RNS Number : 0317I
JPMorgan UK Small Cap Grwth&Inc PLC
22 March 2024

LONDON STOCK EXCHANGE ANNOUNCEMENT

JPMORGAN UK SMALL CAP GROWTH & INCOME PLC

(FORMERLY JPMORGAN UK SMALLER COMPANIES INVESTMENT TRUST PLC)

UNAUDITED HALF YEAR RESULTS FOR THE SIX MONTHS ENDED
31ST JANUARY 2024

Legal Entity Identifier: 549300PXALXKUMU9JM18
Information disclosed in accordance with DTR 4.2.2

CHAIRMAN'S STATEMENT

Investment Performance and Overview

The Company has had an eventful six months, enjoying continued good performance and the successful combination with JPMorgan Mid Cap Investment Trust plc which was completed post the period end. The Board wishes to thank all those involved for their considerable efforts, not least the Portfolio Managers.

Despite continued market volatility, I am pleased to report that the Company's total return on net assets (with net dividends reinvested) over the six months to 31st January 2024 of +8.5% outperformed the benchmark, Numis Smaller Companies plus AIM (excluding Investment Companies) Index, which returned +1.0%. This strong outperformance relative to the benchmark index is explained in the Investment Manager's Report which provides a detailed commentary on the portfolio positioning and the current outlook for investing in the UK. The return to shareholders for the reporting period was +8.2% which reflects a marginal widening of the share price discount to net asset value from 10.7% at the start of the financial year to 11.5% at the end of the half year.

Following the Company's successful combination with JPMorgan Mid Cap Investment Trust plc ('JMF') ('the Transaction'), the unaudited net assets of the enlarged Company total approximately £447.0 million as at 29th February 2024. Since the end of the reporting period, from 31st January 2024 to 20th March 2024, the Company's total return on net assets was +2.8%, outperforming the Company's benchmark index which fell by 0.8%. Over the same period, the Company delivered a return to ordinary shareholders of +1.1% as the discount widened.

Loan Facility and Gearing

During the reporting period, the Company continued to utilise its £50 million revolving credit facility (with an option to draw a further £10 million) to maintain a meaningful but modest level of gearing.

The Company has maintained a fairly constant level of gearing, with the Board giving the Portfolio Managers flexibility to adjust the gearing tactically within a range set by the Board of 10% net cash to 15% geared in normal markets. During the reporting period, the Company's gearing ranged from 8.7% to 11.9%, ending the half year at 9.9% as the Portfolio Managers took advantage of perceived attractive valuations. Following the Transaction, on 29th February 2024 the Portfolio Managers increased the total borrowings drawn to £50 million. A new secured £50 million 364 day loan facility was effective from 14th March 2024 (with an increased accordion option of £40 million). As at 20th March 2024 the Company's gearing was 8.7%, with total borrowings of £50 million.

Share Repurchases and Issuance

During the six months to 31st January 2024, the Company repurchased 150,000 shares into Treasury. The Company did not issue any shares. The Board's objective remains to act in the best interests of Shareholders by using the repurchase and allotment authorities to manage imbalances between the supply and demand of the Company's shares with the intention of reducing the volatility of the discount or premium in normal market conditions. As at the end of the reporting period there were 79,611,410 shares in issue (including 1,709,741 shares held in Treasury).

Following the Transaction, the Company acquired approximately £192.8 million of the net assets from JMF in consideration for the issue of 59,529,867 new ordinary shares in the capital of the Company. Therefore, the Company's shares in issue have increased to 139,141,277 (including 1,709,741 shares held in Treasury).

Dividends

At the Company's Annual General Meeting ('AGM') in November 2023, Shareholders approved a final dividend of 7.7p per share

At the Company's Annual General Meeting (AGM) in November 2023, Shareholders approved a final dividend of 7.7p per share which was paid on 7th December 2023.

Since the end of the reporting period and in relation to the Transaction, an interim dividend ('pre-completion dividend') of 3.6p per share was paid to Shareholders of JPMorgan UK Smaller Companies Investment Trust plc on 27th February 2024 (ex-dividend 1st February 2024).

