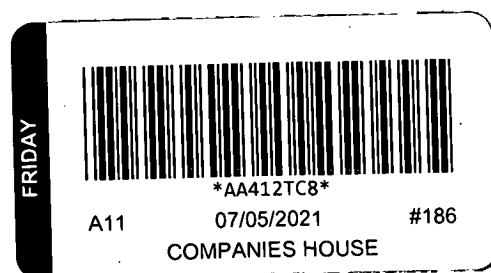


JPMorgan US Smaller Companies Investment Trust plc

Annual Report & Financial Statements for the year ended 31st December 2020



KEY FEATURES

Your Company

Investment Objective

Capital growth from investing in US smaller companies.

Investment Team

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

Investment Policy

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

Benchmark Index

The Russell 2000 Index total return with net dividends reinvested, expressed in sterling terms. The 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 JPMorgan US Smaller Companies Investment Trust plc's (the 'Company') performance is with this benchmark.

Capital Structure

At 31st December 2020, the Company's share capital comprised 60,346,928 ordinary shares of 2.5p each including nil shares held in Treasury. Since the year end, a further 3,080,000 new shares have been issued, and nil repurchased into Treasury resulting in total share capital of 63,049,382 ordinary shares as at 19th March 2021.

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').

Financial Conduct Authority ('FCA') Regulation of 'Non-Mainstream Pooled Investments' and MiFID II 'Complex Instruments'

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 FCA's rules 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 COBs sourcebook.

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

The Company's website, which can be found at www.jpmmusmallercompanies.co.uk, includes useful information on the Company, such as daily share prices, factsheets and current and historic half year and annual reports.

■ Strategic Report

- 3** Financial Highlights
- 5** Chairman's Statement
- 8** Investment Managers' Report
- 11** Environmental, Social & Governance ('ESG') Report
- 14** Portfolio Information
- 16** Long Term Financial Record
- 17** Business Review
- 22** Duty to Promote the Success of the Company

■ Directors' Report

- 25** Board of Directors
- 27** Directors' Report
- 29** Corporate Governance Statement
- 35** Audit Committee Report

■ Directors' Remuneration

- 38** Report

■ Statement of Directors'

- 42** Responsibilities

■ Independent Auditor's

- 44** Report

■ Financial Statements

- 50** Statement of Comprehensive Income
- 50** Statement of Changes in Equity
- 51** Statement of Financial Position
- 52** Statement of Cash Flows
- 53** Notes to the Financial Statements

■ Regulatory Disclosures

- 71** Alternative Investment Fund Managers Directive ('AIFMD') Disclosures (unaudited)
- 72** Securities Financing Transactions Regulation ('SFTR') Disclosures (unaudited)

■ Shareholder Information

- 74** Notice of Annual General Meeting
- 78** Appendix to the AGM Notice
- 80** Glossary of Terms and Alternative Performance Measures ('APMs') (unaudited)
- 82** Where to buy J.P. Morgan US Smaller Companies Investment Trust PLC
- 83** Information about the Company

NOTE: THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000. If you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in JPMorgan US Smaller Companies Investment Trust plc, please forward this document, together with the accompanying documents, immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Strategic Report

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2020	2019	3 Year Cumulative	5 Year Cumulative
Return to shareholders^{1,A}	+15.5%	+33.4%	+36.1%	+124.9%
Return on net assets^{2,A}	+16.0%	+25.8%	+37.5%	+119.6%
Benchmark return³	+16.0%	+20.4%	+31.8%	+98.9%
Net asset return performance compared to benchmark return³	0.0%	+5.4%	+5.8%	+20.7%
Dividend⁴	2.5p	2.5p		

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.⁴ 2020 dividend is subject to approval by shareholders at the 2021 Annual General Meeting.^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 80 and 81.

FINANCIAL HIGHLIGHTS

SUMMARY OF RESULTS

	2020	2019	% change
Key financial data as at 31st December			
Shareholders' funds (£'000)	236,839	198,252	+19.5
Net asset value per share ^A	394.9p	343.0p	+15.1
Share price	403.0p	352.0p	+14.5
Share price premium to net asset value per share ^A	2.1%	2.6%	
Exchange rate	£1 = \$1.3669	£1 = \$1.3247	
Shares in issue (excluding shares held in treasury)	59,969,382	57,791,928	
Revenue for the year ended 31st December			
Net revenue return after taxation attributable to shareholders (£'000)	1,759	1,590	+10.6
Revenue return per share	3.00p	2.76p	+8.7
Dividend per share	2.5p	2.5p	—
Gearing at 31st December^A			
	6.1%	5.0%	
Ongoing Charges^A			
	1.09%	1.23%	

^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 80 and 81.

David Ross
Chairman

Performance

I would like to start my first annual report by thanking the former Chairman, Davina Walter, for her many years of work on behalf of shareholders both as a Director and as Chairman.

My report comes at the end of a tumultuous year for the world and not least in the USA which is the stock market in which we invest. The devastating effects of the COVID-19 pandemic which was, unknown to us at the time, just beginning in China at the start of the year has dominated the year, so far infecting over 120 million¹ people globally and resulting in some 2.6 million deaths. Domestically the US election in November dominated political news flow, with the Biden victory and subsequent Democratic wins in the Georgian Senate Runoff elections in January securing the Democrats control of much of the machinery of US government, despite President Trump's much expected protests.

Against this background it is not surprising that the market in which your Company invests, as measured by the benchmark index, Russell 2000 Index in sterling terms, was remarkably volatile over the year, falling some 32.6% in March before recovering to be up over 18.4% up by mid-December; a range of over 50%².

Navigating such volatile markets is not an easy job and your investment management team deserve credit for matching the benchmark over the year under review with both the Company's net asset value ('NAV') and the benchmark index producing a total return of +16.0%³. The share price return over the period was a little less, with a share price total return of +15.5%³, reflecting a slight erosion of the premium to NAV at the 31st December 2020 when compared with the previous year end. Performance remains ahead of benchmark both in NAV and share price terms over the longer term (over 3, 5 and 10 year measures).

Full details of investment performance, changes to the portfolio and the outlook can be found in the investment managers' report on pages 8 to 10.

Discount and Premium

The Board aims to align the Company's share price movements to changes in its net asset value and monitors the discount or premium at which the shares trade on a daily basis with the assistance of its financial adviser and Manager. However, a number of factors make it difficult to align share price and net asset value movements including, the often volatile prices of smaller companies investments; the additional volatility introduced by owning assets denominated in dollars whilst having a share price and net asset value reported in sterling and the fact that the Company's investment portfolio continues to trade for a number of hours after the close of the UK stock market.

Over the course of the year, the discount averaged 5.4%. Having begun the year trading at a premium of 2.6% to NAV, the Company's shares moved to a discount as markets reacted in March to the COVID-19 pandemic. As was the case with many investment trusts, the initial sharp market sell-off saw an increase in both discount levels and discount volatility. In the Company's case the discount widened materially towards 20.0%, albeit only for one day, before trading at a discount in the 5-10% for much of 2020. Towards the end of the year the Company's shares again moved to a premium to close the year at a premium of 2.1% to NAV.

Share Issuance and Buybacks

The Company's move from premium to discount and back to a premium again is reflected in its share buyback and issuance behaviour over the year. Early in 2020, while trading at a premium to NAV, the Company issued 960,000 shares at an average premium to NAV of just over 1.5%.

In subsequent months, the Company bought back shares into Treasury totalling 377,546 shares in periods when discount levels were particularly elevated, reflected in the weighted average discount of 11.8% at which these shares were acquired. As the Company again moved to trade at a premium, the Company again issued shares at a premium to NAV, issuing some 1,217,454 shares at an average premium of 1.7%.

¹ As at 19th March 2021.

² Data in GBP: Open @ 1257.99, Low = 847.91, High = 1489.76, Close = 1446.67. Data shows market levels and not returns (i.e. excluding dividends) as this is a better measure of rises and falls.

³ Exact numbers: NAV = 16.01%, Benchmark = 16.02% and Share Price = 15.47%.

The Company's share buyback policy continues to have three major aims; to buy back shares with the aim of enhancing the NAV for remaining shareholders, to minimise discount volatility and ultimately to ensure that the shares do not trade at an excessive discount for a prolonged period of time. Of course, our ability to achieve these outcomes will depend on prevailing market conditions and the behaviour and risk appetites of investors.

The Company will also look to issue shares to enhance shareholders' NAV and to avoid the formation of an excessive premium which may not be in the best interests of incoming and continuing shareholders alike.

Since the year end the Company has issued a further 3,080,000 shares.

Revenue and Dividend

The impact of the pandemic on the dividends received from the Company's portfolio has been relatively muted, with gross revenue for the year down by just 2.0% from last year's levels. The Board is therefore delighted to again recommend a dividend of 2.5p in respect of the financial year ended 31st December 2020. Subject to shareholders' approval at the Annual General Meeting ('AGM'), this dividend will be paid on 14th May 2021 to shareholders on the register at the close of business on 16th April 2021.

Shareholders should note the Company's objective is unchanged and remains one of capital growth and our dividend policy will therefore reflect the naturally occurring income on the underlying portfolio.

Gearing

Throughout the year, the Company has taken advantage of its \$25 million revolving credit facility to maintain a meaningful but modest level of gearing. It closed the year with a gearing level of 6.1% having averaged approximately 6.0% throughout the year. The Board believes that the use of gearing is a key advantage of the investment trust structure and looks to maintain a consistent level of gearing within its permitted 10% cash to 15% geared range. Our policy sees gearing moved in response to changes in the Manager's perception of longer term market risks and opportunities rather than being used as a short term market-timing tool.

Board Succession

At the Company's AGM in May 2020 we wished farewell to Davina Walter following her period as Chairman and Director of Trust. I'm sure I speak for all shareholders in thanking her for her diligent oversight of the Company. During her period as Chairman your Company returned 363.8%, nearly 100% ahead of the benchmark which returned 266.2% over the same period. I hope I can build on this record of success for your Company during my period as Chairman.

Adoption of new Articles of Association

Resolution 17, which will be proposed as a special resolution at the Annual General Meeting in April, seeks shareholder approval to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Existing Articles'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted. The proposed amendments, if approved, include the possibility of the Company holding shareholder meetings whereby shareholders are not required to attend the meeting in person at a physical location. Shareholders should note that the Directors have no present intention of holding 'virtual-only' meetings. However, this amendment to the Existing Articles will facilitate shareholder attendance in situations where they are prevented, through laws or regulations, from attending at a physical location.

Proposed amendments also include an increase to the aggregate fees paid to Directors. This is in order to accommodate suitable transition between retiring and newly appointed Directors. Changes in response to the introduction of international tax regimes (notably to take into account the broader obligations under the Common Reporting Standard) requiring the exchange of information have also been included.

A summary of the principal amendments being introduced in the New Articles is set out in the appendix to the AGM Notice (on pages 78 and 79 of this document). Other amendments, which are of a minor, technical or clarifying nature, have not been summarised in the appendix.

Annual General Meeting

The Company's Annual General Meeting will be held on Monday, 26th April 2021 at 2.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP.

Despite the very encouraging news on the roll out of a vaccine, due to the COVID-19 restriction in place at the time of writing and ongoing public health concerns which are not likely to abate until well into 2021, the Board has reluctantly decided to limit attendance at the Annual General Meeting in person to Directors, their proxies and representatives from JPMorgan. This will ensure a quorum is in place and that the formal business of the Company will be able to proceed.

The Board is aware that many shareholders look forward to hearing the views of the Investment Managers and perhaps particularly this year, given the uncertainties that lie ahead for the US economy and markets. Accordingly, at the time of the AGM a webinar will be organised, which will involve a presentation from the Chairman of the Board and the Investment Managers, followed by a live question and answer session, all of which may be viewed at the time by registered participants. Shareholders are invited to register as participants to join the webinar and address any questions they have either by submitting questions during the webinar or in advance of the AGM via the 'Ask a Question' link on the Company's website www.jpmmusmallercompanies.co.uk or via email to invtrusts.cosec@jpmorgan.com. Details on how to register as a participant for this event will be posted on the Company's website, or by requesting the details via the email address above.

As shareholders will not be able to attend the Annual General Meeting, the Board strongly encourages all shareholders to exercise their votes by completing and returning their proxy forms. This will ensure that the votes are registered.

If there are any changes to the arrangements for the Annual General Meeting, the Company will update shareholders through the Company's website and, if appropriate, through an announcement on the London Stock Exchange. The Board would like to thank shareholders for their understanding and co-operation at this difficult time. We very much hope that you and your families remain safe and well and look forward to meeting you at a future Annual General Meeting.

Outlook

Following the last tempestuous year there are reasons to be optimistic for the outlook for US smaller companies. The political backdrop in the US appears more stable. Alongside this, the flurry of positive news from a number of vaccine producers in late 2020 and early 2021 has been followed by the roll-out of wide scale vaccination programmes which should kick start much of the currently curtailed economic activity.

We expect this to act as a catalyst for a strong recovery in the US economy, which is already being reflected in consensus earnings estimates for 2021. Whilst this is, to some extent, already priced into the market, we remain excited by the prospects for US smaller companies where your investment managers' disciplined approach continues to identify high quality companies at attractive valuations.

David Ross
Chairman

24th March 2021

Don San Jose

Don San Jose has been with J.P. Morgan for 21 years and was responsible for co-managing the Company's portfolio from November 2008 until February 2013. In February 2013, Don assumed lead portfolio management duties of the Company. Don first joined J.P. Morgan as a research analyst and for the past ten years has worked as a co-portfolio manager on JPMAM's US small cap core active strategy.

Jon Brachle

With effect from September 2017 Jon Brachle became co-manager of the Company's portfolio, with Don remaining as lead portfolio manager. Jon has been with J.P. Morgan since 2007. He was previously a research assistant covering software and IT services companies for JPMAM's large cap equity group.

Dan Percella

With effect from February 2014 Dan Percella became co-manager of the Company's portfolio, with Don remaining as lead portfolio manager. 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.

Market Review

With incredibly resilient performance, the Russell 2000 Index ended the tumultuous year of 2020 up +19.9% in US dollar terms and +16.0% in sterling terms.

After a strong close to 2019, solid US economic indicators continued to buoy the market at the beginning of the year. However, optimism was short-lived as emergence and spread of the COVID-19 pandemic resulted in swift action by governments to contain it, including broad economy-wide shutdowns. Mounting recessionary and liquidity concerns resulted in a swift sell-off in equities, driving the Russell 2000 to its worst quarterly performance in over 40 years in the first quarter. While extraordinary fiscal and monetary policy responses triggered a reversal in the market's rapid decline, volatile economic data along with swings between optimism and pessimism around the course of the pandemic, generated frequent bouts of market volatility in the second quarter.

Amid the pandemic, US GDP contracted throughout the first half of the year, ending the more than a decade-long expansion, before economic activity picked up in the third quarter. The market continued to rise, led by large cap growth stocks. In addition, investors cheered the Fed stance that they would be more accommodative for longer. However, September brought more uncertainty as a second wave of COVID-19 infections, the upcoming US presidential election and renewed lockdown measures took a toll on investor confidence.

The fourth quarter brought renewed investor optimism centred on news of a promising vaccine with an efficacy rate that was much higher than expected along with more clarity on the political front given Joe Biden's victory. The ensuing risk-on rally in small caps resulted in the best quarterly performance for the Russell 2000 Index on record, returning +32% in US dollar terms. During this run, there was a pronounced rotation into the most economically sensitive stocks, and value outperformed growth in all capitalisation ranges. Despite the exponential rise in positive COVID-19 cases toward the end of the year, investors anchored to positive vaccine developments and hopes for a continued reopening of the economy.

In terms of style and market capitalisation, growth significantly outperformed value and small stocks marginally outperformed their large cap peers for the year.

Performance

The Company's net asset value increased by 16.0% in 2020. The portfolio performed in line with its benchmark, the Russell 2000 Index (Net), which increased by 16.0% in sterling terms. Positive contributions from stock selection and gearing helped the Company's performance. However, at points throughout the year, most notably in the fourth quarter, the Company's performance failed to keep up with the rapid ascent of the benchmark. Low quality, high beta, non-earners, and highly leveraged stocks outperformed by a wide margin, a challenging backdrop for our investment style and process.

With regard to relative performance, stock selection in the financials, industrials and consumer discretionary sectors added the most value.

Within financials, our overweight position in Kinsale Capital Group proved beneficial. The specialty insurance company which is focused exclusively on the excess and surplus market, continues to execute well in a favourable market backdrop that features industry dislocation, capacity reduction in certain business lines among competitors, rising prices, and tightening terms and conditions in its policies. All of this should be beneficial to long term margins. Management has also remained bullish on above normal growth. Company fundamentals are still solid, but valuation is elevated.

Within consumer discretionary, our exposure to Pool Corp was the largest contributor for the year. The wholesale distributor of swimming pool supplies and equipment benefited greatly due to COVID-19. As people spend more time at home, they are spending more on pools. Many pools opened earlier than normal, driving the maintenance side of the business. Management is most excited about the prolonged staycation theme long term, which should continue to drive strong results.

Among individual names, our partial exposure to Catalent within health care was one of the largest contributors. Catalent is a leading provider of advanced drug delivery solutions to the biotech and pharma industries. Management's bullish comments at the J.P. Morgan Health Care Conference sent shares higher at the beginning of the year. Shares rallied further after the company announced that it was partnering with Johnson & Johnson to manufacture its COVID-19 vaccine candidate in the US. Toward the end of the year, the company reported fourth quarter 2020 financial results that were at the high-end of its preannouncement, and above consensus. The company also provided preliminary full year 2021 guidance that was well above street expectations. We sold the stock in November due to market capitalisation.

On the other hand, our stock selection in the health care, technology and consumer staples sectors proved lacklustre.

Within healthcare, our lack of exposure to Teladoc detracted from relative performance. The company provides routine medical treatment through phone and video consultations, and benefitted greatly during this past year given COVID-19. The stock returned over 100% which was more than double the return of the health care sector in the Russell 2000. We did not hold the name as it did not meet our investment criteria.

Within industrials, our overweight position in Douglas Dynamics was the largest performance detractor for the year. The manufacturer and lifter of work truck attachments and equipment experienced another winter of lower snowfall and warmer temperatures. COVID-19 has significantly amplified these headwinds with dealers prioritizing capital conservation. Additionally, production shutdowns in the second half of March were a drag on earnings. We still like the stock long term and have confidence in management's ability to protect cash flow in tough environments.

