JPMorgan US Smaller Companies Investment Trust plc

Investing in the heart of America

Half Year Report & Financial Statements
for the six months ended 30th June 2023

J.P.Morgan
ASSET MANAGEMENT

Key Features

Investment Objective

Capital growth from investing in US smaller companies.

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.

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.

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 2023, the Company's share capital comprised 65,506,265 ordinary shares of 2.5p each including 947,733 shares held in Treasury. Since the period end, a further 50,000 shares have been repurchased into Treasury.

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. The investment team, Don San Jose, Dan Percella and Jon Brachle (the 'Portfolio Managers') manage the Company's portfolio on behalf of the Investment Manager.

Environmental, Social and Governance

The Investment Manager has fully integrated financially material Environmental, Social and Governance (ESG) factors into its 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.

FCA regulation of 'non-mainstream pooled investments' and Consumer Duty

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.

The Manager has conducted an annual value assessment on the Company in line with FCA rules set out in the Consumer Duty regulation. The assessment focuses on the nature of the product, including its quality, benefits received, limitations that are part of the product, expected total costs to clients and target market considerations. Within this, the assessment considers quality of services, performance of the Company (against both benchmark and peers), total fees (including management fees and entry and exit fees as applicable to the Company), and also considers whether vulnerable consumers are able to receive fair value from the product. The Manager has concluded that the Company is providing value based on the above assessment.

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 2023

	6 months	3 Years Cumulative	5 Years Cumulative	10 Years Cumulative
Return to shareholders[1,A]	–3.2%	+28.1%	+26.0%	+194.7%
Return on net assets[2,A]	+0.4%	+32.3%	+37.0%	+209.4%
Benchmark return[3]	+2.1%	+31.5%	+26.3%	+158.2%
Return on net assets relative to benchmark return[2,3,A]	–1.7%	+0.8%	+10.7%	+51.2%

[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 26 and 27.

Financial Highlights

Summary of results

	30th June 2023	31st December 2022	% change
Shareholders' funds (£'000)	271,586	273,057	–0.5
Number of shares in issue (excluding shares held in Treasury)[1]	64,558,532	64,745,622	–0.3
Net asset value per share	420.7p	421.7p	–0.2[2]
Share price	376.0p	391.0p	–3.8[3]
Share price premium/(discount) to net asset value per share[A]	(10.6)%	(7.3)%	
Gearing[A]	**6.1%**	**6.8%**	
Ongoing charges[A]	**0.90%**	**0.95%**	

[1] 947,733 shares held in Treasury (31st December 2022: 760,643).

[2] Net asset value per share % change, excluding dividend paid. Including dividend the return would be +0.4%.

[3] Share price % change, excluding dividend paid. Including dividend the return would be –3.2%.

[A] Alternative Performance Measure (APM).

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

Chair's Statement

David Ross
Chair

Performance

The Company's performance at the beginning of the reporting period for the six months to 30th June 2023 was hampered by headwinds from 2022, including high interest rates and high inflation. However, January 2023 saw a deceleration in inflation and the re-opening of China which aided growth sentiment. The Federal Reserve raised rates by 25bps twice during the reporting period. However, with the continuation of the regional bank crisis and the rising interest rate environment, the US Equity market remained volatile.

Your Company's return on net assets for the reporting period was +0.4%, underperforming the Company's benchmark, the Russell 2000 index, which rose by +2.1%. The share price fell by –3.2%, resulting in a widening of the Company's discount.

A fuller explanation of the performance is set out in the Investment Manager's report on page 10.

Discount to Net Asset Value

During the six month period to 30th June 2023, the Company's shares traded at a discount, averaging a discount of 9.1% over the six months. The relationship between our share price and the net asset value (NAV) is monitored on a daily basis by the Board and our professional advisers. 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. With the widening of the discount, the Company repurchased 187,090 shares into Treasury at an average discount of 10.3% during the review period. The Company has purchased an additional 50,000 shares into Treasury since the period end and at the time of writing, the Company's issued share capital consists of 65,506,265, including 997,733 shares in Treasury.

Board Succession Planning

All of the Directors were re-appointed at the Annual General Meeting (AGM) in April this year. The Board consists of five non-executive directors with a range of tenures from one year to eight years.