As detailed in the Company's Circular, in May 2024, the Company will announce an additional interim dividend equivalent to 2% of the unaudited NAV of the enlarged Company as at the date of Admission (28th February 2024), which is expected to be paid to Shareholders in July 2024.

Furthermore, the Company will introduce an enhanced dividend policy, targeting a 4% yield on the NAV per annum, calculated on the basis of 4% of audited NAV as at 31st July each year, being the end of the preceding financial year of the Company. Under the enhanced dividend policy, the Company will move from paying a final annual dividend to equal quarterly interim dividends, to be announced in August, November, February and May and expected to be paid in October, January, April and July each year.

Combination with JMF and change of name

Following the period end, the Company successfully completed the merger with JPMorgan Mid Cap Investment Trust plc and was renamed JPMorgan UK Small Cap Growth & Income plc. The transaction was well received by Shareholders and the wider market, recognising the logic of creating a larger, more liquid Investment Trust and creating a leading investment vehicle for UK smaller companies. The Company's benchmark, the Numis Smaller Companies plus AIM (excluding Investment Companies) Index, comprises the smallest 1,000 UK companies by market cap, covering fledgling and AIM stocks as well as the lower end of the FTSE 250 (ex Investment Trusts) Index thus providing exposure to a diverse and wide range of fast growing, innovative companies that help drive the UK economy. As a result, Shareholders will now benefit from a reduction in costs, contributing to the good potential for capital growth, and the new enhanced dividend policy, which will allow Shareholders to benefit from an attractive yield. The transitioning of the portfolio went smoothly and is now largely complete. Pleasingly, the portfolio continued to outperform the benchmark during the transition despite the higher transaction costs caused by the merger implementation.

Board Succession

Following the Transaction, three of the previous Directors of JMF, being Lisa Gordon, Richard Gubbins and Hannah Philp, were appointed as non-executive Directors of the Company. Therefore, the Board now consists of seven Directors, comprising the four Directors from the existing Board and three Directors from the board of JMF. Richard Gubbins will be retiring from the Board at the Company's next AGM. As previously announced, I will also be retiring from the Board following the next AGM after having served on the Board from 2015 and as its Chairman since 2019. This will reduce the Board to five Directors.

In accordance with the FCA's new policy on diversity, the Board currently complies with the gender recommendation and is committed to increasing diversity and inclusion over time.

Outlook

Equity markets enjoyed a welcome rally at the turn of the year though the stellar returns came from the USA where the so called 'Magnificent 7' (AI related stocks) accounted for the majority of the return. As a result, investors in funds that tracked the S&P 500 did considerably better than actively managed funds which would not typically be able to match the index weight. This very narrow leadership harps back to the days of the 'nifty fifty' and some stock valuations are arguably beginning to look extended.

In the UK, the market experience is the polar opposite. Smaller companies, and the stock market in general, continue to be deeply out of favour with investors. Whilst the attractive valuation is generally acknowledged, investors are content with sitting on the sidelines awaiting a catalyst. Indeed, the market is still experiencing net outflows. If the government is serious in its stated intention to boost investment in UK plc and provide a catalyst, it will have to do considerably more than the modest measures announced in the budget and encourage greater investment from pension funds whose considerable fire power could make a difference.

In the meantime, the Portfolio Managers are invested in a broad range of high quality stocks which have the potential to deliver superior returns. The Board believes that there is a strong case for long-term investment in UK smaller and midcap companies. The valuations are attractive in absolute and relative terms, there are diversification benefits, the outlook remains favourable despite some near-term challenges and the Company provides access to investments in a controlled risk environment that individual investors would find difficult to replicate on their own.

Andrew Impey
Chairman 22nd March 2024

INVESTMENT MANAGER'S REPORT

Performance and Market Background

Geopolitical uncertainties continued to increase in the first half of the financial year to 31st January 2024. In addition to the appalling war in Ukraine, we must now add the recent atrocities in the Middle East, and rising tension in that region. The US economy continued to power ahead, but the UK did not manage to avoid a technical recession in the last two quarters of 2023; for technical, read mild, as during 2023 the country flatlined with GDP growth of 0.1%. Interest rates remained unchanged at 5.25%, but inflation reduced significantly, although it still remains uncomfortably above target. This, plus the decline in energy prices and the increase in nominal wages, provided some relief for the consumer, as did the ongoing resilience of the employment market.

