



# Half Year Report 08

## JPMorgan Smaller Companies Investment Trust plc

Half Year Report & Accounts for the six months ended 31st January 2008

# Features

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## Objective

Capital growth from UK listed smaller companies.

## Investment Policy

- To provide capital appreciation for shareholders from a diversified portfolio of UK listed small companies, emphasising capital rather than income growth.
- To invest no more than 15% of its gross assets in other listed investment companies (including investment trusts).
- Liquidity and borrowings are managed with the aim of increasing returns to shareholders.

## Benchmark

The FTSE Small Cap Index (excluding investment trusts).

## Capital Structure

The Company has an authorised share capital of 56,000,000 ordinary shares of 25p each, of which 20,504,983 were in issue at the period end.

## Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM') to manage its assets.

# Half Year Performance

## Total Returns (capital plus income)

**-29.4%**  
Return to shareholders<sup>1</sup>

**-25.9%**  
Return on net assets<sup>2</sup>

**-25.5%**  
Benchmark return<sup>3</sup>

### Financial Data

	31st January 2008	31st July 2007	% change
Shareholders' funds (£'000)	101,202	143,657	-29.6
Number of shares in issue	20,504,983	21,248,983	
Net asset value per share	493.5p	676.1p	-27.0
Share price	393.0p	562.0p	-30.1
Discount of share price to net asset value	20.4%	16.9%	

A glossary of terms and definitions is provided on page 15.

<sup>1</sup>Source: Standard & Poor's - [www.funds.morningstar.com](http://www.funds.morningstar.com)

<sup>2</sup>Source: Fundamental Data - [www.funddata.com](http://www.funddata.com)

<sup>3</sup>Source: MSCI - The Company's benchmark is the FTSE Small Cap Index (excluding investment trusts).

## Chairman's Statement



### Performance

When I last wrote to Shareholders in October 2007 I noted that it was too early to judge whether the portfolio of investments would be undermined by weaker confidence and changing credit conditions. It is disappointing to report that market conditions for smaller capitalisation stocks have been exceptionally difficult since then and although we took steps to reduce risk and lower gearing the portfolio has suffered.

The FTSE Small Cap Index (excluding investment trusts) fell by 25.5%, whilst your Company assets fell by 25.9% in total return terms over the six month period to 31st January, 2008. The return to shareholders was worse at -29.4% as the discount to net asset value widened. A full review of the Company's performance for the first six months is given in the Investment Managers' Report opposite.

Since the half year end, markets have continued to be volatile. However, at the time of writing the Company's net asset value has risen 2.6% in capital terms, compared to a fall of 0.7% in the Company's benchmark index, outperforming its benchmark by 1.9%.

### Share Buybacks

The Company repurchased 744,000 of its shares over the six month period at an average discount of 18.1% and a total cost of £3,677,130. In common with other smaller companies stocks investing in the UK, the discount on the ordinary shares widened substantially during the period as shareholders and market-makers became concerned about market volatility and the volume of shares traded reduced substantially. Your Board has continued with its policy of utilising share buybacks to reduce discount volatility. I can report that since the year-end the discount at which the Company's shares trade has reduced to 15.5%.

### Gearing

Gearing remained at an average of just over 5% throughout the review period, reflecting the Board's cautious stance to gearing. The Company has a one year committed loan facility of £13.5m with the Bank of Ireland. As at the end of January 2008 gearing stood at 3.1%.

### VAT on Management Fees

In 2004, JPMorgan Claverhouse Investment Trust and the AIC made a joint application for the payment of investment trust management fees to be exempt from VAT. In November 2007 the case was found in their favour. With effect from November 2007, VAT is no longer being charged on our management fees and we intend to seek reimbursement in relation to the VAT paid in the past. We are in discussions with JPMAM on the recoverable amount but, in the absence of a definitive agreement with JPMAM, or specific guidance from HM Revenue and Customs as to how any reclaims will be effected, it is not yet possible to say how much will be recovered.