The Board has set in place a well-structured succession plan. In 2024 I shall have been on the Board for nine years and will therefore be retiring at the next AGM. The Board has agreed unanimously that Dominic Neary will take over from me as Chairman following the AGM in 2024. In addition, it has been agreed by the Directors that the Board will be reduced to four Directors following my retirement; we believe that this is an appropriate number given the size of the Company, and that the Board will continue to offer the correct balance of skills and diversity of membership.

Gearing

The Investment Manager has been given the flexibility by the Board to manage gearing tactically and remain invested within a maximum gearing limit set by the Board of 15% (±2.5% if as a result of market movement). The Company closed the six month period with a gearing level of 6.1% having averaged approximately 6.5% throughout the reporting period.

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. As this facility expires in October 2023, the Board is currently considering its renewal.

Task Force on Climate-related Financial Disclosures (TCFD)

The Investment Manager published its first UK TCFD Report for the Company in respect of the year ended 31st December 2022 on 30th June 2023. The report discloses the portfolio's climate-related risks and opportunities according to the FCA Environmental, Social and Governance Sourcebook and the TCFD Recommendations. The report is available on the Company's website:
https://am.jpmorgan.com/content/dam/jpm-am-aem/emea/regional/en/regulatory/esg-information/jpmorgan-us-smaller-companies-investment-trust-plc-tcfd-report.pdf

This is the first report under the new guidelines and disclosure requirements and the Board will continue to monitor as these reports evolve.

Outlook

The Company's quality portfolio continues to offer an attractive valuation with good earnings growth. However, the Company's NAV and share price performance during the period was negatively impacted by small cap stocks underperforming large cap stocks, and with higher interest rates and continued recession fears, it is possible that this trend will continue in the near term. Despite this, the Board and Portfolio Managers remain optimistic for the longer term outlook of the Company.

David Ross
Chair

22nd August 2023

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VACANCY
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Investment Manager's Report

Don San Jose
Portfolio Manager

Jon Brachle
Portfolio Manager

Dan Percella
Portfolio Manager

Market Review

The US equity markets have had a solid year so far despite economic headwinds. In the first six months of 2023, the S&P 500 was up by 17.0% (in US dollar terms), supported by resilient earnings and hopes for a soft landing as inflation cooled and the Fed slowed interest rate hikes.

The year 2023 began with an exaggerated January effect, followed by a slight pullback in February, then reacceleration in March despite the banking troubles. Small caps saw more muted gains as fears of tightening lending standards impacted smaller names relative to mega cap stocks. The market rocketed higher in the second quarter, driven by excitement around artificial intelligence, which benefited mega-cap technology stocks, in particular. The much-discussed narrowness in the market also occurred within small caps.

Large cap stocks as represented by the S&P 500 Index, returned +17.0% (in US dollar terms), outperforming the small cap Russell 2000 Index, which returned +8.0%. Overall, value underperformed growth as the Russell 3000 Value Index returned +5.0%, while the Russell 3000 Growth Index returned +28.0%.

Performance

The Company's net asset value total return was +0.4% in the first half of 2023. While positive, this failed to keep pace with the +2.1% total return of its benchmark, the Russell 2000 Index in sterling terms. Stock selection was the primary driver of underperformance, with the consumer discretionary and health care sectors being the largest detractors.

Our sector allocation in industrials and energy contributed to performance.

Within industrials, our overweight position in Simpson Manufacturing and our position in Diversey for a part of the period were the top contributors. Simpson Manufacturing is a market leader in the wood connectors building product space. Shares rallied after the company reported strong quarterly results despite softer volumes. The company benefitted from resilient margins driven by strong cost management and lower raw material costs. We continue to like the stock given its attractive valuation, solid free cash flow generation and a tenured management team. Diversey, a provider of hygiene, infection prevention and cleaning solutions, performed well following the announcement that the company would be acquired by Solenis, a water treatment company owned by private equity firm Platinum Equity for an enterprise value of USD 4.6 billion.

At the security level, our exposure to Bright Horizons Family Solutions, within consumer discretionary proved beneficial. Bright Horizons Family Solutions is a provider of childcare and education services. Shares rose due to stronger-than-expected first quarter earnings driven by improved utilisation and enrolment levels, which was partially driven by improved labour availability. We continue to like the fundamentals of the business and believe its valuation remains reasonable, leaving us comfortable with our position.

