



Half Year Report **2011**
JPMorgan US Smaller Companies
Investment Trust plc

Half Year Report & Accounts for the six months ended 30th June 2011

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Objective

Capital growth from investing in US smaller companies.

Investment Philosophy

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, run by competent management teams who have a track record of success and are good stewards of capital; and to focus on owning equity stakes in businesses that trade at a discount to their intrinsic value.

Benchmark

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 bottom 10% by market capitalisation of all quoted companies in the US. Comparison of the Company's performance is made with the benchmark.

Capital Structure

At 30th June 2011, the Company's share capital comprised 5,264,610 Ordinary shares of 25p each.

Continuation Vote

At the Annual General Meeting of the Company held in April 2010 a resolution of the shareholders approved the continuation of the Company until the Annual General Meeting to be held in 2015.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited to manage its assets and act as Company Secretary. The investment team is situated in New York. Glenn Gawronski assumed responsibility for the management of the Company's portfolio in November 2008. He has been managing JPMAM's US small cap core active strategy since September 2004. He worked on JPMAM's micro cap investment team from 1999 to 2004. Mr Gawronski is supported by four experienced investment professionals dedicated to US micro and small cap strategies as well as the wider JPMAM investment management team.

Half Year Performance

Total returns (include dividends reinvested)

+1.9%

Return to shareholders¹

+5.4%

Return on net assets²

+3.4%

Benchmark return³

Financial Data

	30th June 2011	31st December 2010	% change
Total net assets (£'000)	55,831	52,950	+5.4
Number of shares in issue	5,264,610	5,264,610	0.0
Net asset value per share	1,060.5p	1,005.8p	+5.4
Share price	956.5p	939.0p	+1.9
Share price discount to net asset value per share	9.8%	6.6%	
Actual gearing factor	108.1%	100.9%	

A glossary of terms and definitions is provided on page 17.

¹Source: Morningstar.

²Source: J.P. Morgan.

³Source: Russell Investments. The Company's benchmark is the Russell 2000 Index with net dividends reinvested, expressed in sterling terms.

Chairman's Statement



Performance

I am pleased to report that your investment manager has performed well despite a jittery stock market and a weaker dollar. In the six months to 30th June 2011 the Company's Net Asset Value (NAV) per share rose by 5.4% which compares with a rise of 3.4% in our benchmark, the Russell 2000 in sterling terms. The share price rose by only 1.9% over the period under review which resulted in the discount to NAV widening.

In US dollar terms the Russell 2000 rose by 6.2% and the S&P500, which represents the broad market in the US, rose by 6.0%. For the same period in 2010 both these indices were down despite the background to both periods being identical as investors worried about the US economy, sovereign debt defaults, uncertainties surrounding Europe and the Euro and the implications of natural disasters. In 2011, however, investors have managed to shrug aside these concerns as corporate profits have underpinned value in the markets.

Share Buybacks

At the AGM held in April 2011 the authority to repurchase up to 14.99% of the Company's issued share capital was renewed. Over the past six months to 30th June 2011 the Company did not repurchase any shares.

Although our discount to NAV drifted outside our long term target reaching 9.8% as at 30th June 2011, for the six months period under review I am pleased to report the average discount to NAV was 7.0%.

Gearing

In April 2011 an agreement was signed with Scotiabank to provide a revolving credit facility of \$10 million. As at 30th June 2011 it had all been drawn and the portfolio was 8.1% geared.

Auditor Review

Recently the Board undertook a competitive tender process to review the provision of audit services. Following this process it was agreed that Grant Thornton UK LLP should replace Ernst & Young LLP and this appointment is effective today.

Regulatory Issues

There are a number of regulatory changes on the horizon (AIFM, MiFID, FATCA), as yet we do not yet know what impact any of these will have on the Company but your Board, together with JPMorgan Asset Management, will continue to monitor developments closely.

Outlook

Over the short term the outlook for US smaller companies is likely to be hampered by the fragile economy, the high level of unemployment and a difficult housing market. The recent downgrading by Standard & Poor's of the US Government debt rating combined with continuing debt problems in the weaker European economies raise the risk that the current economic slowdown could persist for some time. However, we consider that our manager's focus on balance sheet strength should provide some protection in this environment. Longer term we believe that Glenn Gawronski and his team, through their disciplined investment process, will be able to exploit opportunities that arise out of these markets.