### Outlook

The Investment Managers' Report on pages five and six comments in more detail on the outlook for the remainder of the year. Clearly the outlook for both UK smaller companies and the stock market is particularly uncertain. The Board remains confident that the investment management team has the necessary expertise to take advantage of this turbulent period.

**Strone Macpherson**  
Chairman

25th March 2008

# Investment Managers' Report



Georgina Brittain



Sarah-Jane Morley

## Market Background

It has been a rollercoaster ride in the first six months of your Company's financial year. After the summer sell-off brought about by the credit crisis and growing concerns over the US economy, the market recovered strongly in the autumn, only to be followed by a precipitous decline towards the end of 2007, which continued into January 2008.

This was brought about by a number of factors. Investors became nervous that the US slowdown would be reflected in the UK economy; the Northern Rock debacle caused concern over the British banking system, leading to a squeeze on lending criteria to consumers and companies alike; it became clear that the fiscal situation in the UK meant that there could be little or no headroom for tax cuts; the inflation outlook meant that rates could not be cut as aggressively as in the US. All of these factors led to mid and smaller companies stocks being hit particularly hard in the period due to their domestic bias.

## Portfolio Review

It was a very disappointing period for your Company. The index declined by 25.5% in the half year to January 2008, and your Company was fractionally worse, declining by 25.9 % in net asset value. While gearing was low throughout the period, it was in place, and it is this that caused the underperformance relative to the benchmark, outweighing the positive stock selection that occurred.

Notable strong performers included Wellstream (flexible pipes into the oil industry), Chemring (defence company long held in the portfolio) and Imperial Energy (oil company). In terms of sector positions, the underweight position in financials relative to the Small Cap benchmark was significantly increased, and this and consumer services remain notable underweights in the portfolio. The very large overweight position in industrials was reduced in the half year, but still remains the largest position in the portfolio, and the overweight in the oil & gas sector was increased. Both of these sectors have retained net upgrades through the period, reinforcing our confidence.

Despite the 'credit crunch', corporate activity remained a feature in the smaller companies arena, and three positions in the portfolio were bid for - Foseco, Tradus (formerly called QXL) and Inspicio. Conversely, while the IPO or new issue market slowed down markedly during the second half of 2007, a number of new stocks did come to the market. New issues which your Company participated in included CVS, a provider of veterinary services, and New Britain Palm Oil, a palm oil producer in Papua New Guinea.

The investment process underlying the fund, as discussed in the last annual report, remains unchanged. The methodology uses a quantitative screen which breaks down the individual stocks in the investible universe and ranks them according to four factors: value, earnings momentum, price momentum and growth. After fundamental research to check the data, the balance sheet and the market environment, our aim is to construct the portfolio around stocks which demonstrate these tilts. This aims to ensure not only that the portfolio is constructed around our underlying philosophy of fast-growing cheap stocks with good newsflow, but also ensures that the portfolio has both growth and value characteristics, which academic evidence has demonstrated to be the two long-term drivers of outperformance in the stockmarket. This quantitative approach is the starting point for the stock selection that is the bedrock of the portfolio; it is then overlaid by the fund managers' extensive knowledge of individual companies and their markets, and their own research efforts.

# Investment Managers' Report continued

## Market Outlook

Volatility is going to be an ongoing feature of stock markets until the extent of the economic slowdown in the US and in Europe becomes clearer, the credit freeze ends and the poor newsflow in the financial sector abates. There is currently a clear mismatch between what many companies are saying and seeing on the ground, and stockmarket expectations of significant earnings declines. Analysts have become very cautious and are now downgrading on macro-economic concerns, despite companies' confidence in their outlook.

Recessionary concerns are reflected in very cheap valuations. Smaller companies are on a discount to the rest of the market, and now trade on a price/earnings ratio of 10x and a prospective dividend yield of 3.7%. Given that growth forecasts for smaller companies are still in double digits, this looks extremely attractive. The key question is the extent to which this growth forecast is likely to be revised downwards as the economic environment becomes more difficult. Our view is that while downgrades are to be expected, smaller company valuations already reflect much of the bad news that is now anticipated.

