term.

Eiji Saito

Naohiro Ozawa

Michiko Sakai

Investment Managers

16th December 2020

PORTFOLIO ANALYSIS

TWENTY LARGEST INVESTMENTS

at 30th September 2020

Company	Sector	Valuation £'000	% ¹
NET One Systems	Information & Communication	10,003	3.1
Miura	Machinery	8,821	2.7
Bengo4.com	Services	8,457	2.6
Taiyo Yuden	Electric Appliances	8,429	2.6
Benefit One	Services	7,995	2.4
Raito Kogyo	Construction	7,792	2.4
Mercari	Information & Communication	7,356	2.2
DTS	Information & Communication	7,298	2.2
Cosmos Pharmaceutical	Retail Trade	6,856	2.1
Nippon Prologis REIT	Real Estate	6,727	2.1
MISUMI	Wholesale Trade	6,660	2.0
CyberAgent	Services	6,648	2.0
Capcom	Information & Communication	6,379	1.9
FP	Chemicals	6,220	1.9
Monogatari	Retail Trade	6,128	1.9
Square Enix	Information & Communication	6,038	1.8
Sansan	Information & Communication	6,033	1.8
Nohmi Bosai	Electric Appliances	5,608	1.7
Nihon Unisys	Information & Communication	5,553	1.7
Asahi Intecc	Precision Instruments	4,967	1.5
Total		139,968	42.6

¹ Based on total investments of £327.6m (31st March 2020: £235.4m).

SECTOR ANALYSIS

Sector	30th September 2020		31st March 2020	
	Portfolio	Benchmark	Portfolio	Benchmark
	% ¹	%	% ¹	%
Information & Communication	24.4	9.6	18.3	7.4
Services	15.4	8.1	13.9	7.2
Chemicals	14.1	6.7	14.5	7.4
Machinery	9.5	6.3	11.1	6.3
Electric Appliances	7.0	7.0	7.2	7.4
Retail Trade	5.7	9.9	8.9	9.0
Construction	5.2	5.3	6.4	6.0
Precision Instruments	4.0	2.1	4.7	2.1
Metal Products	3.3	1.5	3.8	1.7
Wholesale Trade	3.2	6.5	2.3	6.6
Real Estate	3.2	8.9	4.0	8.9
Other Financing Business	1.1	1.3	1.7	0.9
Glass & Ceramics Products	0.9	1.5	0.9	1.4
Insurance	0.9	0.2	–	0.1
Nonferrous Metals	0.7	1.2	–	1.3
Rubber Products	0.6	0.6	0.7	0.6
Other Products	0.5	2.1	0.7	2.3
Pharmaceutical	0.3	2.4	0.9	2.7
Banks	–	4.8	–	5.8
Foods	–	3.6	–	3.8
Transportation Equipment	–	1.9	–	2.3
Land Transportation	–	1.8	–	1.7
Textiles & Apparels	–	1.4	–	1.6
Iron & Steel	–	1.0	–	0.9
Electric Power & Gas	–	1.0	–	0.9
Pulp & Paper	–	0.9	–	1.0
Securities & Commodity Futures	–	0.9	–	0.9
Fishery, Agriculture & Forestry	–	0.6	–	0.7
Warehousing & Harbor Transportation Services	–	0.4	–	0.4
Marine Transportation	–	0.2	–	0.2
Oil & Coal	–	0.2	–	0.3
Mining	–	0.1	–	0.2
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £327.6m (31st March 2020: £235.4m).

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2020

	(Unaudited) Six months ended 30th September 2020			(Unaudited) Six months ended 30th September 2019			(Audited) Year ended 31st March 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	–	86,571	86,571	–	22,310	22,310	–	(4,853)	(4,853)
Net foreign currency gains/(losses)	–	490	490	–	(1,821)	(1,821)	–	(1,865)	(1,865)
Income from investments	1,554	–	1,554	1,661	–	1,661	3,836	–	3,836
Gross return/(loss)	1,554	87,061	88,615	1,661	20,489	22,150	3,836	(6,718)	(2,882)
Management fee	(1,144)	–	(1,144)	(1,114)	–	(1,114)	(2,257)	–	(2,257)
Other administrative expenses	(198)	–	(198)	(255)	–	(255)	(525)	–	(525)
Net return/(loss) before finance costs and taxation	212	87,061	87,273	292	20,489	20,781	1,054	(6,718)	(5,664)
Finance costs	(140)	–	(140)	(119)	–	(119)	(246)	–	(246)
Net return/(loss) before taxation	72	87,061	87,133	173	20,489	20,662	808	(6,718)	(5,910)
Taxation	(154)	–	(154)	(176)	–	(176)	(393)	–	(393)
Net (loss)/return after taxation	(82)	87,061	86,979	(3)	20,489	20,486	415	(6,718)	(6,303)
(Loss)/return per share (note 3)	(0.15)p	159.72p	159.57p	(0.01)p	37.59p	37.58p	0.76p	(12.32)p	(11.56)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.