Davina Walter
Chairman

22nd August 2011

Investment Manager's Report



Glenn Gawronski

Glenn Gawronski has been with J.P. Morgan for 12 years and worked for 5 years as a senior analyst in the US micro cap team until 2004 when he was promoted to be the portfolio manager for JPMorgan Asset Management's US small cap core active strategy. Glenn has managed the Company's portfolio since November 2008.

Glenn is supported by a team of four investment professionals:

Don San Jose

Don San Jose has been with J.P. Morgan for 11 years, first as a research analyst and for the past 7 years as Glenn's partner on the US small cap core active strategy.

Justin Howell

Justin has been with J.P. Morgan since 2003. He aids in the management of the J.P. Morgan small cap active core strategy and was previously a research associate covering healthcare services, biotech and industrial cyclical companies.

Dan Percella

Dan has been with J.P. Morgan since 2008. He was previously a member of institutional investor-ranked equity research teams covering the transportation sector at other investment firms. Prior to equity research, Dan worked as an analyst at an economic consulting firm.

Jon Brachle

Jon has been with J.P. Morgan since 2007. He was previously a research assistant covering software and IT services companies for the US Large Cap Equity Group.

Market Review

The Russell 2000 Index finished the first half of 2011 up a respectable 3.4% in sterling terms, but it was not a slow and steady path to that end point. As April came to a close, the Russell 2000 Index closed slightly above its pre-financial crisis peak, made in the summer of 2007. Much of the strength early in the year reflected strong economic data points that reinforced confidence that both a US and global recovery was taking place. Some of these gains were tempered by fears that unrest in the Middle East or disruption from the Japanese earthquake would lead to a hiccup in global growth, but the Index rallied 12% from a late January trough to finish the month of April at the year's high.

A slump began with May's arrival and continued through mid-June, as worries over European sovereign debt issues, the end of QE2 (second round of quantitative easing) and weak US economic data led to a 10% drop in the Russell 2000 Index over a six-week period. The 'risk off' trade was confirmed by the yield on the 10-year Treasury note, which swung from 3.3% at the beginning of the month down to 2.9% on 24th June 2011. June did manage to end on a positive note, as investors found themselves 'buying the dip', which drove the Index up 6% in the final two weeks of the first half.

Investment Performance

For the six months ended 30th June 2011, the total return on net assets was 5.4% representing 200 basis points of outperformance relative to our benchmark index, the Russell 2000 Index, which rose 3.4% in sterling terms. The Company's outperformance was primarily due to superior stock selection in the financial services and health care sectors, combined with positive stock selection in most other sectors, the one notable exception being materials and processing.

Portfolio Positioning

Since the start of the year, we have meaningfully increased our exposure to the consumer discretionary sector, resulting in an overweight position relative to our benchmark. We have also increased our exposure to the health care sector, but remain underweight in the sector. Additions to these sectors have been at the expense of all others, especially consumer staples, producer durables and financial services. We continue to be underweight in technology, which in some ways is indicative of our investment process and style. Within technology, we have a difficult time finding companies that possess a sustainable competitive advantage, particularly in light of the rapid change in this sector.

Our sector weights remain a by-product of our bottom-up investment analysis and our disciplined approach to portfolio construction. We adhere to a consistent investment strategy, which focuses on identifying companies that possess a sustainable competitive advantage, have a durable business model, and are overseen by a competent management team with a track record of success. Finally, we seek to acquire equity stakes in these businesses when they trade at a discount to what we would deem to be their intrinsic value.

Portfolio Highlights

The significant contributors to performance were HFF and Coventry Healthcare. HFF is a leading provider of capital markets services to the US commercial real estate industry and returned +56% during the period. The company's shares outperformed as better than expected transaction volumes seen at the end of 2010 continued into 2011. Additionally, the company continued to gain market share in a rapidly improving deal volume environment. Coventry Healthcare is a managed health care organisation operating health plans and insurance companies throughout the Midwest, Mid-Atlantic and Southeast United States. Its shares returned +38% during the period. The company's shares outperformed as it delivered solid earnings driven by lower utilisation and selling, general and administrative expense costs when it posted first quarter results in April. The company also raised its full year revenue and earnings guidance for the year.