On the other hand, our stock selection was the primary driver of underperformance, with the health care and consumer discretionary sectors being the largest detractors. Within health care, our overweight position in **ModivCare** was the largest detractor from performance. ModivCare is a provider of non-emergency medical transportation and non-medical home care services, primarily serving Medicaid enrollees. Shares declined due to concerns over Medicaid eligibility redeterminations and the potential for margin caps in the personal care segment. Additionally, the timing of receivables collections pressured cash flows. While disappointing, we believe the risks are well-understood by the market and are reflected in the current valuation, and we remain comfortable with our position in the stock.

At the security level, our position in **Western Alliance** for a part of the period, and being overweight in **ServisFirst Bancshares** within the financials sector were among the top detractors. Western Alliance is a regional bank serving the Southwestern US. Shares slumped in the wake of the Silicon Valley Bank

and Signature Bank collapses, as investors aggressively sold growthier banks over fears around deposit retention. While Western Alliance had a strong liquidity position, we eliminated our position in the company given deposit uncertainty in the midst of what appeared to be a run on the bank as the crisis was unfolding. ServisFirst is an Alabama based regional bank that predominantly focuses on commercial and industrial lending in the southeast US. Shares fell after the company reported mixed quarterly results. The bank witnessed higher than expected levels of deposits shifting to interest bearing accounts in 1Q, thereby resulting in net interest margin compression. We remain comfortable with our position, given the company's strong fundamentals and solid deposits.

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.

Our trading activity in the period reflects caution given uncertainty surrounding the regional bank crisis, as well as opportunistic additions to high quality, competitively advantaged businesses that were undervalued. We trimmed outperformers within the industrials and consumer discretionary sectors, and lower conviction names across all sectors to raise cash and redeploy proceeds to better ideas. We also had mergers and acquisitions induced reductions. Within financials, we trimmed outperforming non-bank names and modestly added to banks as valuations reflect the sector headwinds, though we remain under-weight banks. Our largest absolute and relative weight remains in industrials, followed by utilities.

On the other hand, our largest underweights remain in the energy and health care sectors. While we have struggled to find high quality assets within most segments of the energy sector, we have found some interesting opportunities within the alternative energy and midstream areas.

Market Outlook

We remain constructive on the case for small caps in the intermediate and long term. While multiple signs such as persistent inflation, stretched labour markets, a stubbornly hawkish Fed and tightening bank lending standards point to reasons for caution, none of these concerns are new. Valuation versus large caps continues to look favourable, especially with such a thin slice of the mega cap technology names driving the overall market. We are cognisant that the earnings picture for small caps is not poised for an immediate rebound and recent earnings revisions have been negative. However, the stocks will react positively before earnings hit bottom and our natural leaning towards high quality companies should provide downside protection in the interim. We expect that macro factors will continue to dominate investor focus in the short term but we believe our process can outperform over the cycle.

While the economy teeters on the edge of recession, we remain balanced and continue to monitor incremental risks that could represent headwinds for U.S. equities. Through the volatility, we continue to focus on high conviction stocks and take advantage of market dislocations for compelling stock selection opportunities.

For and on behalf of the
Investment Manager

Don San Jose
Jon Brachle
Dan Percella
Portfolio Managers

22nd August 2023

List of Investments

List of Investments

As at 30th June 2023

Company	Valuation £'000
Industrials	
MSA Safety	5,652
WillScot Mobile Mini	5,640
Lincoln Electric	4,515
WEX	4,456
AptarGroup	4,235
Simpson Manufacturing	3,975
First Advantage	3,853
Applied Industrial Technologies	3,787
Badger Meter	3,753
Douglas Dynamics	3,702
Landstar System	3,637
Brunswick	3,621
Janus International	3,563
Hayward	3,559
Knight-Swift Transportation	3,111
UniFirst	3,090
AZEK	2,917
Woodward	2,892
Toro	2,837
Hillman Solutions	2,783
Brady	2,753
Gates Industrial	2,620
Verra Mobility	2,067
	83,018
Financials	
AssetMark Financial	4,307
Evercore	3,623
Wintrust Financial	3,530
RLI	3,520
StepStone	3,365
Kinsale Capital	3,151
Clearwater Analytics	2,886
First Hawaiian	2,850
Moelis	2,689
First Financial Bancorp	2,660
First Interstate BancSystem	2,595
BankUnited	2,578
City Holding	2,326
ServisFirst Bancshares	2,231
	42,311