Net (loss)/return after taxation represents the (loss)/profit for the period/year and also Total Comprehensive Income.

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2020

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve ^{1,2} £'000	Capital reserves ² £'000	Revenue reserve ² £'000	Total £'000
Six months ended 30th September 2020 (Unaudited)							
At 31st March 2020	5,595	33,978	1,836	293,955	(105,204)	(11,164)	218,996
Net return/(loss)	—	—	—	—	87,061	(82)	86,979
Dividends paid in the period (note 4)	—	—	—	(4,906)	—	—	(4,906)
At 30th September 2020	5,595	33,978	1,836	289,049	(18,143)	(11,246)	301,069
Six months ended 30th September 2019 (Unaudited)							
At 31st March 2019	5,595	33,978	1,836	303,766	(98,486)	(11,579)	235,110
Net return/(loss)	—	—	—	—	20,489	(3)	20,486
Dividends paid in the period (note 4)	—	—	—	(4,742)	—	—	(4,742)
At 30th September 2019	5,595	33,978	1,836	299,024	(77,997)	(11,582)	250,854
Year ended 31st March 2020 (Audited)							
At 31st March 2019	5,595	33,978	1,836	303,766	(98,486)	(11,579)	235,110
Net (loss)/return	—	—	—	—	(6,718)	415	(6,303)
Dividends paid in the year (note 4)	—	—	—	(9,811)	—	—	(9,811)
At 31st March 2020	5,595	33,978	1,836	293,955	(105,204)	(11,164)	218,996

¹ The share premium was cancelled in the period ended 31st March 2001 and redesignated as 'other reserve'.

² These reserves form the distributable reserves of the Company and may be used to fund distributions to investors.

STATEMENT OF FINANCIAL POSITION

AT 30TH SEPTEMBER 2020

	(Unaudited) 30th September 2020 £'000	(Unaudited) 30th September 2019 £'000	(Audited) 31st March 2020 £'000
Fixed assets			
Investments held at fair value through profit or loss	327,625	271,084	235,388
Current assets			
Debtors	1,137	1,924	2,028
Cash and cash equivalents	1,785	10,096	12,743
	2,922	12,020	14,771
Creditors: amounts falling due within one year	(159)	(32,250)	(1,281)
Net current assets/(liabilities)	2,763	(20,230)	13,490
Total assets less current liabilities	330,388	250,854	248,878
Creditors: amounts falling due after more than one year	(29,319)	–	(29,882)
Net assets	301,069	250,854	218,996
Capital and reserves			
Called up share capital	5,595	5,595	5,595
Share premium	33,978	33,978	33,978
Capital redemption reserve	1,836	1,836	1,836
Other reserve	289,049	299,024	293,955
Capital reserves	(18,143)	(77,997)	(105,204)
Revenue reserve	(11,246)	(11,582)	(11,164)
Total shareholders' funds	301,069	250,854	218,996
Net asset value per share (note 5)	552.3p	460.2p	401.8p

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2020

	(Unaudited) 30th September 2020 £'000	(Unaudited) 30th September 2019 £'000	(Audited) 31st March 2020 £'000
Net cash outflow from operations before dividends and interest (note 6)	(1,442)	(860)	(2,769)
Dividends received	2,105	2,120	3,402
Interest paid	(136)	(112)	(241)
Net cash inflow from operating activities	527	1,148	392
Purchases of investments	(38,710)	(13,342)	(33,202)
Sales of investments	32,092	16,714	44,742
Settlement of forward currency contracts	21	(43)	(54)
Net cash (outflow)/inflow from investing activities	(6,597)	3,329	11,486
Dividends paid	(4,906)	(4,742)	(9,811)
Net cash outflow from financing activities	(4,906)	(4,742)	(9,811)
(Decrease)/increase in cash and cash equivalents	(10,976)	(265)	2,067
Cash and cash equivalents at start of the period	12,743	10,343	10,343
Exchange movements	18	18	333
Cash and cash equivalents at end of the period	1,785	10,096	12,743
(Decrease)/increase in cash and cash equivalents	(10,976)	(265)	2,067
Cash and cash equivalents consist of:			
Cash and short term deposits	1,785	10,096	12,743
Total	1,785	10,096	12,743

RECONCILIATION OF NET DEBT

	As at 31st March 2020 £'000	Cash flows £'000	Exchange movement £'000	As at 30th September 2020 £'000
Cash and cash equivalents				
Cash	12,743	(10,976)	18	1,785
	12,743	(10,976)	18	1,785
Borrowings				
Debt due after one year	(29,882)	—	563	(29,319)
	(29,882)	—	563	(29,319)
Total	(17,139)	(10,976)	581	(27,534)

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2020

1. Financial statements

The information contained within the financial statements in this half year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31st March 2020 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies, including the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' of the United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the revised 'SORP') issued by the Association of Investment Companies in October 2019.