Against this backdrop, the Numis Smaller Companies plus AIM (excluding Investment Companies) Index was almost flat overall at +1.0% for the six month period. It should be noted that this hides a strong rally of over 13.1% in the index from November to January, as inflation appeared to be coming under control and the stockmarket began to focus on rate cuts. The Company strongly outperformed during the period and produced a total return on net asset value of +8.5%, while the share price total return was +8.2%.

Portfolio

Continuing the strong performance that benefitted the Company last year, the two largest positive contributors over the half year were the sizeable positions in Bank of Georgia (one of the two dominant banks in the flourishing economy of Georgia) and Ashtead Technology (subsea rental equipment into the oil and gas and renewables markets). Both companies continued to grow significantly and produce strong results ahead of market expectations. In addition, we benefitted from a number of other holdings including Warpaint London (affordable cosmetics) and the buy-to-let mortgage lender OSB (formerly OneSavings Bank), which rebounded strongly post its disappointment in the summer. On the negative side there were two main detractors, Watches of Switzerland and Alpha Group International. Fortunately we had significantly reduced the former prior to its January profit warning, and have subsequently exited. With regards to Alpha Group International, after a very strong 2023 the shares have retrenched. We took some profits, but retain a sizeable position in this long term growth story.

Over the period we have made certain changes to the portfolio. There have been a number of new additions, as we continue to find exciting and undervalued investment opportunities. These include Hostelworld (the leading online travel agent for hostels), Keystone Law (an innovative law firm) and in the building arena, the housebuilder MJ Gleeson and Volution, which supplies ventilation products to the building industry. Over the period we also sold out of certain holdings including H&T, Calnex and SDI on concerns over current trading. Ergomed also left the portfolio post its bid.

At the time of writing this report, the merger with JPMorgan Mid Cap Investment Trust has now taken place. In addition to the holdings that were owned in both portfolios, we transferred eight new names into the combined vehicle, as well as the proceeds from the disposals we made in the Mid Cap Investment Trust prior to the merger. New names include Bellway (a leading UK housebuilder), Shaftesbury Capital (central London focused REIT), Serco (global outsourcing service provider) and Virgin Money (a challenger bank), which has just received a bid approach from Nationwide. Subsequent to the merger, we have been deploying those proceeds to align the combined portfolio with our strategy, and the process is almost complete. We are utilising the enlarged gearing facilities that were introduced post the merger. Eight of our current top ten holdings remain as before, but we have chosen to take advantage of the merger to reduce two of our largest positions on valuation grounds. Our strategy remains unchanged, but investors will now also benefit from reduced fees and an enhanced dividend policy.

ESG Engagement

As part of our investment process, our team meets companies to scrutinise their strategy and operational performance; these meetings are also an opportunity to engage with companies on ESG issues. One of the engagements we had during the period under review was with Dunelm, the homewares retailer, on its operational performance and sustainability issues. Our discussion focused on the key topics of cybersecurity, living wage, gender pay gap and responsible sourcing. We had previously asked the company for full disclosure on its cybersecurity framework and it has since further developed its IT security governance and recruited to increase this capability. It was encouraging to see the progress the company has made in identifying vulnerabilities and uplifting its framework around these risks. In relation to wages and the gender pay gap, we had previously asked for additional disclosures relating to fair pay, and this has been clearly articulated within their latest sustainability report.

The company has also revised its pay structure and is especially sensitive to this in relation to its lowest paid employees whose financial situation may be more impacted by the escalation of living costs. In addition we asked the company to explain progress regarding long-term targets on responsible sourcing and incorporating a decarbonisation plan and its plans for own brand cotton to be sourced as 'responsible cotton' by 2024. The company confirmed such programmes were in place and it is making progress in terms of expanding its Product Quality & Sustainability team by recruiting two environmental specialists. We were pleased to see the progress Dunelm has made with many identified topics having been revised/issues solved. We will continue to engage with the company.