Company	Valuation £'000
Consumer Discretionary	
Bright Horizons Family Solutions	4,403
Driven Brands	4,058
Wendy's	4,024
Planet Fitness	3,725
BJ's Wholesale Club	3,661
Acushnet	3,197
LCI Industries	3,143
Monarch Casino & Resort	2,706
Malibu Boats	2,666
Carter's	2,331
Leslie's	1,936
National Vision	1,867
Savers Value Village	1,065
	38,782
Health Care	
Encompass Health	5,303
ICU Medical	3,989
HealthEquity	3,899
Neogen	3,320
Agiliti	3,098
Envista	3,059
Progyny	3,038
QuidelOrtho	2,633
Certara	2,357
Azenta	2,312
ModivCare	1,572
Syneos Health	669
	35,249
Technology	
MACOM Technology Solutions	4,645
Power Integrations	4,545
Novanta	4,468
Envestnet	3,241
Paycor HCM	3,069
Allegro MicroSystems	2,896
Guidewire Software	2,802
nLight	2,694
Workiva	2,538
Definitive Healthcare	1,593
Fabrinet	908
Q2	902
	34,301

List of Investments

List of Investments (continued)

As at 30th June 2023

Company	Valuation £'000
Real Estate	
EastGroup Properties	4,035
Ryman Hospitality Properties	3,512
National Retail Properties	3,432
Outfront Media	2,729
Cushman & Wakefield	2,233
	15,941
Utilities	
Casella Waste Systems	4,644
Portland General Electric	3,644
NorthWestern	3,399
Stericycle	3,005
	14,692
Basic Materials	
RBC Bearings	3,903
Quaker Chemical	3,764
Ecovyst	2,915
Perimeter Solutions	1,569
	12,151
Consumer Staples	
Primo Water	2,950
Utz Brands	2,884
Freshpet	2,303
	8,137
Energy	
DT Midstream	2,253
Shoals Technologies	1,398
	3,651
Total investments	**288,233**

Sector Analysis

Sector

	30th June 2023		31st December 2022	
	Portfolio	Benchmark	Portfolio	Benchmark
	%[1]	%	%[1]	%
Industrials	28.8	18.4	27.4	16.9
Financials	14.7	14.0	17.4	17.0
Consumer Discretionary	13.5	13.1	13.8	12.4
Health Care	12.2	16.4	11.7	16.5
Technology	11.9	12.7	12.2	10.5
Real Estate	5.5	6.3	5.7	6.6
Utilities	5.1	3.2	3.5	3.9
Basic Materials	4.2	4.0	5.4	4.1
Consumer Staples	2.8	3.0	2.8	3.3
Energy	1.3	7.3	0.1	7.1
Telecommunication	—	1.6	—	1.7
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £288.2m (31st December 2022: £291.7m).

Condensed Statement of Comprehensive Income

	(Unaudited) Six months ended 30th June 2023			(Unaudited) Six months ended 30th June 2022			(Audited) Year ended 31st December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments held at fair value through profit or loss	—	(146)	(146)	—	(40,791)	(40,791)	—	(22,082)	(22,082)
Net foreign currency gains/(losses) on cash and loans	—	1,020	1,020	—	(2,028)	(2,028)	—	(2,513)	(2,513)
Income from investments	2,135	—	2,135	1,542	—	1,542	3,218	—	3,218
Interest receivable	154	—	154	14	—	14	118	—	118
Gross return/(loss)	**2,289**	**874**	**3,163**	**1,556**	**(42,819)**	**(41,263)**	**3,336**	**(24,595)**	**(21,259)**
Management fee	(207)	(828)	(1,035)	(209)	(834)	(1,043)	(416)	(1,664)	(2,080)
Other administrative expenses	(212)	—	(212)	(233)	—	(233)	(547)	—	(547)
Net return/(loss) before finance costs and taxation	**1,870**	**46**	**1,916**	**1,114**	**(43,653)**	**(42,539)**	**2,373**	**(26,259)**	**(23,886)**
Finance costs	(145)	(579)	(724)	(31)	(123)	(154)	(135)	(539)	(674)
Net return/(loss) before taxation	**1,725**	**(533)**	**1,192**	**1,083**	**(43,776)**	**(42,693)**	**2,238**	**(26,798)**	**(24,560)**
Taxation	(314)	—	(314)	(193)	—	(193)	(466)	—	(466)
Net return/(loss) after taxation	**1,411**	**(533)**	**878**	**890**	**(43,776)**	**(42,886)**	**1,772**	**(26,798)**	**(25,026)**
Return/(loss) per share (note 3)	**2.18p**	**(0.82)p**	**1.36p**	**1.37p**	**(67.18)p**	**(65.81)p**	**2.72p**	**(41.21)p**	**(38.49)p**