The significant detractors to performance were Greenhill and KBW. Greenhill, where shares fell 33% during the period, is an independent investment bank that provides financial advice on mergers, acquisitions, and restructurings to corporations, partnerships, and governments around the world. Fourth quarter 2010 results, which were reported in late January, disappointed relative to expectations on meaningfully weaker financial advisor fees and higher than expected compensation accrual. The trend of sluggish fee growth and elevated compensation accrual were also evident in first quarter results, but we remain constructive as their business is inherently lumpy. KBW is a full service investment bank, providing investment banking services, equity and fixed income sales and trading, and equity and fixed income research and its shares fell 33% during the period. Results for the fourth quarter and first quarter, which were both reported in the six month period, were below expectations on lower than expected revenues. Declining equity underwriting and sluggish merger and acquisition activity combined to produce sub-par results.

Market Outlook

Looking forward, we believe market volatility and macro events will be front of mind for many investors. In addition to keeping a watchful eye on the pace of the global economic recovery and the ever-evolving European debt crisis, markets will also be tuned in to developments around US deficit-reduction plans. Governments around the world will have an enormous impact on the future path of their respective economies, and will need to balance fiscal prudence and regulatory reform with economic growth and job creation. In this type of environment, we believe investors are more measured in their approach to risk, but are reluctant to walk away from markets entirely in fear of missing the next big run-up. Fundamentals for most companies continue to improve, albeit at a more muted pace, and valuations are neither excessive nor compelling. As such, we suspect stock selection will be more critical and we plan to remain disciplined with regards to our investment strategy.

Glenn Gawronski
Investment Manager

22nd August 2011

Sector Analysis

	at 30th June 2011			at 31st December 2010		
	Portfolio ¹ %	Benchmark %	Active Position ² %	Portfolio ¹ %	Benchmark %	Active Position ² %
Consumer Discretionary	25.6	14.7	10.9	20.4	15.1	5.3
Financial Services	23.6	21.4	2.2	25.2	21.2	4.0
Producer Durables	13.0	14.1	(1.1)	14.3	14.1	0.2
Health Care	11.4	12.7	(1.3)	8.7	12.4	(3.7)
Technology	8.9	16.1	(7.2)	9.0	16.7	(7.7)
Materials & Processing	6.9	7.2	(0.3)	7.4	8.1	(0.7)
Oils and Other Energy	6.0	6.6	(0.6)	7.2	6.0	1.2
Utilities	2.3	4.3	(2.0)	2.2	3.8	(1.6)
Telecommunication Services	1.2	–	1.2	2.3	–	2.3
Consumer Staples	1.1	2.9	(1.8)	3.3	2.6	0.7
	100.0	100.0	–	100.0	100.0	–

¹Based on investments, excluding liquidity funds, at fair value of £60.3m (2010: £53.4m).

²A definition is given in the glossary of terms and definitions on page 16.

List of Investments

at 30th June 2011

Company	Sector	Valuation £'000	%
Coventry Health Care	Health Care	1,698	3.0
Jarden	Consumer Discretionary	1,509	2.7
ProAssurance	Financial Services	1,508	2.7
Penn National Gaming	Consumer Discretionary	1,452	2.6
Papa John's International	Consumer Discretionary	1,394	2.5
Calamos Asset Management	Financial Services	1,377	2.5
Silgan	Materials & Processing	1,227	2.2
Iberiabank	Financial Services	1,184	2.1
Altra	Producer Durables	1,140	2.0
HFF	Financial Services	1,136	2.0
Douglas Dynamics	Producer Durables	1,130	2.0
Wellcare Health Plans	Health Care	1,060	1.9
Team Industrial Services	Producer Durables	1,039	1.9
Umpqua	Financial Services	1,031	1.8
Patterson-Uti Energy	Oils and Other Energy	1,010	1.8
PSS World Medical	Health Care	1,001	1.8
RBC Bearings	Materials & Processing	973	1.7
Harley Davidson	Consumer Discretionary	972	1.7
Epoch	Financial Services	957	1.7
Drew Industries	Consumer Discretionary	935	1.7
Herman Miller	Producer Durables	916	1.6
Laboratory Corp	Health Care	916	1.6
Waste Connections	Producer Durables	909	1.6
Vocus	Technology	818	1.5
Northwestern	Utilities	809	1.4
Dicks Sporting Goods	Consumer Discretionary	807	1.4
MICROS Systems	Technology	799	1.4
MWI Veterinary Supply	Health Care	794	1.4
Iconix Brand	Consumer Discretionary	790	1.4
KAR Auction Services	Producer Durables	778	1.4
Chico's FAS	Consumer Discretionary	776	1.4
Acco Brands	Producer Durables	772	1.4
Omicell	Health Care	743	1.3
First of Long Island	Financial Services	734	1.3
NetSuite	Technology	727	1.3
American Eagle Outfitters	Consumer Discretionary	720	1.3
nTelos	Telecommunication Services	702	1.3
Brinker International	Consumer Discretionary	701	1.3
Monotype Imaging	Technology	698	1.3
J & J Snack Foods	Consumer Staples	691	1.2
Cimarex Energy	Oils and Other Energy	644	1.2
Diamond Hill Investor	Financial Services	642	1.2
Interline Brands	Materials & Processing	638	1.1
JMP	Financial Services	629	1.1