Our partial exposure to Patterson UTI Energy was one of the largest detractors during the year. In the first quarter, with oil prices having collapsed amid short term demand weakness due to COVID-19, and a globally weaker supply-demand balance with the Russia-Saudi Arabia price war, shares of the company fell sharply. Given the many macro risks affecting the energy sector, we believe there are better areas to allocate capital.

PERFORMANCE ATTRIBUTION

YEAR ENDED 31ST DECEMBER 2020

	%	%
Contributions to total returns		
Benchmark return		16.0
Sector allocation	0.5	
Stock selection	-0.4	
Investment Managers' contribution		0.1
Portfolio total return		16.1
Gearing	0.9	
Management fee/other expenses	-1.0	
Share buyback/issuance	0.0	
Other effects		-0.1
Return on net assets ^A		16.0
Return to shareholders ^A		15.5

Source: Wilshire, JPMAM and Morningstar.

All figures are on a total return basis.

Performance attribution analyses how the Company achieved its recorded performance relative to its benchmark.

^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 80 and 81.

Top Contributors and Detractors to Performance vs Russell 2000 Index

Top Contributors	Impact (%)	Top Detractors	Impact (%)
Pool	1.31	Douglas Dynamics	-0.86
Catalent	1.28	Patterson-UTI Energy	-0.81
West Pharmaceutical	1.02	Cinemark	-0.71
Kinsale Capital Group	0.81	Teladoc Health*	-0.58
Generac	0.70	Cushman & Wakefield	-0.52

*Indicates stock was not held during part or all of the analysis period.

Source: Wilshire and JPMAM.

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.

The volatile market conditions over the course of 2020 resulted in a higher level of turnover as the investment managers repositioned the portfolio to mitigate risks and to take advantage of emerging opportunities. Throughout the year, we have been focused on upgrading the quality of the portfolio across sectors. We have used short term bounces to exit lower conviction names and have been able to buy names that we have long admired due to more attractive valuations. We were able to find more new ideas than usual, adding 28 names to the portfolio. However, the portfolio's positioning remains relatively unchanged. Our main exposures are in the industrials and financials sectors making up over 40% of the portfolio. These sectors also represent our top sector overweights.

We have continued to decrease our overweight exposure to consumer discretionary and have added to financials with attractive valuations. However, recently, we have been selectively taking profits in bank stocks, as they have performed well on the back of positive vaccine news. In consumer discretionary, we have taken down our exposure in large market capitalisation and leisure related names on strong performance. On the other hand, our largest relative underweight remains in the health care space due to a lack of exposure to biotechnology stocks, which is approximately 11% weight in the index. We struggle to find biotechnology names that meet both our quality and valuation investment criteria as so many of them have no earnings or even no sales. Within health care we have found new ideas in the medical equipment and services segments.

Market Outlook

While we believe the economy is poised to recover in the coming quarters, we believe a higher-than-average period of uncertainty may persist until there is a meaningful decrease in positive COVID-19 cases and a robust vaccination roll out. Given the increase in volatility and rapid changes in market leadership, we think selectivity will be critical from here. We are staying true to our process, focusing on fundamentals and quality businesses.

We expect a strong rebound in company earnings growth in 2021, though we acknowledge a wider range of potential outcomes than normal given uncertainty related to the ongoing pandemic. Aside from news around COVID-19, the trajectory of key economic indicators, including employment, as well as the outlook for fiscal and monetary support, will guide investor sentiment going forward.

Don San Jose

Jon Brachle

Dan Percella

Investment Managers

24th March 2021

ESG and J.P.Morgan Investment Trusts

Introduction

ESG is an acronym which stands for Environmental, Social and Governance. It has become a convenient label for describing the broad field of sustainability in the corporate sector and is widely used when assessing the environmental impact of businesses, when considering how companies conduct themselves in respect of their broad social responsibilities and when reviewing the practices and standards used in governing corporate organisations.

Awareness of these issues has increased significantly in recent years among investment practitioners and their clients, and indeed in society at large, and our practices at J.P.Morgan Asset Management have been at the forefront of these developments. In these pages we explain how our approach has developed and how it is applied for the benefit of shareholders across the J.P.Morgan range of investment trusts.

The basics: what is ESG?

E is for Environmental. This component considers a company's impact on the world we live in, relating to the quality and functioning of the natural environment and natural systems.

S is for Social. Social factors address the way that companies act within society; this includes the way that employee interests are managed, and the broader impact a company has on society.

G is for Governance. This component relates to how companies are managed. It considers the measures that protect shareholder interests as well as the way any company meets regulatory and other external obligations.

The table below provides illustrative examples of ESG issues in each of the **E**, **S** and **G** categories:

Environmental	Social	Governance
Carbon pollution and emissions	Human rights	Board structure: effectiveness, diversity, independence
Environmental regulations (and adherence)	Diversity	Executive pay and criteria
Climate change policies	Health and safety	Shareholder rights
Sustainable sourcing of materials	Product safety	Financial reporting and accounting standards
Recycling	Employee management	How a business is run
Renewable energy use	Employee well-being	
Water and waste management	Commitment to communities	

What is our approach at J.P.Morgan Asset Management?

We have worked hard over a number of years to demonstrate effective ESG integration in investment processes, not just in the equity funds we manage, but across all asset classes including Fixed Income, Real Assets, Alternatives and Multi-Asset Solutions, with approaches which have been vetted for effectiveness by a central Sustainability Investing Leadership team. At the time of writing, we can show 100% ESG integration across our actively managed products.

For our equity product range, this integration does not simply involve paying external vendors for ESG information; it rests heavily on our own proprietary research and on the team of 150 analysts who cover stocks around the world, from the USA to Japan. Our research teams complete a standard checklist of 40 questions on every company they follow, 12 on environmental issues, 12 on social factors and 16 relating to governance. Investors also work with a central Investment Stewardship team which sets priorities for corporate engagement both in terms of issues and in terms of significant individual investments held in portfolios.

Why do we integrate ESG into our investment processes?

First, consideration of sustainability is intrinsic to a long term approach to investment. When we invest our clients' assets for them, we have to make judgements about future risks and rewards of any investment. Those risks and rewards have always included the factors shown in the table above, and indeed all ESG factors, because all of them have the potential to affect the future value of a security. A business that produces huge amounts of carbon emissions or plastic waste, for example, is likely to find itself the subject of scrutiny from regulators and consumers and failure to anticipate this and to change will likely bring a loss of value for shareholders in the long run. The same is true of businesses that neglect their social responsibilities, or fail in matters of governance. In all these instances, investors will eventually assign a higher discount rate to future cash flows, with consequences for the prices of that company's securities.

As public and official attention has grown in the field of ESG, however, the consequences for investment returns have become more and more important in the overall investment judgement. **Thirty years ago, as long as a company met existing regulations, its environmental impact would probably have been taken for granted by many.** Now, the significance of these issues seems critical in any assessment of an industry, and the capital markets have discriminated starkly between companies which are offering compelling narratives of transition to a low-carbon approach, and those which have yet to do so. So ESG has simply become a bigger and more important part of any investment judgement and our research processes have needed to evolve accordingly.

Second, **our clients require that we consider sustainability factors.** Both clients and regulators are paying far more attention to this field, and we as investors must meet their requirements for incorporating ESG in our investment processes, and be able to show how we do this. Demonstrating how ESG is addressed is now a basic requirement for any serious asset manager. As our clients' interest and requirements in the field of ESG have grown, we have enhanced our capability.

Finally, **the asset management industry itself has responsibilities and obligations**, not only to our clients, but to society in a broader sense. We have a duty to not just to produce good investment outcomes for our clients, but to be a responsible corporate citizen. This cannot be credibly done if the core practice of our industry, investment management, is not included in the effort. We must consider the broader consequences of the investment choices that we make for our clients. Given the evolution of public policy, client scrutiny, public attitudes, and trends in the corporate world, it is clear that consideration of ESG has become a key component of the way the industry approaches its fiduciary responsibilities.

Engagement and Proxy Voting

We seek to act as a responsible and engaged shareholder of businesses on behalf of our clients. We engage with all companies owned in your Company's portfolio on a regular basis, often several times in the course of a year. We do this not just to further our understanding of businesses, but to convey to management any concerns, suggestions or opinions that we have. Ongoing, meaningful dialogue with the management of companies owned by your Company is fundamental to our investment process.

During 2020, J.P. Morgan Asset Management (JPMAM) engaged with National Vision Holdings on how it managed employee and customer health and safety during the COVID pandemic over the course of a number of meetings. National Vision is a firm that claims to have a culture that tries to do the best for its employees and we wanted to ensure this was the case in this strained situation.

They voluntarily closed stores in March, and used that time to develop enhanced safety and cleaning protocols. A phased reopening occurred from late April through June, and stores have operated consistently since that time. They believe they have the operating protocols and financial position in place that will allow them to provide their essential services to their patients and customers.

They recognize that situations are changing quickly and will course-correct when necessary. Local management has been given the power to close the store/reduce hours in case of a COVID event; whatever is necessary to adhere to a safety-first approach. In certain situations employees have exercised that power. There are Health and Safety guidelines that are followed by every store.

National Vision believes employee morale is relatively good. They started two-way communication channels with doctors and field managers to make sure they prioritized safety above else. The company conducts an annual survey with its doctors. The most recent took place during COVID. Morale has been good; while the pandemic is an unavoidable drag, employees are largely appreciative of the steps the company took. There are also ongoing feedback mechanisms which allow employees to give feedback to the corporate office at any time. There has not been any unusual attrition during COVID.

JPMAM also engaged with both GCP Applied Technologies (GCP) and Starboard ahead of the proxy fight at GCP's 2020 annual meeting. After the standstill agreement with Starboard expired, Starboard came out with a new slate asking for eight directors. GCP offered four directors: three Starboard picks (including the two slots currently on the board) and one by mutual agreement. GCP didn't believe Starboard's ideas are good enough to warrant more board seats. Starboard's slate did not include the sitting CEO.

CEO Randy Dearth started in the role in 2019, and spent the first eight months at the helm getting the right people and processes in place. Execution started to improve, with a couple of good quarters after years of missed/guide-downs. The board was focused on getting out of geographies/products that the company has no business being in, while scaling up in the right businesses.

JPMAM decided that the turnaround warranted more time and voted in favour of the incumbent directors. Starboard, however, won the proxy fight and replaced the management team.

Alongside such direct engagement, we endeavour to vote at all of the meetings called by companies in which your portfolio invests. A summary of key voting statistics and activity undertaken in respect of stocks in the Company's portfolio for the 12 months to 31st December 2020 is detailed below. On behalf of the Company, J.P.Morgan voted at all of the annual general meetings and extraordinary meetings held during the year by its portfolio companies.

JPMorgan US Smaller Companies Investment Trust plc: Voting at shareholder meetings over the year to 31st December 2020

	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against
Routine Business	93	0	0	0	93	0%
Director Related	522	6	0	6	528	1%
Capitalisation	4	0	0	0	4	0%
Reorganisation and Mergers	3	0	0	0	3	0%
Non-salary Compensation	94	6	0	6	100	6%
Anti-takeover Related	6	0	0	0	6	0%
TOTAL	722	12	0	12	734	2%

The future

We know that our clients, including the Directors of your Company, see attention to ESG factors as critical in their assessment of us as investment manager. We expect ESG to remain a dominant theme within the financial services industry going forward; the course being taken by regulators suggests that its importance will only increase in years to come; our research process and the investment judgements we make will continue to reflect that and to evolve as necessary. In investing your Company's assets we have always looked for companies with the ability to create value in a sustainable way and that will not change.

J.P. Morgan Asset Management

PORTFOLIO INFORMATION

TEN LARGEST INVESTMENTS

AT 31ST DECEMBER 2020

Company ¹	Sector	2020 Valuation		2019 Valuation	
		£'000	% ²	£'000	% ²
Performance Food	Consumer Staples	5,068	2.0	5,433	2.6
Toro ³	Industrials	4,892	1.9	6,024	2.9
AptarGroup ⁴	Industrials	4,842	1.9	5,049	2.4
WillScot ^{5,6}	Industrials	4,693	1.9	3,339	1.6
Power Integrations ⁶	Technology	4,501	1.8	2,046	1.0
Douglas Dynamics ³	Industrials	4,448	1.8	5,494	2.6
Q2 ⁶	Technology	4,320	1.7	2,671	1.3
ICU Medical ⁶	Health Care	4,182	1.7	2,699	1.3
Encompass Health	Health Care	4,171	1.7	3,434	1.7
RBC Bearings ^{4,6}	Basic Materials	4,051	1.6	2,945	1.4
Total		45,168	18.0		

¹ All companies shown are listed in the USA.

² Based on total investments of £251.2m (2019: £208.3m).

³ Sector re-structure (2019: Producer Durables).

⁴ Sector re-structure (2019: Materials & Processing).

⁵ Sector re-structure (2019: Consumer Discretionary).

⁶ Not included in the ten largest investments at 31st December 2019.

At 31st December 2019, the value of the ten largest investments amounted to £46.8 million representing 22.5% of total investments.

SECTOR ANALYSIS

AT 31ST DECEMBER

Sectors ¹	2020		2019	
	Portfolio % ²	Benchmark %	Portfolio % ²	Benchmark %
Industrials	25.0	15.3	19.4	14.2
Financials	19.1	14.9	18.9	18.7
Technology	13.9	12.2	11.0	11.6
Health Care	12.2	20.5	9.4	18.0
Consumer Discretionary	12.0	15.2	16.2	12.9
Real Estate	6.2	6.3	6.0	7.2
Basic Materials	4.7	4.0	10.6	6.6
Consumer Staples	4.1	3.2	3.3	2.5
Utilities	2.8	3.7	3.1	4.2
Energy	–	2.9	2.1	3.3
Telecommunications	–	1.8	–	0.8
Total	100.0	100.0	100.0	100.0

¹ Sectors re-structured as compared to 2019.

² Based on total investments of £251.2m (2019: £208.3m).

LIST OF INVESTMENTS AT 31ST DECEMBER 2020

Company	Valuation £'000	Company	Valuation £'000	Company	Valuation £'000
INDUSTRIALS		FINANCIALS - CONT		CONSUMER DISCRETIONARY - CONT	
Toro	4,892	Morningstar	1,624	Wendy's	2,647
AptarGroup	4,842	First Financial Bancorp	1,327	Malibu Boats	2,309
WillScot	4,693	Eaton Vance	639	Acushnet	2,148
Douglas Dynamics	4,448	Signature Bank	378	Carter's	2,060
MSA Safety	3,986		47,935	Planet Fitness	2,057
Lincoln Electric	3,594			Leslie's	1,807
WEX	3,306	TECHNOLOGY		National Vision	1,712
Brunswick	3,268	Power Integrations	4,501	Selectquote	1,689
Woodward	3,063	Q2	4,320	Pool	863
Altra Industrial Motion	2,941	CMC Materials	3,821		30,213
Brady	2,770	nLight	3,557		
Patrick Industries	2,767	Novanta	3,157	REAL ESTATE	
Landstar System	2,687	Envestnet	2,690	EastGroup Properties	3,886
Applied Industrial Technologies	2,675	Aspen Technology	2,451	National Retail Properties	2,619
Badger Meter	2,508	Medallia	2,405	American Campus Communities	2,592
Pactiv Evergreen	2,348	Covetrus	2,248	Cushman & Wakefield	2,323
Welbilt	2,008	Guidewire Software	2,033	Ryman Hospitality Properties	2,204
Knight-Swift Transportation	1,934	Allegro MicroSystems	1,464	Outfront Media	2,093
CoreLogic	1,681	Certara	1,237		15,717
Bill.com	1,310	Duck Creek Technologies	953		
Gates Industrial	1,118		34,837	BASIC MATERIALS	
	62,839			RBC Bearings	4,051
FINANCIALS		HEALTH CARE		Quaker Chemical	3,859
RLI	3,862	ICU Medical	4,182	GCP Applied Technologies	2,040
City	3,380	Encompass Health	4,171	PQ	1,777
Lazard	3,377	HealthEquity	3,573		11,727
Western Alliance Bancorp	3,138	Envista	3,421		
First Horizon	2,964	Cantel Medical	3,253	CONSUMER STAPLES	
Kinsale Capital	2,963	Syneos Health	3,064	Performance Food	5,068
BankUnited	2,894	Premier	2,937	Primo Water	3,280
Washington Trust Bancorp	2,808	Neogen	2,903	Utz Brands	1,949
Wintrust Financial	2,610	HMS	2,868		10,297
Assetmark Financial	2,554	Progyny	257		
Moelis	2,539		30,629	UTILITIES	
ServisFirst Bancshares	2,379	CONSUMER DISCRETIONARY		Casella Waste Systems	2,789
Focus Financial Partners	2,343	IAA	3,529	NorthWestern	2,206
Providence Service	2,195	LCI Industries	3,157	Portland General Electric	2,021
StepStone	2,138	BJ's Wholesale Club	3,139		7,016
First Hawaiian	1,823	Monarch Casino & Resort	3,096	TOTAL INVESTMENTS	251,210

Sectors re-structured as compared to 2019.