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/(loss) for the period/year and also the total comprehensive income.

Condensed Statement of Changes in Equity

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves[1] £'000	Revenue reserve[1] £'000	Total £'000
Six months ended 30th June 2023 (Unaudited)						
At 31st December 2022	**1,638**	**45,758**	**1,851**	**221,271**	**2,539**	**273,057**
Repurchase of shares into Treasury	—	—	—	(734)	—	(734)
Net (loss)/return for the period	—	—	—	(533)	1,411	878
Dividends paid in the period (note 4)	—	—	—	—	(1,615)	(1,615)
At 30th June 2023	**1,638**	**45,758**	**1,851**	**220,004**	**2,335**	**271,586**
Six months ended 30th June 2022 (Unaudited)						
At 31st December 2021	**1,636**	**45,367**	**1,851**	**250,536**	**2,393**	**301,783**
Issue of Ordinary shares	2	329	—	—	—	331
Shares reissued from Treasury	—	105	—	479	—	584
Repurchase of shares into Treasury	—	—	—	(1,880)	—	(1,880)
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**
Year ended 31st December 2022 (Audited)						
At 31st December 2021	**1,636**	**45,367**	**1,851**	**250,536**	**2,393**	**301,783**
Issue of new Ordinary shares	2	329	—	—	—	331
Shares reissued from Treasury	—	62	—	522	—	584
Repurchase of shares into Treasury	—	—	—	(2,941)	—	(2,941)
Block listing fees	—	—	—	(48)	—	(48)
Net (loss)/return for the year	—	—	—	(26,798)	1,772	(25,026)
Dividends paid in the year (note 4)	—	—	—	—	(1,626)	(1,626)
At 31st December 2022	**1,638**	**45,758**	**1,851**	**221,271**	**2,539**	**273,057**

[1] These reserves form the distributable reserves of the Company and may be used to fund distributions to shareholders.

Condensed Statement of Financial Position

	(Unaudited) At 30th June 2023 £'000	(Unaudited) At 30th June 2022 £'000	(Audited) At 31st December 2022 £'000
Fixed assets			
Investments held at fair value through profit or loss	288,233	274,545	291,723
Current assets			
Debtors	1,615	985	405
Cash and cash equivalents	6,810	6,920	6,652
	8,425	7,905	7,057
Current liabilities			
Creditors: amounts falling due within one year	(25,072)	(1,489)	(25,723)
Net current (liabilities)/assets	**(16,647)**	**6,416**	**(18,666)**
Total assets less current liabilities	**271,586**	**280,961**	**273,057**
Creditors: amounts falling due after one year	—	(24,703)	—
Net assets	**271,586**	**256,258**	**273,057**
Capital and reserves			
Called up share capital	1,638	1,638	1,638
Share premium	45,758	45,801	45,758
Capital redemption reserve	1,851	1,851	1,851
Capital reserves	220,004	205,311	221,271
Revenue reserve	2,335	1,657	2,539
Total shareholders' funds	**271,586**	**256,258**	**273,057**
Net asset value per share (note 5)	**420.7p**	**394.1p**	**421.7p**