List of Investments continued

Company	Sector	Valuation £'000	%
Pool	Consumer Discretionary	625	1.1
Einstein Noah Restaurant	Consumer Discretionary	621	1.1
Toll Bros	Consumer Discretionary	616	1.1
Morningstar	Financial Services	611	1.1
Monarch Casino & Resort	Consumer Discretionary	610	1.1
Northwest Natural Gas	Utilities	608	1.1
Williams-Sonoma	Consumer Discretionary	598	1.1
SuccessFactors	Technology	597	1.1
Tidewater	Oils and Other Energy	593	1.1
Kaydon	Materials & Processing	585	1.0
FirstService Corp	Financial Services	582	1.0
Greenhill	Financial Services	573	1.0
Cracker Barrel	Consumer Discretionary	550	1.0
First Financial	Financial Services	549	1.0
Janus Capital	Financial Services	523	0.9
VCA Antech	Health Care	519	0.9
SolarWinds	Technology	516	0.9
P.F. Chang's China Bistro	Consumer Discretionary	498	0.9
Exterran	Oils and Other Energy	486	0.9
Comfort Systems	Materials & Processing	484	0.9
Brunswick	Consumer Discretionary	480	0.9
Approach Resources	Oils and Other Energy	462	0.8
Intersil	Technology	450	0.8
Western Alliance Bancorp	Financial Services	446	0.8
Archipelago Learning	Consumer Discretionary	445	0.8
Blackboard	Technology	443	0.8
Dice	Producer Durables	434	0.8
KBW	Financial Services	431	0.8
Resolute Energy	Oils and Other Energy	420	0.8
Knight Transportation	Producer Durables	401	0.7
Associated Banc-Corp	Financial Services	386	0.7
Shuffle Master	Consumer Discretionary	376	0.7
RLI Corp	Financial Services	330	0.6
RLJ Lodging	Financial Services	327	0.6
Forward Air	Producer Durables	307	0.6
E-Health	Financial Services	294	0.5
NCI	Materials & Processing	249	0.5
DemandTec	Technology	203	0.4
Cumberland Pharmaceuticals	Health Care	135	0.2
Soundbite Communications	Technology	99	0.2
Net current liabilities ¹		(4,459)	(8.0)
Total assets less current liabilities		55,889	100.0

¹Includes investments in liquidity funds and short term loan of US\$10 million.

Income Statement

for the six months ended 30th June 2011

	(Unaudited) Six months ended 30th June 2011			(Unaudited) Six months ended 30th June 2010			(Audited) Year ended 31st December 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	–	3,210	3,210	–	2,432	2,432	–	13,106	13,106
Net foreign currency (losses)/gains	–	(8)	(8)	–	107	107	–	298	298
Income from investments	280	–	280	234	–	234	847	–	847
Other interest receivable and similar income	–	–	–	–	–	–	6	–	6
Gross return	280	3,202	3,482	234	2,539	2,773	853	13,404	14,257
Management fee	(30)	(266)	(296)	(23)	(206)	(229)	(48)	(429)	(477)
Performance fee (charge)/writeback	–	(39)	(39)	–	104	104	–	(95)	(95)
Other administrative expenses	(166)	–	(166)	(135)	–	(135)	(286)	–	(286)
Net return on ordinary activities before finance costs and taxation	84	2,897	2,981	76	2,437	2,513	519	12,880	13,399
Finance costs	(6)	(53)	(59)	(3)	(30)	(33)	(9)	(83)	(92)
Net return on ordinary activities before taxation	78	2,844	2,922	73	2,407	2,480	510	12,797	13,307
Taxation	(41)	–	(41)	(35)	–	(35)	(127)	–	(127)
Net return on ordinary activities after taxation	37	2,844	2,881	38	2,407	2,445	383	12,797	13,180
Return per share (note 3)	0.70p	54.02p	54.72p	0.70p	44.13p	44.83p	7.09p	236.89p	243.98p

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.