Outlook

With all the appalling events going on globally, imminent elections bringing potential changes in the US and UK, and a turgid UK economy, it is all too easy to be gloomy about prospects. While the average GDP growth forecast for 2024 is a modest 0.4% in the UK, inflation is predicted to end the year just above target at 2.2%, and the market is expecting interest rates cuts during the year. Add to this low levels of unemployment, stable house prices, declining energy costs, rising real wages helped by National Insurance cuts, the imminent rise in the National Living Wage and prospects appear brighter.

The UK is predominantly a services economy, so the health of the consumer is crucial. The overall resilience of the consumer since the outbreak of the war in Ukraine has been little short of astonishing, given the numerous financial headwinds. The most recent Gfk consumer confidence survey demonstrates a notable rebound in individuals' views on their personal financial situation, and the services PMI (Purchasing Managers' Indices) data of 53.4 suggests an expanding economy. We do not want to get carried away by these and other positive data points, but it does appear that both consumers and companies are adapting to the reality of higher interest rates.

As ever, our focus is on the companies themselves. Overall the message we are hearing from our holdings is a positive one. Many smaller companies have continued successfully to navigate their way through the headwinds of cost inflation, wage inflation, labour shortages and higher interest costs. Additionally, M&A continues apace, as acquirers recognise the value that is on offer. In addition to the bid for our holding in Ergomed, Equals Group is in receipt of ongoing interest, and post period end we received a bid for the housebuilder Redrow by its larger competitor Barratt Developments.

We continue to find exciting and undervalued (and often fairly unknown) investment opportunities within our broad and diverse universe, some of which we have detailed above. The current gearing level of just under 10% reflects our confidence in the compelling opportunities and valuations currently available.

Georgina Brittain
Katen Patel
Portfolio Managers 22nd March 2024

INTERIM MANAGEMENT REPORT

The Company is required to make the following disclosures in its half year report:

Principal and Emerging Risks and Uncertainties

The principal risks and uncertainties faced by the Company have not changed significantly and fall into the following broad categories: strategic and performance; discount/premium; smaller company investment and market; political and economic; investment management team; accounting, legal and regulatory; cybercrime; and climate change. Information on each of these areas is given in the Strategic Report within the Annual Report and Financial Statements for the year ended 31st July 2023 and in the view of the Board, these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the period under review. The Board, through the Audit Committee, has not identified any emerging risks.

Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company during the period.

Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio (including its liquidity) and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least 12 months from the date of the approval of this half year financial report. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements.

Directors' Responsibilities

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

(i) the condensed set of financial statements contained within the half year financial report has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the state of affairs of the Company and of the assets, liabilities, financial position and net return of the Company, as at 31st January 2024, as required by the UK Listing Authority Disclosure and Transparency Rules 4.2.4R; and

(ii) the half year management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

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

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

in business;

and the Directors confirm that they have done so.

For and on behalf of the Board

Andrew Impey

Chairman 22nd March 2024

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Six months ended 31st January 2024			(Unaudited) Six months ended 31st January 2023			(Audited) Year ended 31st July 2023		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Gains/(losses) on investments held at fair value through profit or loss	-	17,756	17,756	-	(4,427)	(4,427)	-	(17,843)	(17,843)
Net foreign currency gains/(losses)	-	-	-	-	3	3	-	(2)	(2)
Income from investments	3,375	-	3,375	2,848	-	2,848	8,515	-	8,515
Interest receivable and similar income	117	-	117	67	-	67	152	-	152
Gross return/(loss)	**3,492**	**17,756**	**21,248**	**2,915**	**(4,424)**	**(1,509)**	**8,667**	**(17,845)**	**(9,178)**
Management fee	(229)	(534)	(763)	(289)	(674)	(963)	(581)	(1,356)	(1,937)
Other administrative expenses	(248)	-	(248)	(288)	-	(288)	(559)	-	(559)
Net return/(loss) before finance costs and taxation	**3,015**	**17,222**	**20,237**	**2,338**	**(5,098)**	**(2,760)**	**7,527**	**(19,201)**	**(11,674)**
Finance costs	(288)	(672)	(960)	(140)	(327)	(467)	(344)	(803)	(1,147)
Net return/(loss) before taxation	**2,727**	**16,550**	**19,277**	**2,198**	**(5,425)**	**(3,227)**	**7,183**	**(20,004)**	**(12,821)**
Taxation	-	-	-	(15)	-	(15)	(36)	-	(36)
Net return/(loss) after taxation	**2,727**	**16,550**	**19,277**	**2,183**	**(5,425)**	**(3,242)**	**7,147**	**(20,004)**	**(12,857)**
Return/(loss) per share (note 3)	**3.50p**	**21.22p**	**24.72p**	**2.80p**	**(6.95)p**	**(4.15)p**	**9.16p**	**(25.63)p**	**(16.47)p**