LONG TERM FINANCIAL RECORD

LONG TERM FINANCIAL RECORD

At 31st December	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Shareholders' funds (£'000)	52,950	52,630	59,214	86,339	99,348	103,805	153,824	166,687	158,831	198,252	236,839
Net asset value per share (p) ^{1A}	100.6	101.9	114.7	158.0	177.3	184.3	276.7	294.2	274.8	343.0	394.9
Share price (p) ¹	93.9	92.2	103.3	163.8	172.1	183.9	282.0	303.8	266.0	352.0	403.0
Shares in issue ¹²	52,646,100	51,636,230	51,636,230	54,657,800	56,040,928	56,325,928	55,586,928	56,651,928	57,791,928	57,791,928	59,969,382

Year ended 31st December

Gross return (£'000)	853	719	1,255	1,172	1,390	1,728	2,317	2,552	2,693	3,023	2,962
Revenue (loss)/return per share (p) ¹	0.71	0.36	1.26	1.00	1.15	1.66	2.51	2.79	2.75	2.76	3.00
Dividends per share (p) ¹	nil	nil	0.9	0.7	nil	nil	nil	2.5	2.5	2.5	2.5 ⁶
(Discount)/premium (%) ⁴	(6.6)	(9.5)	(10.0)	3.7	(2.9)	(0.2)	1.9	3.3	(3.2)	2.6	2.1
(Net cash)/gearing (%) ⁴	0.9	5.0	3.1	5.4	6.5	9.8	4.1	5.2	5.8	5.0	6.1
Ongoing charges (%) ⁴	1.66	1.79	1.71	1.77	1.73	1.69	1.47	1.33	1.36	1.23	1.09
US dollar/sterling exchange rate	1.57	1.55	1.63	1.65	1.56	1.47	1.24	1.35	1.27	1.32	1.37

Annual returns to 31st December

Total return to shareholders (%) ^{3A}	+32.3	-1.8	+12.0	+59.7	+5.6	+6.8	+53.4	+7.7	-11.6	+33.4	+15.5
Total return on net assets (%) ^{4A}	+33.2	+1.3	+12.5	+38.7	+12.8	+4.0	+50.1	+6.3	-5.8	+25.8	+16.0
Benchmark total return (%) ⁵	+30.5	-3.8	+10.9	+35.9	+11.1	+0.9	+44.4	+4.5	-5.7	+20.4	+16.0

Returns rebased to 100 at 31st December 2010

Total return to shareholders ^{3A}	100.0	98.2	110.0	175.6	185.5	198.1	303.8	327.3	289.2	385.8	445.5
Total return on net assets ^{3A}	100.0	101.3	114.0	158.1	178.2	185.2	278.1	295.7	278.7	350.8	406.9
Benchmark total return ⁵	100.0	96.2	106.7	145.0	161.1	162.6	234.8	245.4	231.5	278.7	323.4

¹ Comparative figures prior to 2014 have been restated following the sub-division of each existing ordinary share of 25p into ten ordinary shares of 2.5p each on 6th March 2014.

² Excludes any shares held in Treasury.

³ Source: Morningstar/J.P. Morgan.

⁴ Source: Morningstar/J.P. Morgan, using cum income net asset value per share.

⁵ Source: Russell Investments. The Company's benchmark is the Russell 2000 Index total return with net dividends reinvested, expressed in sterling terms.

⁶ Dividend in relation to 2020 payable on 14th May. See note 10 on page 58 for details.

^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 79 and 80.

Business Review

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. To assist shareholders with this assessment, the Strategic Report sets out the objective and strategy of the Company, structure of the Company, its investment policies and risk management, investment restrictions and guidelines, performance, total return, revenue and dividends, key performance indicators, share capital, Board diversity, employees, social, community and human rights issues, principal and emerging risks and how the Company seeks to manage those risks, and finally its long term viability. The Section 172 statement on pages 22 and 23 (Directors' Duties/Promoting the Success of the Company) forms part of this Strategic Report.

The Company's purpose, values, strategy and culture

The purpose of the Company is to provide a cost effective, sustainable investment vehicle for investors who seek long term capital growth from a portfolio of US smaller companies, which outperforms its benchmark index over the longer term, taking account of wider considerations, including environmental, social and governance issues. To achieve this, the Board of Directors is responsible for employing and overseeing an investment management company that has appropriate investment expertise, resources and controls in place to meet the Company's investment objective. To ensure that it is aligned with the Company's purpose, values and strategy, the Board comprises Directors from a diverse background who have a breadth of relevant experience and contribute in an open boardroom culture that both supports and challenges the Manager and other third party suppliers. For more information, please refer to pages 25 and 26.

Investment Objective

JPMorgan US Smaller Companies Investment Trust plc (the 'Company') is an investment trust and has a premium listing on the London Stock Exchange (JUSC LN). In seeking to achieve its objectives, the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its AIFM which, in turn, delegates portfolio management to JPMorgan Asset Management (UK) Limited, to actively manage the Company's assets. The Board has determined investment policies and related guidelines and limits, as described below.

The Company's objective is to achieve capital growth from investing in US smaller companies. It aims to outperform the Russell 2000 Index total return, with net dividends reinvested, expressed in sterling terms.

Strategy of the Company

The dynamic nature of the US small cap market makes small caps both exciting and challenging. As an asset class, small caps tend to be less researched, less liquid and prone to more volatility than large-cap stocks. The same characteristics that make managing small caps so challenging provide a unique opportunity. The extensive resources JPMAM dedicates to the process and JPMAM's commitment to buy-side research underlies its belief that stock selection is the most important component in small-cap investing.

The Company is managed by J.P. Morgan's US small cap investment team. The investment team consists of five dedicated small cap specialists based in New York.

The team employs a bottom-up, stock picking approach to portfolio management. The investment philosophy is based on the belief that long-term investments in companies with leading competitive positions, run by highly motivated and talented management that can sustain growth over a period of many years, will lead to stock market outperformance. Alongside this, the team believes that a disciplined valuation process is necessary to enhance long-term returns.

Structure of the Company

The Company is subject to UK and European legislation and regulations including UK company law, UK Financial Reporting Standards, the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, the Market Abuse Regulations, taxation law and the Company's own Articles of Association. Since the end of the Brexit transition at 11.00 p.m. 31st December, 2020, new autonomous UK regulations became effective and the UK no longer applies EU regulations. However, those EU regulations that were relevant to the Company have been incorporated by UK regulations and therefore, remain unchanged.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). As a result the Company is not liable for taxation on capital gains on investments within the portfolio. The Directors have no reason to believe that approval will not continue to be retained. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 5 to 7, and in the Investment Manager's Report on pages 8 to 10.

Investment Policies and Risk Management

In order to achieve its investment objective, the Company invests in a well-diversified portfolio of listed US equities and employs a manager with a strong focus on research and company visits in

order to identify the most attractive stocks in the US smaller companies universe.

The Board has sought to manage the Company's risk by imposing various investment restrictions and guidelines. These restrictions and guidelines may be varied at any time by the Board at its discretion.

Investment Restrictions and Guidelines

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions:

- No individual investment in the portfolio will be greater than 15% of the Company's gross assets at the time of investment.
- The Company will invest no more than 10% of the Company's gross assets in JPMorgan liquidity funds.
- The Company will invest no more than 10% (subject to Directors' approval) of the Company's gross assets at the time of investment in unquoted investments.
- The Company will not normally invest in derivative instruments, although it can undertake derivative actions to hedge against risk exposure of existing holdings in the portfolio subject to Board approval.
- The Company will use liquidity and borrowings to remain invested within a maximum gearing limit of 15% (+/-2.5% if as a result of market movement).
- The Company will not invest more than 15% of its gross assets in other UK listed investment companies (including investment trusts).
- The Company will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed investment companies.

Monitoring of Compliance

Compliance with the Board's investment restrictions and guidelines is monitored by the Manager and is reported to the Board on a monthly basis.

Performance

In the year to 31st December 2020, the Company's total return to shareholders was +15.5% and the total return on net assets was +16.0%. This compares with the total return on the Company's benchmark of +16.0%. As at 31st December 2020, the value of

the Company's investment portfolio was £251.2 million. The Investment Manager's Report on pages 8 to 10 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross total return for the year amounted to £34,152,000 (2019: £44,021,000). Net return after deducting the management fee, administrative expenses, finance costs and taxation, amounted to £31,418,000 (2019: £40,765,000).

The Directors recommend a final dividend of 2.5 pence (2019: 2.5 pence) per share payable on 14th May 2021 to shareholders on the register at the close of business on 16th April 2021. No other dividends were paid in respect of the year. The revenue reserve after the payment of the dividend will amount to £642,000.

Key Performance Indicators ('KPIs')

The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

- **Performance against the benchmark index**
This is the most important KPI by which performance is judged. Information on the Company's performance is given in the Chairman's Statement and the Investment Manager's Report.

Performance Relative to Benchmark Index

FIGURES HAVE BEEN REBASED TO 100 AT 31ST DECEMBER 2015

Source: Morningstar/Russell.

- JPMorgan US Smaller Companies - share price total return.
 - JPMorgan US Smaller Companies - net asset value total return.¹
 - Benchmark index total return is represented by the black horizontal line.
- ¹ Using cum-income net asset value per share.

Five Year Performance

FIGURES HAVE BEEN REBASED TO 100 AT 31ST DECEMBER 2015

Source: Morningstar/Russell.

- JPMorgan US Smaller Companies – share price total return.
- JPMorgan US Smaller Companies – net asset value total return¹.
- Benchmark total return.

¹ Using cum-income net asset value per share.

• Performance against the Company's peers

The principal objective is to achieve capital growth and outperformance relative to the benchmark. The Board also monitors the performance relative to a broad range of competitor funds via reporting included in the papers for the regular Board meetings held during the year.

• Performance attribution

The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark, i.e. to understand the impact on the Company's relative performance of the various components such as sector selection and stock selection. Details of the attribution analysis for the year ended 31st December 2020 are given in the Investment Manager's Report on page 9.

Premium/(Discount) Performance

Source: Morningstar.

- JPMorgan US Smaller Companies – Premium/(Discount) using cum income net asset value.

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

The Board operates a share issuance and share repurchase programme which seeks to address imbalances in supply of and demand for the Company's shares within the market. This aims to manage both discount volatility and the level of discount in absolute terms and relative to its peers in the

sector. In the year to 31st December 2020, the shares traded between a discount of 13.1% and a premium of 2.3%, an average discount of 5.3% (based on month-end data). Further details of the Company's share capital can be found below in this Strategic Report.

• Ongoing charges

The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average of the daily net assets during the year. The ongoing charges for the year ended 31st December 2020 are 1.09% (2019: 1.23%). Further details can be found on page 80. The Board reviews the ongoing charges of the Company regularly and on an annual basis compares them against other companies with similar investment objectives and policies.

Share Capital

Following approval at the Company's General Meeting on 4th March 2014, the Company's ordinary shares were sub-divided into ten ordinary shares for every one share held. This sub-division took effect on 6th March 2014. The Company has authority to both repurchase shares in the market for cancellation or to hold in Treasury and to issue new shares in the market for cash at a premium to net asset value. The Directors re-issue shares held in Treasury only at a premium to net asset value per share.

During the year, the Company did not repurchase (2019: nil) any shares for cancellation. The Company repurchased a total of 377,546 (2019: 376,500) ordinary shares into Treasury representing 0.7% of the issued share capital as at 31st December 2020. However, 377,546 ordinary shares were reissued from Treasury (2019: 376,500). 2,177,454 new shares were issued during the year (2019: nil). Further details, including the nominal value of these movements, the total proceeds received and the total consideration paid, for these transactions can be found in notes 14 and 15 on pages 60 to 62. The Board will only issue shares in such a way that it would not be dilutive to existing shareholders.

Since the year end and as at the last practicable date before the publication of this document 3,080,000 new shares have been issued and nil shares repurchased into Treasury.

Special Resolutions to renew the authorities to repurchase and issue shares will be put to shareholders for approval at the forthcoming Annual General Meeting.

Other Cash Movements

During the year an additional £3.8 million was drawn down from the loan facility with Scotiabank in order to maintain a modest level of gearing. At the year-end £2.6 million is owed as a settlement creditor as a result of securities purchased with a trade date prior to the year end with a settlement date post the year end. These purchases have now been settled in line with their expected dates.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on the basis of merit. However, diversity is important in bringing an appropriate range of skills and experience to the Board.

At 31st December 2020, there were three male Directors and two female Directors on the Board. The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company.

The Company's policy on diversity is detailed under the Nomination Committee section on page 32.

Employees, Social, Community and Human Rights Issues

The Company has a management contract with JPMF. It has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Board notes JPMorgan Asset Management's ('JPMAM') global policy statements in respect of Social, Community and Environmental and Human Rights issues, as highlighted in italics:

JPMAM believes that companies should act in a socially responsible manner. We believe environmental, social and governance ('ESG') considerations, particularly those related to governance, can play a critical role in long-term investment strategy. As an active investment manager, engagement is an important and ongoing component of our investment process, and we view frequent and direct contact with company management as critically important. When considering investment options, we supplement our proprietary thinking with research from a variety of third-party specialist providers and engage directly with companies on a wide array of ESG issues. Our governance specialists regularly attend scheduled one-on-one company meetings alongside investment analysts to help identify and discuss relevant issues. Although our priority at all times is the best economic interests of our clients, we recognise that ESG issues have the potential to impact the share price, as well as the reputation of companies.

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure.

The Manager has implemented a policy which seeks to restrict investments in securities issued by companies that have been identified by an independent third party provider as being involved in the manufacture, production or supply of cluster munitions, depleted uranium ammunition and armour and/or anti-personnel mines. Shareholders can obtain further details on the policy by contacting the Manager.

Greenhouse Gas Emissions

The Company is managed by JPMF with Portfolio Management delegated to JPMAM. It has no employees and all of its Directors are Non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. As a low energy user under HMRC guidelines it is not required to disclose energy and carbon information. JPMAM is also a signatory to Carbon Disclosure Project. JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

The Modern Slavery Act 2015 (the 'MSA')

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation. As the Company has no employees and does not supply goods and services, the MSA does not apply directly to it. The MSA requirements more appropriately relate to JPMF and JPMAM. JPMorgan's statement on the MSA can be found on the following website: https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/JPMC-Group-Statement-on-Modern-Slavery-FY2019_Final-w-signature.pdf

Corporate Criminal Offence

The Company maintains zero tolerance towards tax evasion. Shares in the Company are purchased through intermediaries or brokers, therefore no funds flow directly into the Company.

Principal and Emerging Risks

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency, liquidity or reputation. The risks identified and the ways in which they are managed or mitigated are summarised below:

With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the principal and emerging risks to the Company. These risks are reviewed and discussed on a regular basis by the Board and fall broadly under the following categories:

- **Investment and Strategy**

An inappropriate investment strategy, for example excessive concentration of sector selection or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, which may result in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments through its investment restrictions and guidelines which are monitored and reported on. The Manager, JPMF, provides the Directors with timely and accurate management information, including performance

data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the investment managers, who participate at all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The investment managers employ the Company's gearing tactically, within a strategic range set by the Board. In addition to regular Board reviews of investment strategy, the Board holds a separate meeting devoted to strategy each year.

- **Loss of Investment Team or Investment Managers**

A sudden departure of the investment managers, or several members of the investment management team could result in a short-term deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team-based approach.

- **Discount**

A disproportionate widening of the discount could result in a loss of value for shareholders. In order to manage the Company's discount, which can be volatile, the Company operates a share repurchase programme.

- **Market**

Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss that the Company might suffer through holding investments in the face of negative market movements. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by JPMAM. The Board monitors the implementation and results of the investment process with the Manager.

- **Accounting, Legal and Regulatory**

In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given under 'Structure of the Company' above. Should the Company breach Section 1158, it may lose investment trust status and, as a consequence, gains within the Company's portfolio could be subject to Capital Gains Tax. The Section 1158 qualification criteria are monitored continually by JPMAM and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the FCA Listing Rules and Disclosure Guidance and Transparency Rules ('DTRs'). A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the FCA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, the Manager,

and its professional advisers to ensure compliance with the Companies Act 2006 and the FCA Listing Rules and DTRs.

- **Corporate Governance and Shareholder Relations**

Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance report on page 29.

- **Operational**

Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the depositary's or custodian's records could prevent accurate reporting and monitoring of the Company's financial position. The Company has appointed Bank of New York Mellon (International) Limited to act as its depositary, responsible for oversight of the custody of the Company's assets and for monitoring its cash flows.

Details of how the Board monitors the services provided by the Manager and its associates and the key elements designed to provide effective internal control are included within the Risk Management and Internal Control section of the Corporate Governance report on page 33.

- **Cybercrime**

The threat of cyber attack, in all its guises and including cyber risk and risk of data loss, is regarded as at least as important as more traditional physical threats to business continuity and security. JPMF has assured Directors that the Company benefits directly or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested by independent reporting accountants and reported every six months against the AAF Standard. Equiniti, the Company's Registrar, also produces an AAF report which is reported on at the Company's Audit Committee meeting.

- **Foreign currency**

The Company has exposure to foreign currency as part of the risk reward inherent in a company that invests overseas. The income and capital value of the Company's investments can be affected by exchange rate movements as the majority of the Company's assets and income are denominated in currencies other than sterling which is the reporting currency. The Company's loan facility is denominated in US dollars.

The Board has the authority to reduce or eliminate the exposure to fluctuating currencies through the use of currency hedging. It reviews its policy on this matter regularly.

- **Financial**

The financial risks faced by the Company include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. Further details are disclosed in note 21 to the financial statements on page 64.

- **Political and Economic**

Changes in financial or tax legislation, including in the UK as a result of Brexit, and in the European Union and the US, may adversely affect the Company. The Manager makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. In addition, the Company is subject to administrative risks, such as the imposition of restrictions on the free movement of capital. These risks are discussed by the Board on a regular basis.

- **Climate Change**

Climate change, which barely registered with investors a decade ago, has today become one of the most critical issues confronting asset managers and their investors. Investors can no longer ignore the impact that the world's changing climate will have on their portfolios, with the impact of climate change on returns now inevitable.

The Company's investment process integrates consideration of environmental, social and governance factors into decisions on which stocks to buy, hold or sell. This includes the approach investee companies take to recognising and mitigating climate change risks. The Board is also considering the threat posed by the direct impact of climate change on the operations of the Manager and other major service providers. As extreme weather events become more common, the resiliency, business continuity planning and the location strategies of our services providers will come under greater scrutiny.

- **Global Pandemics**

The recent emergence and spread of coronavirus (COVID-19) has raised the emerging risk of global pandemics, in whatever form a pandemic takes. COVID-19 poses a significant risk to the Company's portfolio. At the date of this report, the virus has contributed to recent market volatility. However, the Board and Manager expect that the portfolio's holdings will not suffer a material long-term impact from this particular pandemic. Should the virus spread more aggressively or become more virulent, it may present risks to the operations of the Company, its Manager and other major service providers.

The Board and the Manager will continue to monitor developments as they occur and seek to learn lessons which may be of use in the event of future pandemics. These are likely to be more common in the future as the effects of Climate Change, rising populations and global travel increase the risk of new zoonotic infections arising in human populations and spreading across the globe.

Long Term Viability

The Company is an investment trust with an objective of achieving capital growth from investing in US smaller companies. Taking

account of the Company's current position, the principal risks that it faces and their potential impact on its future development and prospects, the Directors have assessed the prospects of the Company, to the extent that they are able to do so, over the next five years. They have made that assessment by considering those principal risks, the Company's investment objective and strategy, the investment capabilities of the Manager and the current outlook for the US economy and equity market.