Reconciliation of Movements in Shareholders' Funds

Six months ended 30th June 2011 (Unaudited)	Called up share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st December 2010	1,316	1,826	54,155	(4,347)	52,950
Net return on ordinary activities	–	–	2,844	37	2,881
At 30th June 2011	1,316	1,826	56,999	(4,310)	55,831

Six months ended 30th June 2010 (Unaudited)	Called up share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st December 2009	1,371	1,771	42,987	(4,730)	41,399
Repurchase and cancellation of the Company's own shares	(13)	13	(401)	–	(401)
Net return on ordinary activities	–	–	2,407	38	2,445
At 30th June 2010	1,358	1,784	44,993	(4,692)	43,443

Year ended 31st December 2010 (Audited)	Called up share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st December 2009	1,371	1,771	42,987	(4,730)	41,399
Repurchase and cancellation of the Company's own shares	(55)	55	(1,629)	–	(1,629)
Net return on ordinary activities	–	–	12,797	383	13,180
At 31st December 2010	1,316	1,826	54,155	(4,347)	52,950

Balance Sheet

at 30th June 2011

	(Unaudited) 30th June 2011 £'000	(Unaudited) 30th June 2010 £'000	(Audited) 31st December 2010 £'000
Fixed assets			
Investments held at fair value through profit or loss	60,348	45,297	53,444
Investments in liquidity funds held at fair value through profit or loss	2,120	2,430	2,911
Total investments	62,468	47,727	56,355
Current assets			
Debtors	272	146	181
Cash and short term deposits	1	416	1,225
	273	562	1,406
Creditors: amounts falling due within one year ¹	(6,852)	(4,817)	(4,681)
Net current liabilities	(6,579)	(4,255)	(3,275)
Total assets less current liabilities	55,889	43,472	53,080
Provisions for liabilities and charges	(58)	(29)	(130)
Net assets	55,831	43,443	52,950
Capital and reserves			
Called up share capital	1,316	1,358	1,316
Capital redemption reserve	1,826	1,784	1,826
Capital reserves	56,999	44,993	54,155
Revenue reserve	(4,310)	(4,692)	(4,347)
Shareholders' funds	55,831	43,443	52,950
Net asset value per share (note 4)	1,060.5p	800.1p	1,005.8p

¹At 30th June 2011, the Company had drawn down US\$10 million on its loan facility with Scotiabank.

The Company's registration number is 552775.

Cash Flow Statement

for the six months ended 30th June 2011

	(Unaudited) Six months ended 30th June 2011 £'000	(Unaudited) Six months ended 30th June 2010 £'000	(Audited) Year ended 31st December 2010 £'000
Net cash outflow from operating activities (note 5)	(379)	(276)	(117)
Net cash outflow from returns on investments and servicing of finance	(53)	(22)	(82)
Net cash outflow from capital expenditure and financial investment	(2,542)	(3,311)	(1,355)
Net cash inflow from financing	1,835	3,977	2,748
(Decrease)/increase in cash for the period	(1,139)	368	1,194
Reconciliation of net cash flow to movement in net funds/debt			
Net cash movement	(1,139)	368	1,194
Loans drawn down in the period	(1,835)	(4,779)	(4,779)
Exchange movements	(8)	105	(296)
Changes in net funds/debt arising from cash flows	(2,982)	(4,306)	(3,289)
Net (debt)/funds at the beginning of the period	(3,246)	43	43
Net debt at the end of the period	(6,228)	(4,263)	(3,246)
Represented by:			
Cash and short term deposits	1	416	1,225
Debt falling due within one year	(6,229)	(4,679)	(4,471)
	(6,228)	(4,263)	(3,246)

Notes to the Accounts

for the six months ended 30th June 2011

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 Auditor.

The figures and financial information for the year ended 31st December 2010 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included 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 accounts have been prepared in accordance with 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' issued in January 2009.

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

The accounting policies applied to these half year accounts are consistent with those applied in the accounts for the year ended 31st December 2010.

3. Return per share

	(Unaudited) Six months ended 30th June 2011 £'000	(Unaudited) Six months ended 30th June 2010 £'000	(Audited) Year ended 31st December 2010 £'000
Return per share is based on the following:			
Revenue return	37	38	383
Capital return	2,844	2,407	12,797
Total return	2,881	2,445	13,180
Weighted average number of shares in issue	5,264,610	5,454,495	5,404,148
Revenue return per share	0.70p	0.70p	7.09p
Capital return per share	54.02p	44.13p	236.89p
Total return per share	54.72p	44.83p	243.98p

4. Net asset value per share

Net asset value per share is based on the net assets attributable to ordinary shareholders of £55,831,000 (30th June 2010: £43,443,000 and 31st December 2010: £52,950,000) and on the 5,264,610 (30th June 2010: 5,429,610 and 31st December 2010: 5,264,610) shares in issue at the period end.