Condensed Statement of Cash Flows

For the six months ended 30th June 2023

	(Unaudited) 30th June 2023 £'000	(Unaudited) 30th June 2022[1] £'000	(Audited) 31st December 2022[1] £'000
Cash flows from operating activities			
Net return/(loss) before finance costs and taxation	1,916	(42,539)	(23,886)
Adjustment for:			
Net loss on investments held at fair value through profit or loss	146	40,791	22,082
Net foreign currency (gains)/losses	(1,020)	2,028	2,513
Dividend income	(2,135)	(1,542)	(3,218)
Interest income	(154)	(14)	(118)
Decrease/(increase) in accrued income and other debtors	1	(22)	(20)
(Decrease)/increase in accrued expenses	(6)	(51)	18
	(1,252)	**(1,349)**	**(2,629)**
Dividends received	1,637	1,351	2,726
Interest received	179	14	93
Overseas tax recovered	173	40	42
Net cash inflow from operating activities	**737**	**56**	**232**
Purchases of investments	(37,763)	(41,300)	(76,428)
Sales of investments	40,521	47,369	83,743
Settlement of foreign currency contracts	—	15	—
Net cash inflow from investing activities	**2,758**	**6,084**	**7,315**
Dividends paid	(1,615)	(1,626)	(1,626)
Issue of Ordinary shares	—	331	331
Shares reissued from Treasury	—	584	584
Repurchase of shares into Treasury	(734)	(1,880)	(2,941)
Interest paid	(665)	(148)	(530)
Block listing fees	—	(48)	(48)
Net cash outflow from financing activities	**(3,014)**	**(2,787)**	**(4,230)**
Increase in cash and cash equivalents	**481**	**3,353**	**3,317**
Cash and cash equivalents at start of period/year	6,652	3,057	3,057
Exchange movements	(323)	510	278
Cash and cash equivalents at end of period/year	**6,810**	**6,920**	**6,652**
Cash and cash equivalents consist of:			
Cash and short term deposits	61	7	3
Cash held in JPMorgan US Dollar Liquidity Fund	6,749	6,913	6,649
Total	**6,810**	**6,920**	**6,652**

[1] The presentation of the Cash Flow Statement, as permitted under FRS 102, has been changed so as to present the reconciliation of 'net return/(loss) before finance costs and taxation' to 'net cash inflow from operating activities' on the face of the Cash Flow Statement. Previously, this was shown by way of note. Other than consequential changes in presentation of the certain cash flow items, there is no change to the cash flows as presented in previous periods.

Condensed Statement of Cash Flows

Reconciliation of net debt

	As at 31st December 2022 £'000	Cash flows £'000	Other non-cash charges £'000	As at 30th June 2023 £'000
Cash and cash equivalents				
Cash	3	379	(321)	61
Cash equivalents	6,649	102	(2)	6,749
	6,652	**481**	**(323)**	**6,810**
Borrowings				
Debt due within one year	(24,940)	—	1,343	(23,597)
	(24,940)	—	1,343	(23,597)
Net debt	**(18,288)**	**481**	**1,020**	**(16,787)**

Notes to the Condensed Financial Statements

For the six months ended 30th June 2023

1. Financial statements

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

The figures and financial information for the year ended 31st December 2022 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies, including the report of the Auditor which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' of the United Kingdom Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the revised 'SORP') issued by the Association of Investment Companies in July 2022.

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council (FRC) in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 30th June 2023.

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

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 31st December 2022.

3. Return/(loss) per share

	(Unaudited) Six months ended 30th June 2023 £'000	(Unaudited) Six months ended 30th June 2022 £'000	(Audited) Year ended 31st December 2022 £'000
Return/(loss) per share is based on the following:			
Revenue return	1,411	890	1,772
Capital loss	(533)	(43,776)	(26,798)
Total return/(loss)	**878**	**(42,886)**	**(25,026)**
Weighted average number of shares in issue	64,621,432	65,166,032	65,029,256
Revenue return per share	2.18p	1.37p	2.72p
Capital loss per share	(0.82)p	(67.18)p	(41.21)p
Total return/(loss) per share	**1.36p**	**(65.81)p**	**(38.49)p**

4. Dividends paid

	(Unaudited) Six months ended 30th June 2023 £'000	(Unaudited) Six months ended 30th June 2022 £'000	(Audited) Year ended 31st December 2022 £'000
Final dividend in respect of the year ended 31st December 2022 of 2.5p (2021: 2.5p)	1,615	1,626	1,626
Total dividends paid in the period/year	**1,615**	**1,626**	**1,626**

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

No interim dividend has been declared in respect of the six months ended 30th June 2023 (2022: nil).