We are currently facing a difficult first half of 2008, and crucial to the outlook for the year as a whole will be the degree to which corporate earnings are downgraded. However, when the recent interest rate reductions start to take effect, and investors begin to have more certainty about the extent of the slowdown in the economy, then we would expect to see better market trends establishing themselves. We are positioning ourselves accordingly, and taking advantage of some huge opportunities that have been thrown up by the rapid and fairly indiscriminate decline in share prices in the last three months.

**Georgina Brittain**  
**Sarah-Jane Morley**  
Investment Managers

25th March 2008

## Ten Largest Investments

at 31st January 2008

Company	Sector	Valuation £'000	Total Assets % <sup>1</sup>
Senior	Industrials	3,346	3.2
Hyder Consulting	Industrials	2,519	2.5
Hill & Smith	Industrials	2,393	2.4
Fenner	Industrials	2,312	2.3
Chemring	Industrials	2,224	2.2
Connaught	Industrials	2,223	2.2
Wellstream	Oil & Gas	2,106	2.1
Chloride	Industrials	2,054	2.0
Cranswick	Consumer Goods	2,011	2.0
Chaucer	Financials	1,996	2.0
<b>Total<sup>2</sup></b>		<b>23,184</b>	<b>22.9</b>

<sup>1</sup>Based on total assets less current liabilities of £101.2m.

<sup>2</sup>As at 31st July 2007, the value of the ten largest investments amounted to £30,271,000 representing 21.1% of total assets less current liabilities.

## Portfolio Analysis

at 31st January 2008

Sector	31st January 2008		31st July 2007	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Industrials	50.3	32.6	55.3	30.5
Consumer Services	13.1	19.3	12.2	15.1
Financials	9.3	15.1	15.7	20.5
Technology	9.1	11.4	9.3	11.7
Liquidity Funds	7.2	—	—	—
Oil & Gas	6.7	2.2	5.7	2.7
Consumer Goods	5.9	6.9	3.1	6.5
Healthcare	4.4	8.2	3.6	8.5
Basic Materials	2.7	2.4	1.8	2.4
Telecommunications	0.9	1.7	0.6	2.1
Utilities	—	0.2	—	—
Net current liabilities	(9.6)	—	(7.3)	—
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Based on total assets less current liabilities of £101.2m (31st July 2007: £143.7m).

# Income Statement

for the six months ended 31st January 2008

	(Unaudited) Six months ended 31st January 2008			(Unaudited) Six months ended 31st January 2007			(Audited) Year ended 31st July 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>(Losses)/gains from investments held at fair value through profit or loss</b>	—	(37,870)	(37,870)	—	28,056	28,056	—	35,973	35,973
Net foreign currency gains/(losses)	—	1	1	—	—	—	—	(2)	(2)
Income from investments	1,259	—	1,259	1,108	—	1,108	2,519	—	2,519
Other interest receivable and similar income	20	—	20	8	—	8	21	—	21
<b>Gross return/(loss)</b>	<b>1,279</b>	<b>(37,869)</b>	<b>(36,590)</b>	<b>1,116</b>	<b>28,056</b>	<b>29,172</b>	<b>2,540</b>	<b>35,971</b>	<b>38,511</b>
Management fee	(307)	(307)	(614)	(321)	(321)	(642)	(697)	(697)	(1,394)
Other administrative expenses	(144)	—	(144)	(172)	—	(172)	(351)	—	(351)
<b>Net return/(loss) on ordinary activities before finance costs and taxation</b>	<b>828</b>	<b>(38,176)</b>	<b>(37,348)</b>	<b>623</b>	<b>27,735</b>	<b>28,358</b>	<b>1,492</b>	<b>35,274</b>	<b>36,766</b>
Finance costs	(178)	(178)	(356)	(147)	(147)	(294)	(319)	(319)	(638)
<b>Net return/(loss) on ordinary activities before taxation</b>	<b>650</b>	<b>(38,354)</b>	<b>(37,704)</b>	<b>476</b>	<b>27,588</b>	<b>28,064</b>	<b>1,173</b>	<b>34,955</b>	<b>36,128</b>
Taxation	(1)	—	(1)	—	—	—	(1)	—	(1)
<b>Net return/(loss) on ordinary activities after taxation</b>	<b>649</b>	<b>(38,354)</b>	<b>(37,705)</b>	<b>476</b>	<b>27,588</b>	<b>28,064</b>	<b>1,172</b>	<b>34,955</b>	<b>36,127</b>
<b>Return/(loss) per share (note 4)</b>	<b>3.11p</b>	<b>(183.54)p</b>	<b>(180.43)p</b>	<b>2.09p</b>	<b>120.94p</b>	<b>123.03p</b>	<b>5.22p</b>	<b>155.62p</b>	<b>160.84p</b>