Notes to the Accounts continued

5. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash outflow from operating activities

	(Unaudited) Six months ended 30th June 2011 £'000	(Unaudited) Six months ended 30th June 2010 £'000	(Audited) Year ended 31st December 2010 £'000
Total return on ordinary activities before finance costs and taxation	2,981	2,513	13,399
Add back capital return before finance costs and taxation	(2,897)	(2,437)	(12,880)
Increase in net debtors and accrued income	(58)	(44)	(13)
Management fee charged to capital	(266)	(206)	(429)
Overseas withholding tax	(41)	(35)	(127)
Performance fee paid	(98)	(67)	(67)
Net cash outflow from operating activities	(379)	(276)	(117)

Interim Management Report

The Company is required to make the following disclosures in its Half Year Report:

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment and strategy; market; accounting, legal and regulatory; corporate governance and shareholder relations; operational; foreign currency; and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 31st December 2010.

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. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

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 the Accounting Standards Board's Statement 'Half Yearly Financial Reports'; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

For and on behalf of the Board

Davina Walter
Chairman

22nd August 2011

Glossary of Terms and Definitions

Return to shareholders

Return to the investor, on a mid-market price to mid-market price basis.

Return on net assets

Return on net asset value per share, on a bid value to bid value basis.

Benchmark return

Total return on the benchmark assuming that all net dividends received were reinvested 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.

Share price discount/premium to net asset value ('NAV')

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

Actual gearing factor

Investments, excluding holdings in liquidity funds, expressed as a percentage of net assets. This shows the effect of gearing on the NAV if the market value of the portfolio were to increase by 100%.

Active Position

The active position shows the difference between the Company's holding of an individual sector compared with that sector's weighting in the Company's benchmark index. A positive number indicates an active decision by the investment manager to own more of (i.e. be overweight) a particular sector versus the benchmark and a negative number indicates a decision to hold less of (i.e. be underweight) a particular sector versus the benchmark.

Information about the Company

Financial Calendar

Financial year end	31st December
Half year results announced	August
Full year results announced	March
Interim Management Statements announced	April and October
Annual General Meeting	April

History

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

The trust was wholly owned by a number of JPMorgan 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 that time it changed its name to The Fleming Fledgeling Investment Trust plc and gradually broadened its investment scope into Europe and the Asian markets. In April 1998, the Company changed its name to The Fleming US Discovery Investment Trust plc, then again to JPMorgan Fleming US Discovery Investment Trust plc in May 2002 and then again to JPMorgan US Discovery Investment Trust plc in April 2006. The Company adopted its present name in April 2010.

Continuation Vote

At the Annual General Meeting of the Company held in April 2010 a resolution of the shareholders approved the continuation of the Company until the Annual General Meeting to be held in 2015.

Directors

Davina Walter (Chairman)
Mark Ansell
Christopher Galleymore
Alan Kemp

Company Numbers

Company registration number: 552775
London Stock Exchange Code: JUSC LN
ISIN: GBOO03417101
Bloomberg: JUSC LN
Reuters: JUSC.L

Market Information

The Company's net asset value ('NAV') is published daily, via the London Stock Exchange. The Company's ordinary shares are listed on the London Stock Exchange and are quoted daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman, The Independent and on the JPMorgan internet site at www.jpumussmallercompanies.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpumussmallercompanies.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. They may also be purchased and held through the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP. These products are all available on the online wealth manager service, J.P. Morgan WealthManager+ available at www.jpmorganwealthmanagerplus.co.uk

Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone number: 020 7742 6000

For company secretarial and administrative matters, please contact Jonathan Latter.

Custodian

JPMorgan Chase Bank, N.A.
125 London Wall
London EC2Y 5AJ

Registrars

Equiniti
Reference 1084
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2326

Calls to this number cost 8p per minute from a BT landline. Other providers' costs may vary. Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday. The Equiniti overseas helpline number is +44 (0)121 415 7047.

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 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
6,7,8 Tokenhouse Yard
London EC2R 7AS

Savings Product Administrators

For queries on the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP, see contact details on the back cover of this report.



The Association of
Investment Companies

A member of the AIC

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Your telephone call may be recorded for your security

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