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council ('FRC') in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 30th September 2020.

All of the Company's operations are of a continuing nature.

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 31st March 2020.

3. Return/(loss) per share

	(Unaudited) Six months ended 30th September 2020 £'000	(Unaudited) Six months ended 30th September 2019 £'000	(Audited) Year ended 31st March 2020 £'000
Return per Ordinary share is based on the following:			
Revenue (loss)/return	(82)	(3)	415
Capital return/(loss)	87,061	20,489	(6,718)
Total return/(loss)	86,979	20,486	(6,303)
Weighted average number of shares in issue	54,510,339	54,510,339	54,510,339
Revenue (loss)/return per share	(0.15)p	(0.01)p	0.76p
Capital return/(loss) per share	159.72p	37.59p	(12.32)p
Total return/(loss) per share	159.57p	37.58p	(11.56)p

4. Dividends paid

	(Unaudited) Six months ended 30th September 2020 £'000	(Unaudited) Six months ended 30th September 2019 £'000	(Audited) Year ended 31st March 2020 £'000
2020 fourth quarterly dividend of 4.0p (2019: 4.3p)	2,180	2,344	2,344
2021 first quarterly dividend of 5.0p (2020: 4.4p)	2,726	2,398	2,398
2020 second quarterly dividend of 4.6p (2019: 4.9p)	–	n/a	2,507
2020 third quarterly dividend of 4.7p (2019: 3.9p)	–	n/a	2,562
Total dividends paid	4,906	4,742	9,811

The dividends paid in the period have been funded from the other reserve.

A second quarterly dividend of 5.5p (2019: 4.6p) per share, amounting to £2,998,000 (2019: £2,507,000) was declared payable in respect of the year ending 31st March 2021. It was paid on 20th November 2020 to shareholders on the register at the close of business on 16th October 2020.

5. Net asset value per share

	(Unaudited) Six months ended 30th September 2020	(Unaudited) Six months ended 30th September 2019	(Audited) Year ended 31st March 2020
Net assets (£'000)	301,069	250,854	218,996
Number of shares in issue excluding shares held in Treasury	54,510,339	54,510,339	54,510,339
Net asset value per share	552.3p	460.2p	401.8p

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

	(Unaudited) Six months ended 30th September 2020 £'000	(Unaudited) Six months ended 30th September 2019 £'000	(Audited) Year ended 31st March 2020 £'000
Net return/(loss) before finance costs and taxation	87,273	20,781	(5,664)
(Less capital return)/Add capital loss before finance costs and taxation	(87,061)	(20,489)	6,718
Decrease/(increase) in accrued income and other debtors	698	669	(49)
Increase/(decrease) in accrued expenses	19	(30)	17
Overseas withholding tax	(154)	(176)	(393)
Dividends received	(2,105)	(2,120)	(3,402)
Realised (losses)/gains on foreign exchange transactions	(112)	505	4
Net cash outflow from operations before dividends and interest	(1,442)	(860)	(2,769)

7. Fair valuation of financial 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 September 2020		(Unaudited) Six months ended 30th September 2019		(Audited) Year ended 31st March 2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	327,625	–	271,084	–	235,388	–
Total value of instruments	327,625	–	271,084	–	235,388	–

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 and emerging risks and uncertainties faced by the Company have not changed and fall into the following broad categories: operational and cyber crime; investment and strategy; share price discount to net asset value; loss of investment team or investment manager; political and regulatory; financial; climate change; and, pandemic risk. Information on each of these areas is given in the Business Review within the Annual Report and Financial Statements for the year ended 31st March 2020.

Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company 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 and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this half yearly financial report. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements.