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. 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 31st January 2008 (Unaudited)	Called up Share Capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>At 31st July 2007</b>	5,312	18,360	1,354	117,213	1,418	143,657
Shares bought back and cancelled	(186)	—	186	(3,704)	—	(3,704)
Total (loss)/return from ordinary activities	—	—	—	(38,354)	649	(37,705)
Dividends appropriated in the period	—	—	—	—	(1,046)	(1,046)
<b>At 31st January 2008</b>	5,126	18,360	1,540	75,155	1,021	101,202

  

Six months ended 31st January 2007 (Unaudited)	Called up Share Capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>At 31st July 2006</b>	5,757	18,360	909	92,075	1,225	118,326
Shares bought back and cancelled	(147)	—	147	(2,925)	—	(2,925)
Total return from ordinary activities	—	—	—	27,588	476	28,064
Dividends appropriated in the period	—	—	—	—	(979)	(979)
<b>At 31st January 2007</b>	5,610	18,360	1,056	116,738	722	142,486

  

Year ended 31st July 2007 (Audited)	Called up Share Capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>At 31st July 2006</b>	5,757	18,360	909	92,075	1,225	118,326
Shares bought back and cancelled	(445)	—	445	(9,817)	—	(9,817)
Total return from ordinary activities	—	—	—	34,955	1,172	36,127
Dividends appropriated in the year	—	—	—	—	(979)	(979)
<b>At 31st July 2007</b>	5,312	18,360	1,354	117,213	1,418	143,657

# Balance Sheet

as at 31st January 2008

	(Unaudited) 31st January 2008 £'000	(Unaudited) 31st January 2007 £'000	(Audited) 31st July 2007 £'000
<b>Fixed assets</b>			
Investments at fair value through profit or loss	104,297	151,056	154,170
Investments in liquidity funds at fair value through profit or loss	6,620	4,210	—
<b>Total portfolio</b>	110,917	155,266	154,170
<b>Current assets</b>			
Debtors	1,696	796	984
Cash at bank and in hand	225	23	—
	1,921	819	984
<b>Creditors:</b> amounts falling due within one year	(11,636)	(13,599)	(11,497)
<b>Net current liabilities</b>	(9,715)	(12,780)	(10,513)
<b>Total assets less current liabilities</b>	101,202	142,486	143,657
<b>Total net assets</b>	101,202	142,486	143,657
<b>Capital and reserves</b>			
Called up share capital	5,126	5,610	5,312
Share premium	18,360	18,360	18,360
Capital redemption reserve	1,540	1,056	1,354
Capital reserve	75,155	116,738	117,213
Revenue reserve	1,021	722	1,418
<b>Shareholders' funds</b>	101,202	142,486	143,657
<b>Net asset value per share (note 5)</b>	493.5p	634.9p	676.1p
<b>Share price</b>	393.0p	550.8p	562.0p
<b>Discount</b>	20.4%	13.2%	16.9%