In determining the appropriate period of assessment the Directors had regard to their view that, given the Company's objective of achieving capital growth, shareholders should consider the Company as a long term investment proposition. This is consistent with advice provided by independent financial advisers and wealth managers, that investors should consider investing in equities for a minimum of five years. Accordingly, the Directors consider five years to be an appropriate time horizon to assess the Company's viability.

The Directors confirm that they have a reasonable expectation, that the Company will continue in operation, subject to shareholders voting in favour of continuation at the forthcoming AGM, and meet its liabilities as they fall due over the five year period of assessment.

Directors' Duty to promote the success of the Company

Section 172 of the Companies Act 2006 requires that Directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members (i.e. shareholders) as a whole and in doing so, have regard (amongst other matters) to the likely consequences of any decision in the long term; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

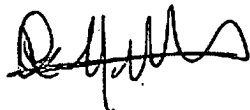
The Board is responsible for all decisions relating to the Company's investment objective and policies, gearing, discount management, corporate governance and strategy, and for monitoring the performance of the Company's third party service providers, including the Manager. The Board's philosophy is that the Company should foster a culture where all parties are treated fairly and with respect and the Board recognises the importance of keeping the interests of the Company's stakeholders, and of acting fairly between them, front of mind in its key decision making. As an externally managed investment company with no employees, the Board considers that the Company's key stakeholders are its shareholders, its Manager, its investee companies, and its other professional third party service providers (corporate broker, registrar, auditor, custodian and depositary) and wider society. The Board believes the best interests of the Company are aligned with those of these key stakeholders as all parties wish to see and ultimately benefit from

the Company achieving its investment objectives whilst carrying on business in compliance with the highest possible regulatory, legal, ethical and commercial standards.

The Directors confirm that they have considered their duty under Section 172 when making decisions during the financial year under review. Key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors include:

- the change to the management fee arrangement with JPMF to put the Company in a competitive position relative to peers;
- the recommendation that shareholders vote in favour of the renewal of the allotment and buyback authorities in respect of the current year; and
- the renewal of the Company's loan facility which is utilised in line with the Company's gearing policy.

To ensure continuing engagement with shareholders, a number of meetings have been held virtually over the last year with brokers and the investment management team in attendance. Under normal circumstances shareholders are encouraged to attend the Company's Annual General Meeting however due to the continued Government restrictions this will not be possible. Shareholders can contact the Directors via the Company Secretary.



By order of the Board
Nira Mistry, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

24th March 2021

Directors' Report

David Ross Chairman of the Board, Management Engagement and Nomination Committees)

Director since 2015.

Last reappointed to the Board: 2020.

Current remuneration: £37,000.

He is a certified accountant with over 45 years in the investment industry. He was a founding partner of Aberforth Partners LLP and also one of the partners responsible for the launch of two of Aberforth's Investment Trusts. He is currently a director of EP Global Opportunities Trust and BMO Real Estate Investments Ltd.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 25,000

Shefaly Yogendra (Chairman of the Remuneration Committee)

Director since 2016.

Last reappointed to the Board: 2020.

Current remuneration: £26,000.

She is a risk and decision-making specialist and has spent her career working with technology investors and startups. She earlier worked in Ditto AI and HCL Technologies, and was a founder and a director of Livyora, a fine jewellery venture. She was previously a Trustee of BeyondMe and an Executive Director of Ditto AI. She is currently a Director of Temple Bar Investment Trust plc and an Independent Governor of London Metropolitan University.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 1,000.

Julia Le Blan (Chairman of the Audit Committee and Senior Independent Director)

Director since 2012.

Last reappointed to the Board: 2020.

Current remuneration: £30,900.

She is a chartered accountant and has worked in the financial services industry for over 30 years. She was formerly a tax partner at Deloitte and expert on the taxation of investment trust companies. Before retiring from Deloitte she did two terms on the AIC's technical committee. She is currently a director of BMO UK High Income Trust plc, Aberforth Smaller Companies Trust plc, and The Biotech Growth Trust plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 15,000.

Christopher Metcalfe

Director since 2019

Last reappointed to the Board: 2020

Current remuneration: £26,000.

He has extensive US equity fund management and investment trust experience. He also has a deep understanding of UK investors having worked for a decade each at three of the largest fund management institutions in London; namely in senior positions managing investment funds at Newton Investment Management, Schroder Investment Management and Henderson Administration Group plc. He currently is a Director of Martin Currie Global Portfolio Trust.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 26,000.

Dominic Neary

Director since: 2019.

Last reappointed to the Board: 2020

Current remuneration: £26,000.

He managed US and global equity portfolios over his 20-year investment career, and has been involved with investment trusts throughout this time. He was previously the manager of The Scottish American Investment Company PLC and an investment manager at Baillie Gifford & Co., Edinburgh and numerous other investment institutions. He is currently a Director of the Value and Indexed Property Income Trust.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 9,750

All Directors are members of the Audit Committee (except for David Ross who attends Audit Committee meetings by invitation), the Nomination Committee, the Remuneration Committee and the Management Engagement Committee. All Directors are considered independent of the Manager.

The Directors present their report and the audited financial statements for the year ended 31st December 2020.

Management of the Company

The Manager and Company Secretary to the Company is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the FCA. The active management of the Company's assets is delegated by JPMF to an affiliate, JPMorgan Asset Management (UK) Limited ('JPMAM') with day to day investment management activity conducted in New York. The Manager is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides marketing, banking, dealing and custodian services to the Company.

JPMF is employed under a contract which can be terminated on six months' notice, without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

The Board, through the Management Engagement Committee, conducts a formal evaluation of the performance of, and contractual relationship with, the Manager on an annual basis. The evaluation includes consideration of the investment strategy and process of the Manager, noting performance against the benchmark over the long term and the quality of the support that the Company receives from the Manager. As a result of the evaluation process, the Board confirms that it is satisfied that the continuing appointment of the Manager, on the terms agreed, is in the interests of shareholders as a whole.

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF is the Company's alternative investment fund manager ('AIFM'). It is approved as an AIFM by the FCA. For the purposes of the AIFMD the Company is an alternative investment fund ('AIF').

JPMF has delegated responsibility for the day to day management of the Company's portfolio to JPMAM. The Company has appointed Bank of New York Mellon (International) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A. as the Company's custodian. BNY is responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at www.jpmsmallercompanies.co.uk. There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure.

Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

As an authorised AIFM, JPMF will make the requisite disclosures on remuneration levels and policies to the FCA at the appropriate time.

Management Fee

In the year under review, the Manager received a basic management fee of 0.9% of the Company's gross assets (excluding liquidity assets) up to £100 million, and 0.75% of the Company's gross assets (excluding liquidity assets) thereafter (2019: 1.0%).

Directors

The Directors of the Company who held office at the date of this report are detailed on pages 25 and 26.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 38. No changes have been reported to the Directors' shareholdings since the year end.

In accordance with corporate governance best practice, Julia Le Blan, Christopher Metcalfe, Dominic Neary, David Ross and Shefaly Yogendra will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment by shareholders. The Chairman of the Nomination Committee, having considered their qualifications, performance and contribution to the Board and committees, confirms that each Director continues to be effective and demonstrates commitment to the role, and the Board recommends to shareholders that those standing for reappointment be reappointed.

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, the Directors have the benefit of a deed of indemnity which is a qualifying third party indemnity, as defined by Section 234 of the Companies Act 2006. The indemnities were in place during the year and as at the date of this report.

During the year an insurance policy has been maintained by the Company which indemnifies the Directors of the Company against certain liabilities arising in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

Disclosure of information to Auditor

In the case of each of the persons who are Directors of the Company at the time when this report was approved:

- (a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's Auditor is unaware; and
- (b) each of the Directors has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

The above confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006.

Independent Auditor

Further to Grant Thornton UK LLP's ('Grant Thornton') re-appointment as Auditor to the Company at the Annual General Meeting in May 2020, the Board decided to put its audit out to tender for the 2020 audit, a year earlier than required. The decision to conduct a tender at that time was because the Company is managing auditor transition and Board succession and was keen to have the new auditor working on the 2020 audit. Therefore, the Board requested that Grant Thornton resign so that a replacement auditor identified as a result of the audit tender could be appointed to fill the vacancy.

Grant Thornton ceased to be Auditor to the Company with effect from 18th August 2020 and deposited with the Company a statement of the circumstances connected with its ceasing to hold office, in accordance with Section 519(3) of the Companies Act 2006.

Following a formal, competitive review and tender of audit services, BDO UK LLP was appointed with effect from 19th August 2020. Shareholders were notified of these changes on 21st August 2020. The Board has proposed a resolution in the Notice of the Company's Annual General Meeting to be held in April 2021 proposing the reappointment of BDO UK LLP, to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and authorising the Directors to determine their remuneration. Further details may be found in the Audit Committee Report on page 35.

Capital Structure and Voting Rights

Capital Structure

The Company's capital structure is summarised on the inside front cover of this report. Details of share repurchases have been disclosed in the Strategic Report on page 17.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of Annual General Meeting on page 77.

Environmental Matters, Social and Community Issues

Information on environmental matters, social and community issues and Greenhouse gas emissions have been disclosed in the Strategic Report on pages 17 to 23. The Company has no employees.

Notifiable Interests in the Company's Voting Rights

At the financial year end the following had reported a notifiable interest in the Company's voting rights:

Shareholders	Number of voting rights	% ¹
Rathbone Brothers PLC	4,039,980	7.1
Brewin Dolphin Limited	2,776,245	4.8

¹ Based on the number of shares in issue on the date of the shareholders' latest notifications to the Company.

The information above is derived from the Company's internal records, as well as disclosures received pursuant to the Disclosure and Transparency Rules. No further changes have been notified since the year end to the date of this report.

The rules concerning the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or repurchase the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that affect its control following a takeover bid; and no agreements between the Company and its Directors concerning compensation for loss of office.

Listing Rule 9.8.4R

Listing Rule 9.8.4R requires the Company to include certain information in a single identifiable section of the Annual Report and Financial Statements or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

Annual General Meeting

NOTE: THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in JPMorgan US Smaller Companies Investment Trust plc, please forward this document, together with the accompanying documents, immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The notice covering the Annual General Meeting of the Company to be held on 26th April 2021 is given on pages 74 to 77. The full text of the Resolutions is set out in the Notice of Meeting. Please also refer to the Chairman's statement on pages 5 to 7 of the Annual Report which explains the format of this year's AGM due to the COVID-19 pandemic.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting ('AGM'):

(i) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 12 and 13)

The Directors will seek authority at the Annual General Meeting to issue up to 6,304,938 new ordinary shares for cash up to an

aggregate nominal amount of £157,623, such amount being equivalent to 10% of the present issued share capital. This authority will expire at the Annual General Meeting in 2022 unless renewed at a prior general meeting. The full text of Resolutions 12 and 13 is set out in the Notice of Meeting on page 74.

It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to investors when the Directors consider that it is in the best interests of shareholders to do so. As such, issues are only made at prices greater than the net asset value, they increase the assets underlying each share and spread the Company's administrative expenses, other than the management fee which is charged on the value of the Company's assets, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies.

(ii) Authority to allot further new Ordinary shares and to disapply statutory pre-emption rights (resolutions 14 and 15)

In addition to any authorities granted by resolutions 12 and 13 above, the Directors will seek renewal of the authority at the AGM to issue new Ordinary shares for cash on a non pre-emptive basis up to an aggregate nominal amount of £157,623 such amount being equivalent to 10% of the present issued Ordinary share capital (excluding Treasury shares) as at the last practicable date before the publication of the Notice of Meeting. This authority will expire at the conclusion of the Company's AGM in 2022 unless renewed at a prior general meeting.

The full text of the resolutions 12 to 15 is set out in the Notice of Annual General Meeting on pages 74 and 75. If each of resolutions 12 to 15 are passed, the Company will have the ability to issue, on a non pre-emptive basis, up to 20% of its issued share capital (excluding shares held in Treasury) as at 23rd March 2021.

(iii) Authority to repurchase the Company's shares (resolution 16)

At the Annual General Meeting held on 26th May 2020, shareholders gave authority to the Company to purchase up to 14.99% of its then issued share capital. At that time shareholders were informed that this authority would expire on 29th October 2021 and could be renewed by shareholders at any time at a General Meeting of the Company. The Board remains committed to a strong/disciplined discount management policy, but there is a need to balance the short term of buying shares back for cancellation or holding in Treasury with the long term liquidity implications. It will seek shareholder approval to renew the authority at the forthcoming Annual General Meeting.

The full text of the resolution (to be proposed as a special resolution) to renew the share repurchase authority is set out as Resolution number 16 in the Notice of Meeting on page 75.

(iii) Adoption of New Articles of Association (resolution 17)

Resolution 17, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the 'New

Articles') in order to update the Company's current Articles of Association (the 'Existing Articles'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted, and principally include: (i) provisions enabling the Company to hold virtual shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings); (ii) increasing the limit on aggregate annual Directors' fees from £200,000 to £250,000; (iii) amendments in response to the requirements of the Alternative Investment Fund Managers Directive (2011/61/EU); and (iv) changes in response to the introduction of international tax regimes (notably to take into account the broader obligations under the Common Reporting Standard) requiring the exchange of information.

A copy of the New Articles, together with a copy showing all of the proposed changes to the Existing Articles, will be available for inspection on the Company's website, www.jpmmussmallercompanies.co.uk and at the offices of JPMorgan Funds Limited, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00 a.m. and 5.00 p.m. (Saturdays, Sundays and public holidays excepted), from the date of the Annual General Meeting Notice until the close of the Annual General Meeting, and will also be available for inspection at the venue of the Annual General Meeting from 15 minutes before and during the Annual General Meeting.

Recommendation (resolutions 12 to 16)

The Board considers that resolutions 12 to 16 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 76,750 shares representing approximately 0.1% of the voting rights in the Company.

Other Information

The recommended final dividend, as well as information on acquisition of the Company's own shares and greenhouse gas emissions, can be found in the Business Review. Financial risk management objectives and policies, with information on exposure to price, credit and liquidity risk, can be found in note 21 to the Financial Statements. Information on post balance sheet events can be found in note 23.

Corporate Governance Statement

Compliance

The Board is committed to high standards of corporate governance. It has considered the principles and provisions of the AIC Code of Corporate Governance published in 2019 (the 'AIC Code'), which addresses the principles and provisions set out in the UK Corporate Governance Code (the 'UK Code') published in

2018, as they apply to investment trust companies. It considers that reporting against the AIC Code, therefore, provides more appropriate information to the Company's shareholders. The Board confirms that the Company has complied with the principles and provisions of the AIC Code, in so far as they apply to the Company's business, throughout the year under review. As all of the Company's day-to-day management and administrative functions are outsourced to third parties, it has no executive directors, employees or internal operations and therefore has not reported in respect of the following:

- the role of the executive directors and senior management;
- executive directors' and senior management remuneration; and
- the workforce.

Copies of the UK Code and the AIC Code may be found on the respective organisations' websites: www.frc.org.uk and www.theaic.co.uk

Role of the Board

A management agreement between the Company and JPMF sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administrative services and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements.

At each Board meeting, Directors' interests are considered. These are reviewed carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved. It was resolved that there were no actual or indirect interests of a Director which conflicted with the interests of the Company which arose during the year.

The Board has procedures in place to deal with potential conflicts of interest and, following the introduction of The Bribery Act 2010, has adopted appropriate procedures designed to prevent bribery. It confirms that the procedures have operated effectively during the year under review.

The Board meets on at least six occasions during the year and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access that every Director has to the

advice and services of the Company Secretary, JPMF, which is responsible for ensuring that the Board complies with applicable rules, regulations and Board procedures.

Board Composition

At the financial year-end, the Board consisted of five non-executive Directors, chaired by David Ross, all of whom are regarded by the Board as independent of the Company's Manager. The Chairman's independence was assessed upon his appointment and will be annually thereafter.

The Directors have a breadth of investment, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 25 and 26.

In order to provide a balance of skills, experience, length of service and ages, it is the Board's policy to introduce new Directors to provide an orderly succession over time.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board. The Senior Independent Director, Julia Le Blan, leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on pages 25 and 26. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long term success of the Company, are summarised below. All of the Directors held office throughout the year under review and will stand for reappointment at the forthcoming AGM.

Resolution 5 concerns the reappointment of Julia Le Blan. She joined the Board in October 2012 and has served for over eight years as a Director. Julia is a chartered accountant and has worked in the financial services industry for over 30 years. She chairs the Audit Committee and is the Senior Independent Director.

For details of current directorships, please refer to page 25 of the Report.

Resolution 6 concerns the reappointment of David Ross. He joined the Board in March 2015 and has served for six years as a Director. David is a certified accountant with over 45 years in the investment industry. He is Chairman of the Board, and also the Chair of the Nomination Committee and Management Engagement Committee.

For details of current directorships, please refer to page 25 of the Report.

Resolution 7 concerns the reappointment of Shefaly Yogendra. She joined the Board in November 2016 and has served for five years as a Director. Shefaly is a risk and decision-making

specialist and has spent her career working with technology investors and start-ups. She chairs the Remuneration Committee.

For details of current directorships, please refer to page 25 of the Report.

Resolution 8 concerns the reappointment of Christopher Metcalfe. He joined the Board in January 2019 and has served for two years as a Director. Christopher has extensive US equity management and investment trust experience.

For details of current directorships, please refer to page 25 of the Report.

Resolution 9 concerns the reappointment of Dominic Neary. He joined the Board in January 2019 and has served for two years as a Director. Dominic has managed US and global equity portfolios over his 20-year investment career, and has been involved with investment trusts throughout this time.

For details of current directorships, please refer to page 26 of the Report.

The Board confirms that each of the Directors standing for reappointment at the forthcoming AGM continue to contribute effectively and recommends that shareholders vote in favour of their reappointment.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for Directors to seek annual reappointment. The Board has adopted corporate governance best practice and has a succession plan in place. All Directors must stand for annual reappointment.

The Board believes in regular refreshment of the Board and its Committees and in the benefits of having a diverse range of experience, skills, length of service and backgrounds (see our diversity policy on page 32).