Directors' Responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the state of the affairs of the Company and of the assets, liabilities, financial position and net return of the Company as at 30th September 2020, as required by the UK Listing Authority Disclosure and Transparency Rule 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by DTRs 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

Alexa Henderson

Chairman

16th December 2020

Shareholder Information

Return to Shareholders (APM)

Total return to the shareholders, on a last traded price to last traded price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

		Six months ended 30th September 2020	
Total return calculation	Page		
Opening share price (p)	5	354.0	(a)
Closing share price (p)	5	517.0	(b)
Total dividend adjustment factor ¹		1.022335	(c)
Adjusted closing share price (d = b x c)		528.5	(d)
Total return to shareholders (e = d / a - 1)	4	49.3%	(e)

¹ The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

Return on Net Assets (APM)

Total return on net asset value (NAV) per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

		Six months ended 30th September 2020	
Total return calculation	Page		
Opening cum-income NAV per share (p)	5	401.8	(a)
Closing cum-income NAV per share (p)	5	552.3	(b)
Total dividend adjustment factor ¹		1.020010	(c)
Adjusted closing cum-income NAV per share (d = b x c)		563.4	(d)
Total return on net assets with debt at par value (e = d / a - 1)	4	40.2%	(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.

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.

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 2020 £'000	31st March 2020 £'000	
Gearing calculation	Page			
Investments held at fair value through profit or loss	19	327,625	235,388	(a)
Net assets	19	301,069	218,996	(b)
Gearing/(net cash) (c = a / b - 1)	5	8.8%	7.5%	(c)

Ongoing Charges (APM)

The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of the daily cum-income net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

The figure as at 30th September 2020 is an estimated annualised figure based on the numbers for the six months ended 30th September 2020.

		30th September 2020 £'000	31st March 2020 £'000	
Ongoing charges calculation	Page			
Management Fee	17	2,288	2,257	
Other administrative expenses	17	396	525	
Total management fee and other administrative expenses	17	2,684	2,782	(a)
Average daily cum-income net assets		265,339	243,341	(b)
Ongoing charges (c = a / b)	5	1.01%	1.14%	(c)

Share Price Discount/Premium to Net Asset Value (NAV) per Share (APM)

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share.

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

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

1. A third party provider

Third party providers include:

AJ Bell	Hargreaves Lansdown
Barclays Smart Investor	Interactive Investor
Charles Stanley Direct	EQi
Fidelity FundsNetwork	
Halifax	

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These websites are third party sites and J.P. Morgan Asset Management does not endorse or recommend any. Please observe each site's privacy and cookie policies as well as their platform charges structure.

The Board encourages all 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. A professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead. You can find an adviser at unbiased.co.uk.

You may also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority (FCA) adviser charging and commission rules, visit fca.org.uk.

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

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

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at www.fca.org.uk/consumers/report-scam-unauthorised-firm. You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at
www.fca.org.uk/scamsmart



FINANCIAL CALENDAR

Financial year end	31st March
Final results announced	June
Half year end	30th September
Half year results announced	December
Annual General Meeting	July
Quarterly Interim Dividends paid	February, May, August, November

History

The Company and its predecessor, JF Fledgeling Japan Limited, have been investing in Japanese smaller companies since 1984. In early 2000, JF Fledgeling Japan Limited was placed into voluntary liquidation and JPMorgan Fleming Japanese Smaller Companies Investment Trust plc was incorporated and took over its assets and undertakings. Dealings on the new Company began on the London Stock Exchange on 11th April 2000. The Company changed its name to JPMorgan Japan Smaller Companies Trust plc in July 2010 and to JPMorgan Japan Small Cap Growth & Income plc on 16th December 2020.

Directors

Alexa Henderson (Chairman)
Deborah Guthrie
Yuuichiro Nakajima
Martin Shenfield
Thomas Walker

Company Numbers

Company registration number: 3916716

Ordinary Shares

London Stock Exchange Sedol number: 0316581
ISIN: GB0003165817
Bloomberg ticker: JPS LN (JSGI LN from 17th December 2020)
LEI: 549300KP3CRHPQ4RF811

Market Information

The Company's unaudited 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 and are quoted daily in The Financial Times, The Times, The Daily Telegraph, The Scotsman and on the Company's website at www.jpmmjapansmallercompanies.co.uk (shortly to be renamed www.jpmmjapansmallcapgrowthandincome.co.uk), where the share price is updated every 15 minutes during trading hours.

Website

www.jpmmjapansmallercompanies.co.uk (shortly to be renamed www.jpmmjapansmallcapgrowthandincome.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



The Association of
Investment Companies

A member of the AIC

Company's Registered Office

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

For company secretarial matters, please contact Divya Amin.

Depository

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

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

Registrars

Equiniti Limited
Reference 2093
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0371 384 2539

Lines are open from 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 Registrars quoting reference 2093.

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

Independent Auditor

Grant Thornton UK LLP
Chartered Accountants and Statutory Auditor
30 Finsbury Square
London EC2P 2YU

Brokers

Cenkos Securities plc
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London EC2R 7AS

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(shortly to be renamed
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