# Cash Flow Statement

for the six months ended 31st January 2008

	(Unaudited) Six months ended 31st January 2008 £'000	(Unaudited) Six months ended 31st January 2007 £'000	(Audited) Year ended 31st July 2007 £'000
<b>Net cash inflow from operating activities (note 6)</b>	541	322	932
Net cash outflow from returns on investments and servicing of finance	(415)	(253)	(586)
Net cash inflow/(outflow) from capital expenditure and financial investment	5,005	(536)	7,501
Dividends paid	(1,046)	(979)	(979)
Net cash (outflow)/inflow from financing	(3,704)	675	(7,817)
<b>Increase/(decrease) in cash for the period</b>	381	(771)	(949)
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net cash movement	381	(771)	(949)
Exchange movements	1	—	(2)
Movement in net funds/(debt) in the period	382	(771)	(951)
Net (debt)/funds at the beginning of the period	(157)	794	794
<b>Net funds/(debt) at the end of the period</b>	225	23	(157)
Represented by:			
Cash at bank and in hand/(bank overdraft)	225	23	(157)

# Notes to the Accounts

for the six months ended 31st January 2008

## 1. Financial statements

The information contained within the Financial Statements in this half-yearly report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31st July 2007 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 auditors which was unqualified and did not contain a statement under either section 237(2) or 237(3) of the Companies Act 1985.

## 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' dated 31st December 2005.

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

The accounting policies applied to these interim accounts are consistent with those applied in the accounts for the year ended 31st July 2007.

## 3. Dividends

	(Unaudited) Six months ended 31st January 2008 £'000	(Unaudited) Six months ended 31st January 2007 £'000	(Audited) Year ended 31st July 2007 £'000
Final dividend in respect of the year ended 31st July 2007 of 5.0p (2006: 4.25p)	1,046 <sup>1</sup>	979	979

<sup>1</sup>The Company declared a dividend of £1,062,000 but the dividend paid amounted to £1,046,000 as a result of share buybacks.

No interim dividend has been declared in respect of the six months ended 31st January 2008 (2007: nil).

## 4. Return/(loss) per share

	(Unaudited) Six months ended 31st January 2008 £'000	(Unaudited) Six months ended 31st January 2007 £'000	(Audited) Year ended 31st July 2007 £'000
Return per share is based on the following:			
Revenue return	649	476	1,172
Capital (loss)/return	(38,354)	27,588	34,955
Total (loss)/return	(37,705)	28,064	36,127
Weighted average number of shares in issue:	20,896,483	22,810,148	22,462,361
Revenue return per share	3.11p	2.09p	5.22p
Capital (loss)/return per share	(183.54)p	120.94p	155.62p
Total (loss)/return per share	(180.43)p	123.03p	160.84p

## 5. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the number of shares in issue at 31st January 2008 of 20,504,983 (31st January 2007: 22,441,186 and 31st July 2007: 21,248,983).

**6. Reconciliation of operating revenue to net cash inflow from operating activities**

	(Unaudited) Six months ended 31st January 2008 £'000	(Unaudited) Six months ended 31st January 2007 £'000	(Audited) Year ended 31st July 2007 £'000
Net (loss)/return before finance cost and taxation	(37,348)	28,358	36,766
Capital loss/(return) before finance costs and taxation	38,176	(27,735)	(35,274)
Scrip dividends received as income	—	(11)	(11)
Decrease in accrued income	46	42	130
Increase in other debtors	(3)	(1)	—
(Decrease)/increase in accrued expenses	(22)	(10)	19
Tax on unfranked investment income	(1)	—	(1)
Expenses charged to capital	(307)	(321)	(697)
<b>Net cash inflow from operating activities</b>	<b>541</b>	<b>322</b>	<b>932</b>