The Board is also of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company or, indeed, its chairman. Continuity and experience can add significantly to the strength of the board especially in times of market turbulence. The Board has noted the inference of provisions in the UK Corporate Governance Code that non-executive directors who have served for more than nine years should be presumed not to be independent. However, the AIC does not believe that this presumption is necessarily appropriate for investment companies and therefore does not recommend that long-serving directors be prevented from forming part of an investment trust board. However, in normal circumstances the Chairman and Directors are expected to serve for a nine-year term, but this may be adjusted for reasons of flexibility and continuity.

We note that all of the current Board has served for less than nine years as required by the 2019 AIC Code.

The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the Annual General Meeting. With effect from 1st January 2015, any appointment of a new non-executive Director of the Company shall not exceed a nine-year term, in normal circumstances.

A schedule of interests for each Director is maintained by the Company and reviewed at every Board meeting. New interests are considered carefully, taking into account the circumstances surrounding them and, if considered appropriate, are approved.

Induction and Training

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter, regular briefings are provided on changes in law and regulatory requirements that affect the Company and the Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trust companies. Regular reviews of the Directors' training needs are carried out by the Nomination Committee by means of the evaluation process described below.

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Details of membership of committees are shown with the Directors' profiles on pages 25 and 26. All Directors are members of the Committees.

The table below details the number of meetings attended by each Director out of those available to be attended. During the financial year there were seven Board meetings, including a private meeting of the Directors to evaluate the Manager, three Audit Committee meetings, one Nomination Committee meeting, one Remuneration Committee meeting and one Management Engagement Committee meeting.

Director	Board	Audit	Nomination	Remuneration	Management
	Meetings Attended	Committee Meetings Attended	Committee Meetings Attended	Committee Meetings Attended	Engagement Committee Meeting Attended
J Le Blan	7/7	3/3	1/1	1/1	1/1
C Metcalfe	7/7	3/3	1/1	1/1	1/1
D Neary	7/7	3/3	1/1	1/1	1/1
D Ross	7/7	2/2	1/1	1/1	1/1
D Walter ¹	3/3	0/0	1/1	1/1	1/1
S Yogendra	7/7	3/3	1/1	1/1	1/1

¹ Retired on 26 May 2020.

As well as the formal meetings detailed above, the Board communicates frequently by email or telephone to deal with matters as they arise. Ordinarily the Directors would visit the investment management team in New York, however due to the

travel restrictions imposed as a result of COVID-19 the visit was postponed.

Board Committees

Nomination Committee

The Nomination Committee, chaired by David Ross, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary.

At 31st December 2020, there were two female Directors and three male Directors on the Board. The Company has no employees. The Board's policy on diversity is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds, including but not limited to gender diversity. The policy is always to appoint individuals on merit and there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability. The overriding aim of the policy is to ensure that the Board is composed of the best combination of people for ensuring the delivery of investment out performance for shareholders over the long term. The current Directors have a range of business, financial and asset management skills as well as experience relevant to the direction and control of the Company. Brief biographical details of the members of the Board are shown on pages 25 and 26.

The Committee, with the help of Lintstock Ltd, a firm of independent consultants who have no other connection with the Company or individual Directors, conducted an annual performance evaluation of the Board, its Committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together.

Questionnaires, drawn up by Lintstock, with the assistance of the Board and the Manager, were completed by each Director. The responses are collated and then discussed by the Committee. The evaluation of the Chairman is led by the Chairman of the audit committee. The responses are collated and then discussed by the Committee.

Following the evaluation it was noted that each Director had devoted sufficient time and contributed satisfactorily to the work of the Board.

Remuneration Committee

The Remuneration Committee, chaired by Shefaly Yogendra, reviews Directors' fees and makes recommendations to the Board as and when appropriate in relation to remuneration policy and implementation. This takes into account the level of fees paid to the directors of the Company's peers and within the investment

trust industry generally to ensure that high quality people are attracted and retained.

Management Engagement Committee

The Management Engagement Committee, chaired by David Ross, consists of all the Directors, and meets at least annually to review the performance of, and the contractual arrangements with the Manager.

Audit Committee

The report of the Audit Committee, which is chaired by Julia Le Blan, is set out on pages 35 and 36.

Terms of Reference

The Nomination, Remuneration, Management Engagement and Audit Committees have written terms of reference which define clearly their respective responsibilities, copies of which are available for inspection on the Company's website and on request at the Company's registered office and at the Annual General Meeting.

Going Concern

The Directors' statement on going concern is detailed on pages 35 and 36.

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders two times a year by way of the Annual Report and Financial Statements, and Half Year Report. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares and the Company's level of gearing.

Due to the ongoing situation surrounding the Covid-19 and Government advice, the format of this year's AGM has been revised. The Government has, for the time being, again placed restrictions on public gatherings and therefore, apart from the quorum necessary to hold the AGM, shareholders will not be permitted to attend the AGM in person and will be refused entry. The Board is aware that many shareholders look forward to hearing the views of the Investment Managers and Directors and asking them questions at the AGM. Details regarding arrangements for this year's AGM can be found in the Chairman's Statement on pages 5 to 7.

During the year the Company's broker and the Manager held regular discussions with larger shareholders. The Directors are made fully aware of their views. In addition, on a regular basis the Board invites the Company's brokers, who are independent of the manager, to present to the Directors and also asks them to canvass shareholder views when appropriate. Through them, the Board not only receives an independent and well informed report on shareholder views, but also is able to offer shareholders meetings with the Chairman or the Directors as and when

required to address any queries. The Directors may be contacted through the Company Secretary whose details are shown on page 83 or via the Company's website. All communications from shareholders that are intended for the Board are forwarded in full directly to the Chairman for his response.

The Company's Annual Report and Financial Statements is published in time to give shareholders at least 20 working days' notice of the AGM. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 83.

Details of the proxy voting position on each resolution will be published on the Company website shortly after the AGM.

Under the PRIIPs Regulation, investment managers must prepare a Key Investment Document (KID) in respect of the Company. This document must be made available to retail investors prior to them making any investment decision. The KID is available on the Company's website.

Risk Management and Internal Control

The UK Corporate Governance Code requires the Directors, at least annually, to review the effectiveness of the Company's system of risk management and internal control and to report to shareholders on that review. This encompasses a review of all controls, which the Board has identified as including business, financial, operational, compliance and risk management.

The Directors are responsible for the Company's system of risk management and internal control which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material misstatement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by the Manager and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal and Emerging Risks on pages 20 to 22). This process has been in place for the year under review and up to the date of the approval of the annual report and financial statements and it accords with the Financial Reporting Council's guidance. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Manager's internal audit department conducts regular and rigorous reviews of the various

functions within its asset management business. Any significant findings that are relevant to the Company and/or the Manager's investment trust business are reported to the Board.

The key elements designed to provide effective internal control are as follows:

- **Financial Reporting**

Regular and comprehensive review by the Board of key investment and financial data, including management accounts, revenue projections, analysis of transactions and performance comparisons.

- **Management Agreement**

Appointment of a manager and custodian regulated by the Financial Conduct Authority ('FCA'), whose responsibilities are clearly defined in a written agreement.

- **Management Systems**

The Manager's system of risk management and internal control includes organisational agreements which clearly define the lines of responsibility, delegated authority, control procedures and systems. These are monitored by JPMAM's Compliance department which regularly monitors compliance with FCA rules and reports to the Board.

- **Investment Strategy**

Authorisation and monitoring of the Company's investment strategy and exposure limits by the Board.

The Board, either directly or through the Audit Committee keeps under review the effectiveness of the Company's system of risk management and internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

- the Board, through the Management Engagement Committee and Audit Committee, reviews the terms of the management agreement and receives regular reports from JPMorgan's Compliance department;
- the Board reviews a report, which is also independently reviewed, on the internal controls and the operations of its custodian, JPMorgan Chase Bank;
- the Board reviews every six months a report from the Company's Depositary, Bank of New York Mellon (International) Limited, which summarises the activities performed by the Depositary during the reporting period; and
- the Board reviews every six months an independent report on the internal controls and the operations of JPMF's investment trust department.

Through the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 31st December 2020 and to the date of approval of this Annual Report and Financial Statements.

During the course of its review of the system of risk management and internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to the Manager.

The following is a summary of the Manager's policy statements on corporate governance, voting policy and stewardship/engagement issues, which has been reviewed and noted by the Board. Details of social and environmental issues are included in the Strategic Report on pages 17 and 23.

Corporate Governance

JPMAM believes that corporate governance is integral to its investment process. As part of its commitment to delivering superior investment performance to its clients, it expects and encourages the companies in which it invests to demonstrate the highest standards of corporate governance and best business practice. JPMAM examines the share structure and voting structure of the companies in which it invests, as well as the board balance, oversight functions and remuneration policy. These analyses then form the basis of JPMAM's proxy voting and engagement activity.

Proxy Voting

JPMAM manages the voting rights of the shares entrusted to it as it would manage any other asset. It is the policy of JPMAM to vote in a prudent and diligent manner, based exclusively on our reasonable judgement of what will best serve the financial interests of our clients. So far as is practicable, we will vote at all of the meetings called by companies in which we are invested.

Stewardship/Engagement

JPMAM recognises its wider stewardship responsibilities to its clients as a major asset owner. To this end, it supports the FRC Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies. Under the Code, managers should:

- *publicly disclose their policy on how they will discharge their stewardship responsibilities to their clients;*
- *disclose their policy on managing conflicts of interest;*
- *monitor their investee companies;*
- *establish clear guidelines on how they escalate engagement;*
- *be willing to act collectively with other investors where appropriate;*
- *have a clear policy on proxy voting and disclose their voting record; and*
- *report to clients.*

JPMAM endorses the Stewardship Code for its UK investments and supports the principles as best practice elsewhere. We believe that regular contact with the companies in which we invest is central to our investment process and we also recognise the importance of being an 'active' owner on behalf of our clients.

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website: <https://am.jpmorgan.com/gb/en/asset-management/per/about-us/investment-stewardship/>. This also sets out its approach to the seven principles of the FRC Stewardship Code, its policy relating to conflicts of interest and its detailed voting record.

By order of the Board
Nira Mistry, for and on behalf of
JPMorgan Funds Limited
Company Secretary

24th March 2021

Audit Committee Report

Role and Composition

The Audit Committee, chaired by Julia Le Blan, comprises all of the Directors (except for David Ross who attends by invitation) and meets at least twice each year. The members of the Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee and are satisfied that at least one member (Julia Le Blan) of the Audit Committee has recent and relevant financial experience and that the Committee as a whole has competency relevant to the sector in which the Company operates.

The Committee reviews the actions and judgements of the Manager in relation to the half year, annual report and financial statements, formal announcements and the Company's compliance with the UK Corporate Governance Code. It examines the effectiveness of the Company's internal control systems. It monitors the Company's key risks and controls relating to those risks. It receives controls reports on the Manager and the custodian and monitors the controls and service levels at the Company's other key third party suppliers. It also receives information from the manager's compliance department and reviews the scope and effectiveness of the external audit, and approves the external auditor's remuneration and terms of engagement. The audit committee reviews the independence and objectivity of the auditor and is satisfied that the auditor is independent. The audit committee is also responsible for making recommendations to the main board on the appointment, reappointment and removal of the external auditor.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 31st December 2020, the Audit Committee considered the following significant issues, including those communicated by the Auditor during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the financial statements policies, disclosed in note 1 to the financial statements on page 53. Discussions have been held with the Manager about the valuation process, existence of the investments and the systems in place for the valuation of the Company's portfolio. The Company has appointed Bank of New York Mellon (International) Limited ('BNY') as its depository. BNY has appointed JPMorgan Chase Bank, N.A., as the Company's custodian. BNY remains responsible for the oversight of the custody of the Company's assets.

Significant issue	How the issue was addressed
Recognition and completeness of investment income	The recognition and completeness of investment income is undertaken in accordance with accounting policy note 1(d) to the financial statements on page 53. The Board reviews the Manager's controls regarding the recognition of income and regularly reviews the Manager's report on the treatment of special dividends and agrees their accounting treatment.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.
Calculation of management fee	The management fee is calculated in accordance with the Investment Management Agreement. The Board reviews the controls reports, expense schedules and the management fees payable to the Manager.

The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the financial statements.

Internal Audit

The Committee continues to believe that the Company does not require an internal audit function, as it delegates its day-to-day operations to third parties from whom it receives internal control reports. The Board considers it sufficient to receive relevant and regular updates from the Manager.

Going Concern

The Directors believe that having considered the Company's investment objective (see page 17), risk management policies (see pages 64 to 68), capital management policies and procedures (page 69), the nature of the portfolio and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. In particular, the Board has considered the impact of COVID-19 and believes that this will have a limited financial impact on the Company's operational resources and existence. For these reasons, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the Company's financial statements. They have not identified any material uncertainties to the Company's ability to continue as a going concern.

The Board is made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the financial statements. Given the current volatile

market conditions, the covenants associated with the Company's gearing facility are calculated and reviewed on a daily basis. The most relevant of these covenants require:

1. that the adjusted asset value of the Company (calculated to exclude certain assets from the Company's net assets) exceed four times the value of the drawn gearing (adjusted asset value of £290.8 million represents 16x the value of the drawn gearing of £18.0 million as at 17th March 2021).
2. that the Company's net asset value does not fall below £80 million (net asset value of £272.8 million as at 17th March 2021).

The Directors therefore believe that the Company has significant headroom versus its covenants at this time.

Risk Management and Internal Control

The Committee examines the effectiveness of the Company's internal control systems, receives information from the Manager's Compliance department and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. In the Directors' opinion the Auditors are independent. A risk matrix has been developed which covers all emerging and principal risks the Company faces, the likelihood of their occurrence and their potential impact, how these risks are monitored and mitigating controls in place. The Board has delegated to the Committee the responsibility for the review and maintenance of the risk matrix and the risks are monitored on a regular basis.

The Directors' statement on the Company's system of internal control is set out on page 33.

Auditor Appointment and Tenure

Further to Grant Thornton UK LLP's ('Grant Thornton') re-appointment as Auditor to the Company at the Annual General Meeting in May 2020, the Board decided to put its audit out to tender for the 2020 audit, a year earlier than required. The decision to conduct a tender at that time was because the Company is managing auditor transition and Board succession and was keen to have the new auditor working on the 2020 audit. Therefore, the Board requested that Grant Thornton, which had audited the Company's financial statements since August 2011, resign so that a replacement auditor identified as a result of the audit tender could be appointed to fill the vacancy.

Following a formal, competitive review and tender of audit services, Grant Thornton ceased to be Auditor to the Company with effect from 18th August 2020, and BDO UK LLP was appointed with effect from 19th August 2020. Shareholders were notified of these changes on 21st August 2020.

Representatives of the Company's Auditor attended the Audit Committee meeting at which the draft Annual Report and Financial Statements were considered and also engage with Directors as and when required. Having reviewed the performance of the external Auditor, including assessing the quality of work, timing of communications and work with the Manager, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The Board reviews and approves any non-audit services provided by the independent auditors and assesses the impact of any non-audit work on the ability of the auditors to remain independent. No non-audit work was carried out by the auditors this year. Details of the auditors fees paid for audit services are disclosed in note 6 on page 56.

Fair, Balanced and Understandable

Having taken all available information into consideration and having discussed the content of the Annual Report and Financial Statements with the AIFM, the investment managers, the Company Secretary and other third party service providers, the Committee has concluded that the Annual Report and Financial Statements for the year ended 31st December 2020, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 42.

By order of the Board

Nira Mistry, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

24th March 2021

Directors' Remuneration Report

Introduction

The Board presents the Directors' Remuneration Report for the year ended 31st December 2020, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 as amended.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on page 44.

Directors' Remuneration Policy

The law requires that the Directors' Remuneration Policy Report is subject to a triennial binding vote. However, the Board has resolved that for good governance purposes, the policy will be put to shareholders every year. Accordingly, a resolution to approve this policy will be put to shareholders at the forthcoming Annual General Meeting. The policy subject to the vote, is set out in full below and is currently in force.

The Board's policy for this and subsequent years is that Directors' fees should properly reflect the time spent by the Directors on the Company's business and should be at a level to ensure that candidates of a high calibre are recruited to the Board. The Chairman of the Board and the Chairman of the Audit Committee are paid higher fees than other Directors, reflecting the greater time commitment involved in fulfilling those roles.

The Remuneration Committee, comprising all Directors, reviews Directors' fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on information provided by the Manager, and includes research carried out by third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The involvement of remuneration consultants has not been deemed necessary as part of this review.

All of the Directors are non-executive. There are no performance-related elements to their fees and the Company does not operate any type of incentive, share scheme, award or pension scheme and therefore no Directors receive bonus payments or pension contributions from the Company or hold options to acquire shares in the Company. Directors are not granted exit payments and are not provided with compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in attending the Company's business.

During the year under review, Directors' fees were paid at the following rates: £37,000 per annum for the Chairman;

£30,900 per annum for the Chairman of the Audit Committee; and £26,000 per annum for each other Director.

The Company's existing Articles of Association stipulate that aggregate Directors' fees must not exceed £200,000 per annum. Any increase in this the maximum aggregate amount requires both Board and shareholder approval. The Directors propose that the aggregate maximum be increased to £250,000 per annum in the New Articles of Association. The increased amount will allow the Board to accommodate additional Directors joining the Board to ensure orderly transition for the purpose of Board refreshment and succession planning. Further details on Adoption of New Articles of Association are set out on pages 78 and 79.

The Company has no Chief Executive Officer and no employees and therefore there was no consultation with employees, and there is no employee comparative data to provide, in relation to the setting of the remuneration policy for Directors.

The Company has not sought shareholder views on its remuneration policy. The Nomination and Remuneration Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and will take account of these views if appropriate.

The Directors do not have service contracts with the Company. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 31.

Directors' Remuneration Policy Implementation

The Directors' Remuneration Policy Implementation Report, which includes details of the Directors' remuneration policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 31st December 2019 and no changes are proposed for the year ending 31st December 2021.

At the Annual General Meeting held on 26th May 2020, of votes cast in respect of the Remuneration Policy, 99.76% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration policy and 0.24% voted against. In respect of the Remuneration Report, 99.75% of votes were cast in favour and 0.25% against.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Policy Implementation Report from the 2021 Annual General Meeting will be given in the annual report for the year ending 31st December 2021.

DIRECTORS' REMUNERATION REPORT

Details of the implementation of the Company's remuneration policy are given below. No advice from remuneration consultants was received during the year under review.

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 31st December 2020 was £157,048. The single total figure of remuneration for each Director is detailed opposite together with the prior year comparative.