Notes to the Condensed Financial Statements

5. Net asset value per share

	(Unaudited) Six months ended 30th June 2023 £'000	(Unaudited) Six months ended 30th June 2022 £'000	(Audited) Year ended 31st December 2022 £'000
Net assets (£'000)	271,586	256,258	273,057
Number of shares in issue at period/year end	64,558,532	65,025,739	64,745,622
Net asset value per share	**420.7p**	**394.1p**	**421.7p**

6. 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 2023		(Unaudited) Six months ended 30th June 2022		(Audited) Year ended 31st December 2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	288,233	—	274,545	—	291,723	—
Total value of investments	**288,233**	**—**	**274,545**	**—**	**291,723**	**—**

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 2022.

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, 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 Russian invasion of Ukraine, the inflationary environment and other geopolitical and financial risks. However, it 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 2023 as required by the Disclosure Guidance and Transparency Rules 4.2.4R; and

(ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the Disclosure Guidance and Transparency Rules.

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

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

and the Directors confirm that they have done so.

For and on behalf of the Board

David Ross
Chair 22nd August 2023

Glossary of Terms and Alternative Performance Measures (APMs) (Unaudited)

Alternative Performance Measure

Alternative Performance Measures are numerical measures of current, historical or future financial performance, financial position or cash flow that are not GAAP measures. APMs are intended to supplement the information in the financial statements, providing useful industry-specific information that can assist shareholders to better understand the performance of the Company.

Where a measure is labelled as an APM, a definition and reconciliation to a GAAP measure is set out below.

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 2023	
Opening share price (p)	6	391.0	(a)
Closing share price (p)	6	376.0	(b)
Total dividend adjustment factor[1]		1.006545	(c)
Adjusted closing share price (d = b x c)		378.5	(d)
Total return to shareholders (e = (d / a) – 1)		**–3.2%**	(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 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 2023	
Opening cum-income NAV per share (p)	6	421.7	(a)
Closing cum-income NAV per share (p)	6	420.7	(b)
Total dividend adjustment factor[1]		1.005995	(c)
Adjusted closing share price (d = b x c)		423.2	(d)
Total return on net assets (e = (d / a) – 1)		**0.4%**	(e)

[1] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the 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.

Glossary of Terms and Alternative Performance Measures (APMs) (Unaudited)

Gearing/(Net Cash) (APM)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position.

Gearing calculation	Page	Six months ended 30th June 2023	Year ended 31st December 2022	
Investments held at fair value through profit or loss	18	288,233	291,723	(a)
Net assets	18	271,586	273,057	(b)
Gearing (c = (a / b) – 1)	6	**6.1%**	**6.8%**	(c)

Ongoing Charges Ratio (APM)

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

	Page	Estimated year ending 31st December 2023[1]	Year ended 31st December 2022	
Management Fee	16	2,070	2,080	
Other administrative expenses	16	424	547	
Total management fee and other administrative expenses		2,494	2,627	(a)
Average daily cum-income net assets		276,999	275,843	(b)
Ongoing charges (c = a / b)		**0.90%**	**0.95%**	(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 2023 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).

Investing in the Company

You can invest in the Company and other JPMorgan managed investment trusts through the following:

1. Via a third party provider

Third party providers include:

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

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

The Board encourages all of its shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability to receive company documentation, to vote their shares and to attend general meetings, at no cost. Please refer to your investment platform for more details, or visit the Association of Investment Companies' (AIC) website at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms for information on which platforms support these services and how to utilise them.

2. Through a professional adviser

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

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

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

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

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

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

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

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

Report a Scam

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

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

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

FCA FINANCIAL CONDUCT AUTHORITY

Information About the Company

FINANCIAL CALENDAR

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

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

Company Identifiers

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 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.

aic
The Association of Investment Companies

A member of the AIC

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
160 Queen Victoria Street
London EC4V 4LA

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

Registrar

Equiniti Limited
Reference 1084
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0371 384 2945

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

Broker

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

CONTACT

60 Victoria Embankment
London
EC4Y 0JP
Tel 020 7742 4000
Website www.jpmussmallercompanies.co.uk

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ASSET MANAGEMENT