**7. Contingent asset**

In 2004 the AIC lodged a joint appeal for the payment of investment trust management fees to be exempt from VAT. In November 2007 HM Revenue and Customs (“HMRC”) announced their withdrawal from the case. This means that henceforth, VAT will no longer be charged on investment management fees and that the Company is entitled to seek reimbursement of VAT paid in the past. The Manager ceased charging VAT on management fees with effect from 1st October 2007 and has filed protective claims for the period subsequent to 1st February 2001. As a result, an amount is potentially recoverable for this period. In addition, a decision in the court of appeal has opened the possibility for further VAT recovery from HMRC for the period from 1st January 1990 to 4th December 1996. The Company is unlikely to recover any VAT paid in the intervening period from 5th December 1996 to 31st January 2001. In the absence of a definitive agreement with the Manager or specific guidance from HMRC as to how the reclaims will be effected, there is not yet any certainty as to the amount or timing of any recovery. Accordingly, no asset has been recognised in the accounts as at 31st January 2008.

## 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 five broad categories: investment and strategy; accounting, legal and regulatory; corporate governance and shareholder relations; operational; 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 July 2007.

**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.

**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 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

**Strone Macpherson**

Chairman

25th March 2008

# Information about the Company

## Financial Calendar

Financial year end	31st July
Final results announced	September
Half year end	31st January
Half year results announced	March
Interim Management Statements announced	May/November
Dividend on ordinary shares paid	December
Annual General Meeting	November/December

## History

The Company was formed in June 1990 as River & Mercantile Smaller Companies Trust plc and raised £25 million by a public offer of shares. Its original policy was to invest in a diversified portfolio of investments in UK and foreign smaller companies. Its name was changed to The Fleming Smaller Companies Investment Trust plc in April 1996, and again in November 2002 to JPMorgan Fleming Smaller Companies Investment Trust plc. The Company adopted its present name in 2006.

## Directors

Strone Macpherson (Chairman)  
Ivo Coulson  
Richard Fitzalan Howard  
Michael Quicke  
Andrew Robson

## Company Numbers

Company registration number 2515996  
London Stock Exchange code: 0741600  
Bloomberg code: JMI LN  
Reuters code: JML.L

## Market Information

The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, The Times, the Daily Telegraph, The Scotsman, The Independent and on the JPMorgan website at [www.jpmsmallercompanies.co.uk](http://www.jpmsmallercompanies.co.uk), where the share price is updated every fifteen minutes during trading hours.

## Website

[www.jpmsmallercompanies.co.uk](http://www.jpmsmallercompanies.co.uk)

## Share Transactions

The shares may be dealt in directly through a stockbroker or through a professional adviser acting on an investor's behalf. They may also be purchased and held through the Investment Trust Share Plan, Individual Savings Account (ISA) and Personal Equity Plan (PEP).

## Manager and Secretary

JPMorgan Asset Management (UK) Limited

## Company's Registered Office

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

For company secretarial and administrative matters please contact Lucy Dina.

## Registrars

Equiniti  
Reference 1139,  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA  
Telephone: 0871 384 2341

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1139. Registered shareholders can obtain further details on individual holdings on the internet by visiting [www.shareview.co.uk](http://www.shareview.co.uk).

## Auditors

Deloitte & Touche LLP  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

## Brokers

Dresdner Kleinwort Investment Bank  
30 Gresham Street  
London EC2V 7PG

## Savings Products Administrators

For queries on the JPMorgan ISA, PEP, Share Plan or Pension Account, see contact details on the back cover of this report.

**aic**

The Association of  
Investment Companies A member of the AIC

# Glossary of Terms

## **Return to shareholders**

Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received (net of tax) were reinvested in the shares of the Company at the time the shares were quoted ex-dividend. Transaction costs of reinvestment are not taken into account.

## **Return on net assets**

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 (net of tax) were reinvested in the shares of the Company at time the shares were quoted ex-dividend.

## **Benchmark return**

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received (net of tax) 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 stated index.

## **Discount/Premium**

If the share price of an investment company is lower than the NAV per share, the trust is 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 company to trade at a discount than a premium.

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