There are no performance targets in place for the Directors of the Company and there are no benefits for any of the Directors which will vest in the future. There are no benefits (other than those detailed below), pension, bonus, long term incentive plans, exit payments or arrangements in place on which to report.

Single total figure table¹

Director	2020			2019		
	Fees £	Taxable benefits ² £	Total £	Fees £	Taxable benefits ² £	Total £
Davina Walter ³	14,942	–	14,942	37,000	–	37,000
Julia Le Blan	30,900	–	30,900	30,900	–	30,900
Christopher Metcalfe	26,000	–	26,000	24,750	–	24,750
Dominic Neary	26,000	618	26,618	24,750	2,716	27,466
David Ross ⁴	32,588	–	32,588	24,750	2,546	27,296
Shafaly Yogendra	26,000	–	26,000	24,750	–	24,750
Total	156,430	618	157,048	175,150	5,262	180,412

¹ Audited information. Other subject headings for the single figure table as prescribed by regulation are not included because there is nothing to disclose in relation thereto. A total amount of £16,297 (2019: £15,767) was paid on National Insurance.

² Taxable travel and subsistence expenses incurred in attending Board and Committee meetings.

³ Retired from the board on 26th May 2020.

⁴ Chairman from 26th May 2020.

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 31st December 2020:

Directors' Name	Percentage change on prior year
David Ross ¹	31.7
Julia Le Blan	0.0
Christopher Metcalfe	5.1
Dominic Neary	5.1
Shafaly Yogendra	5.1
Davina Walter ²	n/a

¹ Chairman from 26th May 2020.

² Retired from the Board on 26th May 2020.

A table showing the total remuneration for the Chairman over the five years ended 31st December 2020 is below:

Remuneration for the Chairman over the five years ended 31st December 2020

Year ended 31st December	Fees
2020	£37,000
2019	£37,000
2018	£36,000
2017	£34,000
2016	£33,350

Directors' Shareholdings¹

There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The beneficial shareholdings of the Directors who held office at the year end are detailed below.

Director	31st December 2020	31st December 2019
Davina Walter ²	89,050	89,050
Christopher Metcalfe	26,000	26,000
Dominic Neary	9,750	7,800
Julia Le Blan	15,000	15,000
David Ross	25,000	25,000
Shafaly Yogendra	1,000	1,000
Total	165,800	163,850

¹ Audited information.

² Retired 26th May 2020.

As at the last practicable date before the publication of this document, there have been no further changes to the Directors' shareholdings since the year end.

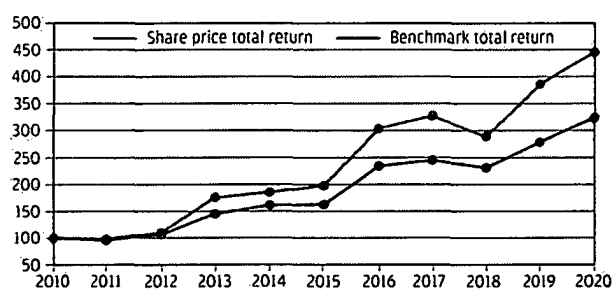
The Directors have no other share interests or share options in the Company and no share schemes are available.

No amounts (2019: nil) were paid to third parties for making available the services of Directors.

DIRECTORS' REMUNERATION REPORT

Ten Year Share Price and Benchmark Total Return Performance to 31st December 2020

In accordance with the Companies Act 2006, a graph showing the Company's share price total return compared with its benchmark, the Russell 2000 Index total return with dividends reinvested, in sterling terms, over the last ten years is shown below. The Board believes this Index is the most representative comparator for the Company.



Source: Morningstar.

The table below is provided to enable shareholders to assess the relative importance of expenditure on Directors' remuneration. It compares the remuneration with distributions to shareholders by way of dividends and share repurchases.

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 31st December	
	2020	2019
Remuneration paid to all Directors	£157,048	£180,412
Distribution to shareholders by way of:		
– dividend	£1,464,000	£1,445,000
– share repurchases	£972,000	£1,206,000

For and on behalf of the Board

Shefaly Yogendra

Chairman of the Remuneration Committee

24th March 2021

Statement of Directors' Responsibilities

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Annual Report and Financial Statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and applicable law). Under Company law the Directors must not approve the Financial Statements unless they are satisfied that taken as a whole, the Annual Report and Financial Statements are fair, balanced and understandable, provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the net return or loss of the Company for that period. 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will *continue in business*; and
- notify the Company's shareholders in writing about the use, if any, of disclosure exemptions in FRS 102 in the preparation of the financial statements

and the Directors confirm that they have done so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations the Directors are also responsible for preparing a Directors' Report and Directors' Remuneration Report that comply with that law and those regulations.

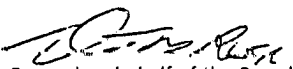
Each of the Directors, whose names and functions are listed on pages 25 and 26 confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and return or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal and emerging risks and uncertainties that it faces.

The Board confirms that it is satisfied that the Annual Report and Financial Statements taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Board also confirms that it is satisfied that the Strategic Report and Directors' Report include a fair review of the development and performance of the business, and the Company, together with a description of the principal risks and uncertainties that it faces.

The Financial Statements are published on the www.jpmmusmallercompanies.co.uk website, which is maintained by the Manager. The maintenance and integrity of the website maintained by the Manager is, so far as it relates to the Company, the responsibility of the Manager. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the accounts since they were initially presented to the website. The accounts are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.


For and on behalf of the Board
David Ross
Chairman

24th March 2021

Independent Auditor's Report

Independent auditor's report to the members of JPMorgan US Smaller Companies Investment Trust plc

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2020 and of the Company's profit for the year then ended;
- they have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements of JPMorgan US Smaller Companies Investment Trust (the 'Company') for the year ended 31st December 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the UK and Republic of Ireland*' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 19th August 2020 to audit the financial statements for the year ending 31st December 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is one year, covering the year ending 31st December 2020. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of market volatility and the present uncertainties by reviewing the information used by the Directors in completing their assessment;
- Challenging Directors' assumptions and judgements made with regards to stress-testing forecasts. This included consideration of the liquidity of the portfolio as well as covenant headroom; and
- Calculating financial ratios to ascertain the financial health of the Company.
- Obtaining the loan agreements to identify the covenants and assess the likelihood of them being breached based on the Directors' forecasts and our sensitivity analysis,

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters	Valuation and ownership of investments	2020 ✓
Materiality	£2.3m based on 1.0% of Net Assets	

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of investments (note 1b and 11) We considered the valuation and ownership of investments to be the most significant audit areas as investments represent the most significant balance in the financial statements and underpin the principal activity of the entity. There is a risk that the investment balance includes investments which are no longer owned by the Company or that the bid price used to value the investment is incorrect leading to a material misstatement.	We responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures: In respect of quoted investment valuations (100% of the total portfolio by value) we have: <ul style="list-style-type: none"> Confirmed the year end bid price was used by agreeing to externally quoted prices and for all of the investments, assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value; Obtained direct confirmation from the custodian regarding all investments held at the balance sheet date; Key observations Based on our procedures performed we did not identify any material exceptions with regards to valuation or ownership of investments or the disclosures.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements
	2020
	£m
Materiality	2.3
Basis for determining materiality	1.0% of Net Assets
Rationale for the benchmark applied performance.	As an investment trust, the net asset value is the key measure of
Performance materiality	1.6
Basis for determining performance materiality	Performance materiality was deemed to be 70% of total materiality as this is the first year on the audit.

We have set a lower testing threshold for those items impacting revenue return of £220,000 which is based on 10% of total expenses.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £47,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and
- The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate.

Other Code provisions

- Directors' statement on fair, balanced and understandable;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the audit committee.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.
Directors' remuneration	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p> <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or; certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with section 1158 of the Corporation Tax Act 2020, the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS 102. We also considered the company's qualification as an Investment Trust under UK tax legislation.

INDEPENDENT AUDITOR'S REPORT

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

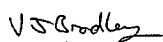
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management relating to the existence of any non-compliance with laws and regulations;
- testing of a sample of journal postings made during the year to identify potential management override of controls
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Vanessa-Jayne Bradley
(Senior Statutory Auditor)
for and on behalf of BDO UK LLP
Statutory Auditor, Chartered Accountants
London

24th March 2021

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	3	–	30,977	30,977	–	40,506	40,506
Net foreign currency gains on cash and loans		–	213	213	–	492	492
Income from investments	4	2,894	–	2,894	2,828	–	2,828
Interest receivable	4	68	–	68	195	–	195
Gross return		2,962	31,190	34,152	3,023	40,998	44,021
Management fee	5	(329)	(1,314)	(1,643)	(356)	(1,425)	(1,781)
Other administrative expenses	6	(402)	–	(402)	(521)	–	(521)
Net return before finance costs and taxation		2,231	29,876	32,107	2,146	39,573	41,719
Finance costs	7	(55)	(217)	(272)	(100)	(398)	(498)
Net return before taxation		2,176	29,659	31,835	2,046	39,175	41,221
Taxation	8	(416)	–	(416)	(456)	–	(456)
Net return after taxation		1,760	29,659	31,419	1,590	39,175	40,765
Return per share	9	3.00p	50.59p	53.59p	2.76p	67.96p	70.72p

Dividend declared in respect of the financial year ended 31st December 2020 total 2.5p (2019: 2.5p) per share amounting to £1,499,000 (2019: £1,445,000). Further information on dividends is given in note 10 on page 58.

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

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

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

The notes on pages 53 to 69 form an integral part of these financial statements.

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Called up share capital £'000	Share Premium £'000	Capital redemption reserve £'000	Capital reserves ¹ £'000	Revenue reserve ¹ £'000	Total £'000
At 31st December 2018	1,445	13,291	1,851	140,543	1,701	158,831
Shares reissued from Treasury	–	101	–	1,206	–	1,307
Repurchase of shares into Treasury	–	–	–	(1,206)	–	(1,206)
Net return for the year	–	–	–	39,175	1,590	40,765
Dividends paid in the year	–	–	–	–	(1,445)	(1,445)
At 31st December 2019	1,445	13,392	1,851	179,718	1,846	198,252
Issue of new Ordinary shares	54	8,096	–	–	–	8,150
Repurchase of shares into Treasury	–	–	–	(972)	–	(972)
Reissue of shares from Treasury	–	482	–	972	–	1,454
Net return for the year	–	–	–	29,659	1,760	31,419
Dividends paid in the year	–	–	–	–	(1,464)	(1,464)
At 31st December 2020	1,499	21,970	1,851	209,377	2,142	236,839

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

The notes on pages 53 to 69 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	251,210	208,253
Current assets	12		
Debtors		612	655
Cash and cash equivalents		5,985	4,605
		6,597	5,260
Creditors: amounts falling due within one year	13	(20,967)	(15,260)
Derivative financial liabilities		(1)	(1)
Net current liabilities		(14,371)	(10,001)
Total assets less current liabilities		236,839	198,252
Net assets		236,839	198,252
Capital and reserves			
Called up share capital	14	1,499	1,445
Share premium	15	21,970	13,392
Capital redemption reserve	15	1,851	1,851
Capital reserves	15	209,377	179,718
Revenue reserve	15	2,142	1,846
Total shareholders' funds		236,839	198,252
Net asset value per share	16	394.9p	343.0p

The financial statements on pages 50 to 52 were approved and authorised for issue by the Directors on 24th March 2021 and were signed on their behalf by:



David Ross
Chairman

The notes on pages 53 to 69 form an integral part of these financial statements.

Company registration number: 552775.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Net cash outflow from operations before dividends and interest	17	(2,070)	(2,297)
Dividends received		2,458	2,376
Interest received		68	195
Overseas tax recovered		41	23
Interest paid		(323)	(425)
Net cash outflow from operating activities		174	(128)
Purchases of investments		(105,374)	(46,362)
Sales of investments		96,021	47,557
Settlement of foreign currency contracts		4	14
Net cash (outflow)/inflow from investing activities		(9,349)	1,209
Dividends paid		(1,464)	(1,445)
Issue of Ordinary shares		8,136	–
Shares reissued from Treasury		1,454	921
Repurchase of shares into Treasury		(972)	(1,206)
Drawdown of bank loan		3,800	–
Net cash inflow/(outflow) from financing activities		10,954	(1,730)
Increase/(decrease) in cash and cash equivalents		1,779	(649)
Cash and cash equivalents at start of year		4,605	5,382
Exchange movements		(399)	(128)
Cash and cash equivalents at end of year		5,985	4,605
Increase/(decrease) in cash and cash equivalents		1,779	(649)
Cash and cash equivalents consist of:			
Cash and short term deposits		3	10
Cash held in JPMorgan US Dollar Liquidity Fund		5,982	4,595
Total		5,985	4,605

RECONCILIATION OF NET DEBT

	As at 31st December 2019 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st December 2020 £'000
Cash and cash equivalents				
Cash	10	(3)	(4)	3
Cash equivalents	4,595	1,403	(16)	5,982
	4,605	1,400	(20)	5,985
Borrowings				
Debt due within one year	(15,097)	(3,800)	608	(18,289)
Total	(10,492)	(2,400)	588	(12,304)

The notes on pages 53 to 69 form an integral part of these financial statements.

FOR THE YEAR ENDED 31ST DECEMBER 2020

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in October 2019.

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

The financial statements have been prepared on a going concern basis. The disclosures on going concern on page 35 of the Audit Committee Report form part of these financial statements.

The policies applied in these financial statements are consistent with those applied in the preceding year.

(b) Valuation of investments

The Company has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors.

Upon initial recognition the investments are treated by the Company as 'held at fair value through profit or loss'. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

(c) Accounting for reserves

Gains and losses on sales of investments including the related foreign exchange gains and losses, realised exchange gains and losses on foreign currency, management fee and finance costs allocated to capital and any other capital charges, are included in the Statement of Comprehensive Income and dealt with in the capital reserve 'Gains and losses on sales of investments'.

Increases and decreases in the valuation of investments held at the year end including the related foreign exchange gains and losses, unrealised gains and losses on forward foreign currency contracts, are included in the Statement of Comprehensive Income and dealt with in the capital reserve 'Investment holding gains and losses'.

(d) Income

Dividends receivable from equity shares are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

Overseas dividends are included gross of any withholding tax.

Special dividends are looked at individually to ascertain the reason behind the payment. This will determine whether they are treated as revenue or capital.

Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

Deposit interest receivable is taken to revenue on an accruals basis.

1. Accounting policies *continued*

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to the revenue with the following exceptions:

- the management fee is allocated 20% to revenue and 80% to capital, in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 11 on page 59.

(f) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method.

Finance costs are allocated 20% to revenue and 80% to capital, in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(g) Financial instruments

Cash and cash equivalents may comprise cash including demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Liquidity funds are considered cash equivalents as they are held for cash management purposes as an alternative to cash.

Bank loans are classified as financial liabilities at amortised cost. They are initially measured at proceeds net of direct issue costs and subsequently measured at amortised cost. Interest payable on bank loans is accounted for on an accruals basis in the Statement of Comprehensive Income. The amortisation of direct issue costs are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest method.

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

(h) Taxation

Approved investment trusts are exempt from tax on capital gains made within the company.

Current tax is provided at the amounts expected to be paid or recovered.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is more likely than not that taxable profits will be available against which those timing differences can be utilised.

Tax relief is allocated to expenses charged to capital on the 'marginal basis'. On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to the capital column.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Value Added Tax ('VAT')

Withholding tax is recognised as a revenue expense, if it is not recoverable.

Expenses are disclosed inclusive of the related irrecoverable VAT. Recoverable VAT is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

(j) Functional currency

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates.

The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the financial statements are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Monetary assets and liabilities and equity investments held at fair value denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature.

(k) Dividends payable

Dividends are included in the financial statements in the year in which they are approved by shareholders.

(l) Repurchase of shares into Treasury

The cost of repurchasing shares into Treasury, including the related stamp duty and transaction costs is charged to capital reserves and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. Where shares held in Treasury are subsequently cancelled, the nominal value of those shares is transferred out of called up share capital and into capital redemption reserve.

Should shares held in Treasury be reissued, the sales proceeds will be treated as a realised profit up to the amount of the purchase price of those shares and will be transferred to capital reserves. The excess of the sales proceeds over the purchase price will be transferred to share premium.

2. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements on occasion requires the Directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

The Company holds mainly US dollar denominated investments. However, the Company's shareholders are predominantly based in the United Kingdom and the majority of its expenditure is in Sterling. Therefore, the Directors believe that it is appropriate for the Company's presentational and functional currency to be Sterling.

Apart from the functional currency, the Directors do not believe that any significant accounting judgements or estimates have been applied to this set of financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Gains on investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Realised gains on sales of investments	25,668	14,380
Net change in unrealised gains on investments	5,315	26,131
Other capital charges	(6)	(5)
Total capital gains on investments held at fair value through profit or loss	30,977	40,506

NOTES TO THE FINANCIAL STATEMENTS

4. Income

	2020 £'000	2019 £'000
Income from investments		
Dividends from investments	2,894	2,828
Interest receivable		
Interest from liquidity fund	68	195
Total income	2,962	3,023

5. Management fee

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Management fee ¹	329	1,314	1,643	356	1,425	1,781

¹ In the prior year until 30th June 2019, the Manager received a basic management fee of 1.00% of the Company's gross assets. From 1st July 2019, the management fee was reduced to a basic fee of 0.9% of the Company's gross assets (excluding liquidity assets) up to £100 million, and 0.75% of the Company's gross assets (excluding liquidity assets) thereafter (see note 1e).

6. Other administrative expenses

	2020 £'000	2019 £'000
Administration expenses	183	263
Directors' remuneration ¹	157	180
Depository fees ²	27	26
Savings scheme costs ³	–	21
Fees payable to the Company's Auditor for the audit of the Company's annual accounts ⁴	35	31
	402	521

¹ Full disclosure is given in the Directors' Remuneration Report on page 38.

² Includes £2,000 (2019: £2,000) irrecoverable VAT.

³ Paid to the Manager for the administration of saving scheme products. Includes Enil (2019: £2,000) irrecoverable VAT.

⁴ Includes £2,000 (2019: £2,000) irrecoverable VAT.

7. Finance costs

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Bank loans and overdraft interest	55	217	272	100	398	498

8. Taxation

(a) Analysis of tax charge for the year

	2020 £'000	2019 £'000
Overseas withholding tax	416	456
Total tax charge for the year	416	456

(b) Factors affecting total tax charge for the year

Approved investment trusts are exempt from tax on capital gains made within the company.

The UK corporation tax rate is 19%, giving an effective rate of 19% (2019: 19%). The tax assessed is lower (2019: lower) than the Company's applicable rate of corporation tax of 19% (2019: 19%). The factors affecting the total tax charge for the year are as follows:

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Net return before taxation	2,176	29,659	31,835	2,046	39,175	41,221
Corporation tax at the effective rate of 19% (2019: 19%)	413	5,635	6,048	389	7,443	7,832
Effects of:						
Non taxable capital gains	–	(5,926)	(5,926)	–	(7,790)	(7,790)
Non taxable overseas dividends	(501)	–	(501)	(466)	–	(466)
Unrelieved expenses	90	291	381	86	347	433
Income taxed in different years	6	–	6	2	–	2
Overseas withholding tax	416	–	416	456	–	456
Double taxation relief expensed	(8)	–	(8)	(11)	–	(11)
Total tax charge for the year	416	–	416	456	–	456

(c) Deferred taxation

The Company has not recognised a deferred tax asset of £6,088,000 (2019: £5,710,000) based on a prospective corporation tax rate of 19% (2019: 17%). The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

Due to the Company's status as an investment trust company and the intention to continue meeting the conditions required to maintain such status in the foreseeable future, the Company has not provided for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

9. Return per share

	2020 £'000	2019 £'000
Revenue return	1,760	1,590
Capital return	29,659	39,175
Total return	31,419	40,765
Weighted average number of shares, excluding Treasury shares, in issue during the year	58,620,594	57,641,214
Revenue return per share	3.00p	2.76p
Capital return per share	50.59p	67.96p
Total return per share	53.59p	70.72p

10. Dividends

(a) Dividends paid and declared

	2020 £'000	2019 £'000
Dividend paid		
2019 final dividend of 2.5p (2018: 2.5p) paid to shareholders in May 2020	1,464	1,445
Dividend declared		
2020 final dividend of 2.5p (2019: 2.5p) declared	1,499	1,445

All dividends paid and declared in the year have been funded from the revenue reserve. The dividend declared in respect of the year ended 31st December 2019 amounted to £1,445,000. However, the amount paid amounted to £1,464,000 due to shares issued after the balance sheet but prior to the share register record date.

The final dividend has been declared in respect of the year ended 31st December 2020. In accordance with the accounting policy of the Company, this dividend will be reflected in the accounts for the year ending 31st December 2021.

(b) Dividends for the purposes of Section 1158 of the Corporation Tax Act 2010 ('Section 1158')

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year as shown below. The revenue available for distribution by way of dividend for the year is £1,759,000 (2019: £1,590,000).

	2020 £'000	2019 £'000
2020 final dividend of 2.5p (2019: 2.5p) declared	1,499	1,445

11. Investments

	2020 £'000	2019 £'000
Investments listed on a recognised stock exchange	251,210	208,253
Opening book cost	146,455	132,347
Opening investment holding gains	61,798	35,667
Opening valuation	208,253	168,014
Movements in the year:		
Purchases at cost	107,940	46,382
Sales proceeds	(95,966)	(46,654)
Gains on investments held at fair value through profit or loss	30,983	40,511
	251,210	208,253
Closing book cost	184,097	146,455
Closing investment holding gains	67,113	61,798
Total investments held at fair value through profit or loss	251,210	208,253

The Company received £95,966,000 (2019: £46,654,000) from investments sold in the year. The book cost of these investments when they were purchased was £70,298,000 (2019: £32,274,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs on purchases during the year amounted to £39,000. (2019: £21,000) and on sales during the year amounted to £28,000 (2019: £18,000). These costs comprise mainly brokerage commission and stamp duty.

12. Current assets

	2020 £'000	2019 £'000
Debtors		
Issue of Company's own shares awaiting settlement	400	386
Dividends and interest receivable	158	179
Securities sold awaiting settlement	—	61
Other debtors	54	29
	612	655

The Directors consider that the carrying amount of debtors approximates to their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, short term deposits and liquidity funds. The carrying amount of these represents their fair value.

13. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Bank loan	18,289	15,097
Loan interest payable	27	78
Securities purchased awaiting settlement	2,586	20
Other creditors and accruals	65	65
	20,967	15,260

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

On 2nd April 2019, the Company renewed its US\$25 million loan facility with Scotiabank, with an option to draw a further US\$10 million. Interest on the renewed facility is payable at a margin over LIBOR as offered in the market for the loan period plus the 'mandatory costs' rate, which is the lender's cost of complying with certain regulatory requirements. This facility is unsecured and is subject to covenants which are customary for a credit agreement of this nature (please refer to page 19 for more details). On 2nd November 2020, the Company renewed the facility on the same terms. The current facility matures on 29th October 2021 at which point the Board will review its borrowing facility.

As at 31st December 2020, the Company had drawn down US\$25.0 million (£18.3 million) on this facility. As at 31st December 2019, the Company had drawn down US\$20.0 million (£15.1 million) on the US\$25.0 million facility with Scotiabank.

14. Called up share capital

	2020 £'000	2019 £'000
Ordinary shares allotted and fully paid		
Opening balance of 57,791,928 (2019: 57,791,928) shares excluding shares held in Treasury	1,445	1,445
Issue of 2,177,454 new ordinary shares (2019: nil)	54	–
Repurchase of 377,546 (2019: 376,500) shares into Treasury	(9)	(9)
Reissue of 377,546 (2019: 376,500) shares from Treasury	9	9
Closing balance of 59,969,382 (2019: 57,791,928) shares of 2.5p each including nil shares held in Treasury	1,499	1,445

Further details of transactions in the Company's shares are given in the Strategic Report on page 19.

15. Capital and reserves

2020

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves ¹		Revenue reserve ¹ £'000	Total £'000
				Gains and losses on sales of investments £'000	Investment holding gains and losses £'000		
Opening balance	1,445	13,392	1,851	121,019	58,699	1,846	198,252
Net foreign currency losses on cash and cash equivalents	–	–	–	(394)	–	–	(394)
Unrealised losses on foreign currency contracts	–	–	–	–	(1)	–	(1)
Unrealised losses on foreign currency contracts from prior period now realised	–	–	–	(1)	1	–	–
Realised gains on sale of investments	–	–	–	25,668	–	–	25,668
Net change in unrealised gains and losses on investments	–	–	–	–	5,315	–	5,315
Issue of new Ordinary shares	54	8,096	–	–	–	–	8,150
Repurchase of shares into Treasury	–	–	–	(972)	–	–	(972)
Reissue of shares from Treasury	–	482	–	972	–	–	1,454
Unrealised currency capital gains on loans	–	–	–	–	608	–	608
Management fee and finance costs charged to capital	–	–	–	(1,531)	–	–	(1,531)
Other capital charges	–	–	–	(6)	–	–	(6)
Dividends paid in the year	–	–	–	–	–	(1,464)	(1,464)
Retained revenue for the year	–	–	–	–	–	1,760	1,760
Closing balance	1,499	21,970	1,851	144,755	64,622	2,142	236,839

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

NOTES TO THE FINANCIAL STATEMENTS

15. Capital and reserves *continued*

2019

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves ¹		Revenue reserve ¹ £'000	Total £'000
				Gains and losses on sales of investments £'000	Investment holding gains and losses £'000		
Opening balance	1,445	13,291	1,851	108,581	31,962	1,701	158,831
Net foreign currency losses on cash and cash equivalents	–	–	–	(114)	–	–	(114)
Unrealised losses on foreign currency contracts	–	–	–	–	(1)	–	(1)
Realised gains on sale of investments	–	–	–	14,380	–	–	14,380
Net change in unrealised gains and losses on investments	–	–	–	–	26,131	–	26,131
Repurchase of shares into Treasury	–	–	–	(1,206)	–	–	(1,206)
Shares reissued from Treasury	–	101	–	1,206	–	–	1,307
Unrealised currency gains on loans	–	–	–	–	607	–	607
Management fee and finance costs charged to capital	–	–	–	(1,823)	–	–	(1,823)
Other capital charges	–	–	–	(5)	–	–	(5)
Dividends paid in the year	–	–	–	–	–	(1,445)	(1,445)
Retained revenue for the year	–	–	–	–	–	1,590	1,590
Closing balance	1,445	13,392	1,851	121,019	58,699	1,846	198,252

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

16. Net asset value per share

	2020	2019
Net assets (£'000)	236,839	198,252
Number of shares in issue	59,969,382	57,791,928
Net asset value per share	394.9p	343.0p

17. Reconciliation of net return before finance costs and taxation to net cash outflow from operations before dividends and interest

	2020 £'000	2019 £'000
Net return before finance costs and taxation	32,107	41,719
Less: capital return before finance costs and taxation	(29,876)	(39,573)
(Increase)/decrease in accrued income and other debtors	(4)	34
Increase/(decrease) in accrued expenses	–	(2)
Management fee charged to capital	(1,314)	(1,425)
Overseas withholding tax	(457)	(479)
Dividends received	(2,458)	(2,376)
Interest received	(68)	(195)
Net cash outflow from operations before dividends and interest	(2,070)	(2,297)

18. Contingent liabilities and capital commitments

At the balance sheet date there were no capital commitments or contingent liabilities (2019: same).

19a. Transactions with the Manager

Details of the management contract are set out in the Directors' Report on page 27. The management fee payable to the Manager for the year was £1,643,000 (2019: £1,781,000) of which £nil (2019: £nil) was outstanding at the year end.

During the year £nil (2019: £21,000), including VAT, was payable to the Manager for the administration of savings scheme products, of which £nil (2019: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 56 are safe custody fees amounting to £2,000 (2019: £2,000) payable to JPMorgan Chase Bank, N.A. of which £nil (2019: £nil) was outstanding at the year end.

The Company also holds cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £6.0 million (2019: £4.6 million). Income amounting to £68,000 (2019: £195,000) was receivable during the year of which £nil (2019: £nil) was outstanding at the year end. The JPMorgan US Dollar Liquidity Fund does not charge a fee and the Company does not invest in any other investment fund managed or advised by JPMorgan.

Handling charges on dealing transactions amounting to £6,000 (2019: £5,000) were payable to JPMorgan Chase Bank, N.A. during the year of which £1,000 (2019: £1,000) was outstanding at the year end.

At the year end, total cash of £3,000 (2019: £10,000) was held with JPMorgan Chase Bank, N.A. A net amount of interest of £nil (2019: £nil) was receivable by the Company during the year from JPMorgan Chase Bank, N.A. of which £nil (2019: £nil) was outstanding at the year end.

19b. Transactions with related parties

Full details of Directors' remuneration and shareholdings can be found on page 39 and in note 6 on page 56.

20. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio.

The investments are categorised into a hierarchy consisting of the following three levels:

- (1) **The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date**
- (2) **Inputs other than quoted prices included within Level 1 that are observable (i.e.: developed using market data) for the asset or liability, either directly or indirectly**
- (3) **Inputs are unobservable (i.e.: for which market data is unavailable) for the asset or liability**

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Details of the valuation techniques used by the Company are given in note 1(b) on page 53.

The following table sets out the fair value measurements using the FRS 102 hierarchy at 31st December.

	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	251,210	–	208,253	–
Level 2 ¹	–	(1)	–	(1)
Total	251,210	(1)	208,253	(1)

¹ Spot foreign currency contract.

There were no transfers between Level 1, 2 or 3 during the year (2019: none).

21. Financial instruments' exposure to risk and risk management policies

As an investment trust, the Company invests in equities and other securities for the long term so as to secure its investment objective stated on the 'Features' page. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's classes of financial instruments are as follows:

- investments in US equity shares, which are held in accordance with the Company's investment objective;
- cash held within a liquidity fund;
- short term debtors, creditors and cash arising directly from its operations;
- short term forward currency contracts for the purpose of settling short term liabilities; and
- bank loans and overdrafts, the purpose of which is to finance the Company's operations.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements - currency risk, interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) and (iii) of this note, together with sensitivity analysis where appropriate. The Board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk

The majority of the Company's assets and income are denominated in currencies other than sterling which is the Company's functional currency and the currency in which it reports. As a result, movements in exchange rates will affect the sterling value of those items.

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least six occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Foreign currency borrowing may be used to limit the Company's exposure to anticipated changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. This borrowing is limited to currencies and amounts commensurate with the asset exposure to those currencies. Income denominated in foreign currencies is converted to sterling on receipt. The Company may use short term forward currency contracts to manage working capital requirements.

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 31st December are shown below. Where the Company's equity investments (which are not monetary items) are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2020 £'000	2019 £'000
Sterling equivalent of US\$ exposure		
Current assets	6,542	5,051
Creditors	(2,613)	(98)
Bank loans	(18,289)	(15,097)
Foreign currency exposure on net monetary items	(14,360)	(10,144)
Investments held at fair value through profit or loss	251,210	208,253
Total net foreign currency exposure	236,850	198,109

The above year end amounts are broadly representative of the exposure to foreign currency risk during the current and comparative year.

Foreign currency sensitivity

The following table illustrates the sensitivity of net return after taxation for the year and net assets with regard to the Company's financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2019: 10%) appreciation or depreciation in sterling against the US Dollar which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2020		2019	
	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	(296)	296	(302)	302
Capital return	(23,685)	23,685	(19,811)	19,811
Total return after taxation	(23,981)	23,981	(20,113)	20,113
Net assets	(23,981)	23,981	(20,113)	20,113

In the opinion of the Directors, the above sensitivity analysis is broadly representative of the whole year.

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits, the liquidity fund and the interest payable on the Company's variable rate cash borrowings. The Company has no exposure to fair value interest rate risk as it has no fixed interest investments and borrowings.

Management of interest rate risk

The Company does not normally hold significant cash balances. The Company may finance part of its activities through borrowings at levels approved and monitored by the Board. The Board's policy is to limit gearing within the range of 5% net cash to 15% geared (+/-2.5%).

Derivatives are not used to hedge against the exposure to interest rate risk.

21. Financial instruments' exposure to risk and risk management policies *continued*

(a) Market risk *continued*

(ii) Interest rate risk *continued*

Interest rate exposure

The exposure of financial assets and liabilities to floating interest rates, giving cash flow interest rate risk when rates are reset, is shown below.

	2020 £'000	2019 £'000
Exposure to floating interest rates:		
Cash and short term deposits	3	10
JPMorgan US Dollar Liquidity Fund	5,982	4,595
Bank loan	(18,289)	(15,097)
Total exposure	(12,304)	(10,492)

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2018: same). The target interest earned on the JPMorgan US Dollar Liquidity Fund is the 7 day \$ London Interbank Bid Rate. Details of the bank loan are given in note 13 on page 60.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2019: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2020		2019	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	12	(12)	8	(8)
Capital return	(73)	73	(60)	60
Total return after taxation	(61)	61	(52)	52
Net assets	(61)	61	(52)	52

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances, cash held in the liquidity fund and amounts drawn down on the Company's loan facilities.

(iii) Other price risk

Other price risk includes changes in market prices, other than those arising from interest rate risk or currency risk, which may affect the value of equity investments.

Management of other price risk

The Board considers on a regular basis the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in

accordance with the Company's investment objectives and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Other price risk exposure

The Company's total exposure to changes in market prices at 31st December comprises its holdings in equity investments as follows:

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	251,210	208,253

The above data is broadly representative of the exposure to other price risk during the current and comparative year.

Concentration of exposure to other price risk

A list of the Company's investments is given on page 15. This shows that all of the investments are listed in the USA. Accordingly there is a concentration of exposure to that country. However it should be noted that an investment may not be entirely exposed to the economic conditions in the USA.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% (2019: 10%) in the market values. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities, adjusting for changes in the management fee but with all other variables held constant.

	2020		2019	
	20% increase in fair value £'000	20% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income - return after taxation				
Revenue return	(76)	76	(31)	31
Capital return	49,940	(49,940)	20,700	(20,700)
Total return after taxation for the year	49,864	(49,864)	20,669	(20,669)
Net assets	49,864	(49,864)	20,669	(20,669)

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft and bank loan facilities.

The Board's policy is for the Company to remain fully invested in normal market conditions and that short term borrowings be used to manage short term liabilities and working capital and to gear the Company as appropriate.

21. Financial instruments' exposure to risk and risk management policies *continued*

(b) Liquidity risk *continued*

Liquidity risk exposure

Contractual maturities of the financial liabilities based on the earliest date on which payment can be required are as follows:

	2020			2019		
	Three months or less	More than three months but less than one year	Total	Three months or less	More than three months but less than one year	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Creditors						
Securities purchased awaiting settlement	2,586	–	2,586	20	–	20
Other creditors and accruals	65	–	65	65	–	65
Derivative financial liabilities	1	–	1	1	–	1
Bank loan, including interest	65	18,378	18,443	186	15,354	15,540
	2,717	18,378	21,095	272	15,354	15,626

The liabilities shown above represent future contractual payments and therefore differ from the amounts shown in the Statement of Financial Position.

(c) Credit risk

Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in loss to the Company.

Management of credit risk

Portfolio dealing

The Company invests in markets that operate Delivery Versus Payment ('DVP') settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. The Manager continuously monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparty lists are maintained and adjusted accordingly.

Cash and cash equivalents

Counterparties are subject to regular credit analysis by the Manager and deposits can only be placed with counterparties that have been approved by JPMAM's Counterparty Risk Group. The Board regularly reviews the counterparties used by the Manager.

Exposure to JPMorgan Chase

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading.

The Depositary, Bank of New York Mellon (International) Limited, is responsible for the safekeeping of all custodial assets of the Company and for verifying and maintaining a record of all other assets of the Company. However, no absolute guarantee can be given on the protection of all the assets of the Company.

Credit risk exposure

The amounts shown in the Statement of Financial Position under debtors and cash and cash equivalents represent the maximum exposure to credit risk at the current and comparative year ends.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either included in the Statement of Financial Position at fair value or the carrying amount in the Statement of Financial Position is a reasonable approximation of fair value.

22. Capital management policies and procedures

The Company's debt and capital structure comprises the following:

	2020 £'000	2019 £'000
Debt:		
Bank loan	18,289	15,097
Equity:		
Called up share capital	1,499	1,445
Reserves	235,340	196,807
	236,839	198,252
Total debt and equity	255,128	213,349

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise the income and capital return to its equity shareholders through an appropriate level of gearing.

The Board's policy is to utilise liquidity and borrowings to remain invested within a maximum gearing limit of 15% geared (+/-2.5% if as a result of market investment).

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	251,210	208,253
Net assets	236,839	198,252
Gearing	6.1%	5.0%

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Manager's views on the market;
- the need to buy back equity shares, either for cancellation or to hold in Treasury, which takes into account the share price discount or premium; and
- the opportunity for issues of new shares, including issues from Treasury.

23. Subsequent events

At 31st December 2020, the Company's share capital comprised 59,969,382 ordinary shares of 2.5p each, including nil shares held in Treasury. Since the year end, a further 3,080,000 new shares have been issued and nil shares repurchased into Treasury resulting in total share capital of 63,049,382 ordinary shares as at the date of this report.

Regulatory Disclosures

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ('AIFMD') DISCLOSURES (UNAUDITED)**Leverage**

For the purposes of the Alternative Investment Fund Managers Directive (AIFMD), leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated on a gross and a commitment method, in accordance with AIFMD. Under the gross method, exposure represents the sum of the Company's positions without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated after certain hedging and netting positions are offset against each other.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD (see Glossary of Terms and Alternative Performance Measures on pages 80 and 81), as at 31st December 2020, which gives the following figures:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	110%	110%

JPMorgan Funds Limited (the '**Management Company**') is the authorised manager of JPMorgan US Smaller Companies Investment Trust plc (the '**Company**') and is part of the J.P. Morgan Chase & Co. group of companies. In this section, the terms 'J.P. Morgan' or 'Firm' refer to that group, and each of the entities in that group globally, unless otherwise specified.

This section of the annual report has been prepared in accordance with the Alternative Investment Fund Managers Directive (the 'AIFMD'), the European Commission Delegated Regulation supplementing the AIFMD, and the 'Guidelines on sound remuneration policies' issued by the European Securities and Markets Authority under the AIFMD. The information in this section is in respect of the most recent complete remuneration period ('**Performance Year**') as at the reporting date.

This section has also been prepared in accordance with the relevant provisions of the Financial Conduct Authority Handbook (FUND 3.3.5).

JPMF Remuneration Policy

A summary of the Remuneration Policy currently applying to the Management Company (the 'Remuneration Policy Statement') can be found at <https://am.jpmorgan.com/gb/en/asset-management/gim/per/legal/emea-remuneration-policy>. This Remuneration Policy Statement includes details of how remuneration and benefits are calculated, including the financial and non-financial criteria used to evaluate performance, the responsibilities and composition of the Firm's Compensation and Management Development Committee, and the measures adopted to avoid or manage conflicts of interest. A copy of this policy can be requested free of charge from the Management Company.

The Remuneration Policy applies to all employees of the Management Company, including individuals whose professional activities may have a material impact on the risk profile of the Management Company or the Alternative Investment Funds it manages ('AIFMD Identified Staff'). The AIFMD Identified Staff include members of the Board of the Management Company (the 'Board'), senior management, the heads of relevant Control Functions, and holders of other key functions. Individuals are notified of their identification and the implications of this status on at least an annual basis.

The Board reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. The Board last reviewed and adopted the Remuneration Policy that applied for the 2020 Performance Year in June 2020 with no material changes and was satisfied with its implementation.

REGULATORY DISCLOSURES

Quantitative Disclosures

The table below provides an overview of the aggregate total remuneration paid to staff of the Management Company in respect of the 2020 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JP Morgan Asset Management (UK) Ltd (the relevant employing entity) and the number of beneficiaries, both apportioned to the Management Company on an Assets Under Management ('AUM') weighted basis.

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 30 Alternative Investment Funds (with 5 sub-funds) and 2 UCITS (with 40 sub-funds) as at 31st December 2020, with a combined AUM as at that date of £21.4 billion and £22.5 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (USD \$'000s)	19,241	11,862	31,103	139

The aggregate 2020 total remuneration paid to AIFMD Identified Staff was USD \$63,330,000, of which USD \$5,620,000 relates to Senior Management and USD \$57,710,000 relates to other Identified Staff.¹

¹ Since 2017, the AIFMD identified staff disclosures includes employees of the companies to which portfolio management has been formally delegated in line with the latest ESMA guidance.

SECURITIES FINANCING TRANSACTIONS REGULATION ('SFTR') DISCLOSURES (UNAUDITED)

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-selling back transactions or sell-buy back transactions and margin lending transactions) or Total Return Swaps. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 31st December 2020.

Shareholder Information

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-fourth Annual General Meeting of JPMorgan US Smaller Companies Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on 26th April 2021 at 2.30 p.m. for the following purposes:

1. To receive the Directors' Report and Financial Statements and the Auditor's Report for the year ended 31st December 2020.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st December 2020.
4. To approve a final dividend of 2.5 pence per share.
5. To reappoint Julia Le Blan as a Director of the Company.
6. To reappoint David Ross as a Director of the Company.
7. To reappoint Shefaly Yogendra as a Director of the Company.
8. To reappoint Christopher Metcalfe as a Director of the Company.
9. To reappoint Dominic Neary as a Director of the Company.
10. To reappoint BDO UK LLP as Auditor to the Company.
11. To authorise the Directors to determine the Auditors' remuneration.

Special Business

To consider the following resolutions:

Authority to allot new ordinary shares – Ordinary Resolution

12. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Act to exercise all the powers for the Company to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £157,623, representing approximately 10% of the Company's issued ordinary share capital (excluding shares held in Treasury, if any) as at the date of the passing of this Resolution, provided that this authority shall expire at the Annual General Meeting of the Company to be held in 2022, unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreement which would or might require shares to be allotted on Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

Authority to disapply pre-emption rights on allotment of new ordinary shares – Special Resolution

13. THAT, subject to the passing of the Resolution 12 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 12 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £157,623, representing approximately 10% of the issued ordinary share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 12 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

Authority to allot further new Ordinary shares – Ordinary Resolution

14. THAT, in addition to any authority granted by Resolution 12 above, the Directors of the Company be and they are hereby generally and unconditionally authorised, pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot Ordinary shares in the Company and to grant rights to subscribe for, or to convert any security into, Ordinary shares in the Company ('Rights') up to an aggregate nominal amount of £157,623 (representing approximately 10% of the Company's issued Ordinary share capital (excluding shares held in Treasury) as at 22nd March 2021, this being the latest practicable date prior to the publication of this notice), provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2022 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require Ordinary shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot Ordinary shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

Authority to disapply pre-emption rights on allotment of further relevant securities – Special Resolution

15. THAT, subject to the passing of Resolution 14 set out above, and in addition to any authority granted by Resolution 13 above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of

the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 14 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of Treasury shares for cash up to an aggregate nominal amount of £157,623 (representing approximately 10% of the issued Ordinary share capital (excluding shares held in Treasury) of the Company as at 22nd March 2021, this being the latest practicable date prior to the publication of this notice) at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 13 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or Treasury shares to be sold after such expiry and so that the Directors of the Company may allot equity securities or sell Treasury shares pursuant to such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares - Special Resolution

16. THAT the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693 of the Act) of its issued ordinary shares on such terms and in such manner as the Directors may from time to time determine

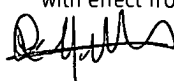
PROVIDED ALWAYS THAT

- (i) the maximum number of ordinary shares hereby authorised to be purchased shall be 9,451,102 or, if less, that number of ordinary shares which is equal to 14.99% of the Company's issued share capital (less shares held in Treasury, if any) as at the date of the passing of this resolution;
- (ii) the minimum price which may be paid for an ordinary share shall be 2.5p;
- (iii) the maximum price which may be paid for an ordinary share shall be an amount equal to:
 - (a) 105% of the average of the middle market quotations for an ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

- (iv) any purchase of ordinary shares will be made in the market for cash at prices below the prevailing net asset value per ordinary share (as determined by the Directors);
- (v) the authority shall expire on 26th October 2021 unless the Authority is renewed at the Company's Annual General Meeting in 2021 or at any other general meeting prior to such time; and
- (vi) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of ordinary shares pursuant to any such contract notwithstanding such expiry.

Adoption of New Articles of Association - Special Resolution

17. THAT the Articles of Association produced to the meeting and signed by the chairman of the meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the meeting.



By order of the Board
Nira Mistry, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

24th March 2021

NOTICE OF ANNUAL GENERAL MEETING

Notes

These notes should be read in conjunction with the notes on the reverse of the proxy form.

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/her discretion both as to how to vote and whether he/she abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.
3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form no later than 2.30 p.m. two business days prior to the Meeting (i.e. excluding weekends and bank holidays).
4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.
6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
10. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmsmallcompanies.co.uk.
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
15. As an alternative to completing a hardcopy Form of Proxy/Voting Direction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
16. As at 19th March 2021 (being the latest business day prior to the publication of this Report and Accounts), the Company's issued share capital consists of 63,049,382 ordinary shares (of which nil are held in Treasury), carrying one vote each. Therefore, the total voting rights in the Company are 63,049,382.

Electronic appointment – CREST members

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. See further instructions on the proxy form.

Appendix to the AGM Notice describing the principal amendments to the Articles

Appendix

Summary of the principal amendments to the Company's articles of association

Set out below is a summary of the principal amendments which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 17 to be proposed at the AGM is approved by shareholders.

This summary is intended only to highlight the principal amendments to the Existing Articles. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. This summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection on the Company's website, www.jpmsmallercompanies.co.uk, and at the offices of J.P. Morgan Asset Management, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00 a.m. and 5.00 p.m. (Saturdays, Sundays and public holidays excepted), from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

Hybrid/virtual-only shareholder meetings

The New Articles permit the Company to hold shareholder meetings on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means, or may be held on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means. Amendments have been made throughout the New Articles to facilitate the holding of hybrid or virtual-only shareholder meetings. These amendments are being proposed in response to the challenges posed by Government restrictions on social interactions as a result of the COVID-19 pandemic. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

Notwithstanding the proposed amendments which allow for the possibility of holding virtual-only general meetings (including AGMs), the Board remains fully committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting whenever law and regulation permits. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a last resort to ensure the continued smooth operation of the Company. The Board only intends to use virtual-only meetings in extreme operating circumstances where physical meetings are prohibited or not reasonably practicable.

Increase in annual cap on Directors' fees

The Existing Articles stipulate that Directors' fees, in aggregate, must not exceed £200,000 per annum. Any increase in this amount requires both the Board's and shareholders' approval. This cap was last increased in 2016 and the proposed New Articles will increase the cap to £250,000. The increased amount will allow the Board to accommodate additional Directors joining the Board to ensure orderly transition for the purpose of Board refreshment and succession planning.

The Alternative Investment Fund Managers Directive (2011/61/EU) ('AIFMD') and the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) (the 'AIFM Regulations')

The Board is proposing to take this opportunity to make amendments to the Existing Articles in response to the AIFMD and all applicable rules and regulations implementing that Directive. The proposed new provisions are as follows:

- (i) The Existing Articles will be amended to provide that the net asset value per share of the Company shall be calculated at least annually and be disclosed to shareholders from time to time in such manner as may be determined by the Board. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.
- (ii) The AIFM Regulations require that prior to any new or existing investor making an investment in the Company, certain prescribed information is to be made available to them. Therefore, the New Articles will include language with the effect that such information shall be made available to prospective and existing shareholders in such manner as may be determined by the Board from time to time (including, in certain cases, on the Company's website or by electronic notice).
- (iii) The New Articles stipulate that the valuation of the Company's assets will be performed in accordance with prevailing accounting standards, in line with guidance from the Financial Conduct Authority. This reflects best practice and has no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.

- (iv) The Existing Articles will be amended to provide that the Company's annual report and accounts may be prepared either in accordance with generally accepted accounting principles of the United Kingdom or such other international accounting standards as may be permitted under English law. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.

International tax regimes requiring the exchange of information

The Board is proposing to include provisions in the New Articles to provide the Company with the ability to require shareholders to co-operate in respect of the exchange of information in order to comply with the Company's international tax reporting obligations.

The Hiring Incentives to Restore Employment Act 2010 of the United States of America (commonly known as the Foreign Account Tax Compliance Act) and all associated regulations and official guidance ('**FATCA**') imposes a system of information reporting on certain entities including foreign financial institutions such as the Company following the enactment of the UK International Tax Compliance (United States of America) Regulations 2013 on 1st September 2013 (as replaced by the International Tax Compliance Regulations 2015 (the '**Regulations**').

The Existing Articles are being amended to provide the Company with the ability to require shareholders to co-operate with it in ensuring that the Company is able to comply with its obligations under the Regulations in order to avoid being deemed to be a 'Nonparticipating Financial Institution' for the purposes of FATCA and consequently having to pay withholding tax to the US Internal Revenue Service. The Existing Articles will also be amended to ensure that: (i) the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, as such liability would be to the detriment of shareholders as a whole; and (ii) the Company has the ability to require shareholders to co-operate and provide further information in respect of the broader obligations under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the '**Common Reporting Standard**').

Minor amendments

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles, including: (i) providing the Directors with the ability to require additional security measures to be put in place at general meetings of the Company; (ii) providing the Directors with the ability to postpone general meetings; (iii) the inclusion of a procedure in the event an insufficient number of Directors are re-elected at an annual general meeting of the Company; (iv) clarifying that the consideration (if any) received by the Company upon the sale of any share which is forfeited by a shareholder pursuant to the New Articles will belong to the Company; (v) simplifying the procedure in relation to the untraced shareholders procedure by removing the requirement for the Company to publish newspaper advertisements and clarifying that the consideration (if any) received by the Company upon the sale of any share pursuant to the untraced shareholder provisions will belong to the Company; and (vi) allowing the Company to pay dividends through bank transfers instead of by way of cheques with the further ability to retain cash payments where bank details are not provided by a shareholder. These changes reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES ('APMs') (UNAUDITED)

Return to Shareholders (APM)

Total return to the shareholder, 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.

		Year ended 31st December 2020	Year ended 31st December 2019	
Total return calculation	Page			
Opening share price (p)	4	352.0	266.0	(a)
Closing share price (p)	4	403.0	352.0	(b)
Total dividend adjustment factor ¹		1.008562	1.008224	(c)
Adjusted closing share price (d = b x c)		406.5	354.9	(d)
Total return to shareholders (e = d / a - 1)		15.5%	33.4%	(e)

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

Return on Net Assets (APM)

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

		Year ended 31st December 2020	Year ended 31st December 2019	
Total return calculation	Page			
Opening cum-income NAV per share (p)	4	343.0	274.8	(a)
Closing cum-income NAV per share (p)	4	394.9	343.0	(b)
Total dividend adjustment factor ¹		1.00766	1.008010	(c)
Adjusted closing cum-income NAV per share (d = b x c)		397.9	345.7	(d)
Total return on net assets (e = d / a - 1)		16.0%	25.8%	(e)

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV per share when calculating the total return on net assets.

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.

Net asset value per share (APM)

The value of the Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please see note 16 page 62 for more details.

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

Returns rebased to 100 as at 31st December 2010:

The total return to shareholders and total return on net assets figures shown in this section represent the cumulative return or loss as at the end of the year shown in the column heading compared to the base year, which has been set at 100.

Return figures above 100 represent cumulative returns greater than the base year level. Conversely, return figures below 100 represent cumulative returns lower than the base year level. E.g. the figure shown in the first column from the right represents ten years' cumulative return when compared against the base year.

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	31st December 2020 £'000	31st December 2019 £'000	
Investments held at fair value through profit or loss	55	251,210	208,253	(a)
Net assets	55	236,798	198,252	(b)
Gearing (c = a / b - 1)		6.1%	5.0%	(c)

Ongoing Charges (APM)

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

Ongoing charges calculation	Page	Year ended 31st December 2020 £'000	Year ended 31st December 2019 £'000	
Management Fee	56	1,643	1,781	
Other administrative expenses	56	445	521	
Total management fee and other administrative expenses		2,088	2,302	(a)
Average daily cum-income net assets		191,914	186,723	(b)
Ongoing charges (c = a / b)		1.09%	1.23%	(c)

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

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

The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium (page 4).

Performance attribution

Analysis of how the Company achieved its recorded performance relative to its benchmark.

Performance Attribution Definitions:

- **Stock Selection**
Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark, or of investing in securities which are not included in the benchmark.
- **Sector allocation**
Measures the impact of allocating assets differently from those in the benchmark, via the portfolio's weighting in different countries, sectors or asset types.
- **Gearing/(Net Cash)**
Measures the impact on returns of borrowings or cash balances on the Company's relative performance.
- **Management fee/Other expenses**
The payment of fees and expenses reduces the level of total assets, and therefore has a negative effect on relative performance.
- **Share Buyback**
Measures the enhancement to net asset value per share of buying back the Company's shares for cancellation at a price which is less than the Company's net asset value per share.

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

1. Via a third party provider

Third party providers include:

AJ Bell You Invest	Fidelity Personal Investing
Barclays Smart Investor	Halifax Share Dealing
Charles Stanley Direct	Hargreaves Lansdown
EQI	Interactive Investor

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

The Board encourages all 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

FINANCIAL CALENDAR

Financial year end	31st December
Full year results announced	March/April
Half year end	30th June
Half year results announced	August
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 trust 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 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 and then again to JPMorgan Fleming US Discovery Investment Trust plc in May 2002. The Company adopted its present name in April 2010.

Continuation Vote

At the Annual General Meeting of the Company held in April 2020 a resolution of the shareholders approved the continuation of the Company until the Annual General Meeting to be held in 2025.

Company Numbers

Company registration number: 552775
 London Stock Exchange Code: JUSC LN
 ISIN: GB00BJL5F346
 Bloomberg: JUSC LN
 LEI: 549300MDD750XDMBN667

Market Information

The Company's net asset value ('NAV') per share is published daily via the London Stock Exchange. The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, and on the J.P. Morgan internet site at www.jp mussmallercompanies.co.uk, where the share price is updated every 15 minutes during trading hours.

Website

www.jp mussmallercompanies.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

For company secretarial and administrative matters, please contact Nira Mistry at the above address.

Depository

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

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

Registrar

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

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more than a national rate call to a 01 or 02 number. Callers from overseas should dial +44 121 415 0225.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1084. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Independent Auditor

BDO LLP
 Statutory Auditor
 55 Baker Street
 London W1U 7EU

Broker

Numis Securities Limited
 10 Paternoster Square
 London EC4M 7LT



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