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

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

The net return after taxation represents the profit or loss for the period and also the total comprehensive income.

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Called up share capital £'000	**Share premium £'000**	**Capital redemption reserve £'000**	**Capital reserves[1] £'000**	**Revenue reserve[1] £'000**	**Total £'000**
Six months ended 31st January 2024 (Unaudited)						
At 31st July 2023	**3,981**	**25,895**	**2,903**	**200,244**	**9,181**	**242,204**
Repurchase of shares into Treasury	-	-	-	(368)	-	(368)
Net return	-	-	-	16,550	2,727	19,277
Dividend paid in the period (note 4)	-	-	-	-	(6,010)	(6,010)
At 31st January 2024	**3,981**	**25,895**	**2,903**	**216,426**	**5,898**	**255,103**
Six months ended 31st January 2023 (Unaudited)						
At 31st July 2022	**3,981**	**25,895**	**2,903**	**220,248**	**7,420**	**260,447**
Net (loss)/return	-	-	-	(5,425)	2,183	(3,242)
Dividend paid in the period (note 4)	-	-	-	-	(5,386)	(5,386)
At 31st January 2023	**3,981**	**25,895**	**2,903**	**214,823**	**4,217**	**251,819**
Year ended 31st July 2023 (Audited)						
At 31st July 2022	**3,981**	**25,895**	**2,903**	**220,248**	**7,420**	**260,447**
Net (loss)/return	-	-	-	(20,004)	7,147	(12,857)
Dividend paid in the year (note 4)	-	-	-	-	(5,386)	(5,386)
At 31st July 2023	**3,981**	**25,895**	**2,903**	**200,244**	**9,181**	**242,204**

[1] Revenue reserve and part of the Capital reserves form the distributable reserves of the Company and may be used to fund distribution of profits to Shareholders. In respect of the Capital reserves, £66,628,000 relates to net investment holding gains that are not distributable.

CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) At 31st January	**(Unaudited) At 31st January**	**(Audited) At 31st July**

	January 2024	2023	2023
	£'000	£'000	£'000
Fixed assets			
Investments held at fair value through profit or loss	**280,453**	**271,061**	**265,249**
Current assets			
Debtors	681	647	705
Cash and cash equivalents	4,226	2,345	4,027
	4,907	**2,992**	**4,732**
Current liabilities			
Creditors: amounts falling due within one year	(30,257)	(22,234)	(27,777)
Net current liabilities	**(25,350)**	**(19,242)**	**(23,045)**
Total assets less current liabilities	**255,103**	**251,819**	**242,204**
Net assets	**255,103**	**251,819**	**242,204**
Capital and reserves			
Called up share capital	3,981	3,981	3,981
Share premium	25,895	25,895	25,895
Capital redemption reserve	2,903	2,903	2,903
Capital reserves	216,426	214,823	200,244
Revenue reserve	5,898	4,217	9,181
Total Shareholders' funds	**255,103**	**251,819**	**242,204**
Net asset value per share (note 5)	**327.5p**	**322.6p**	**310.3p**

CONDENSED STATEMENT OF CASH FLOWS

	(Unaudited) Six months ended 31st January 2024	(Unaudited) Six months ended 31st January 2023[1]	(Audited) Year ended 31st July 2023
	£'000	£'000	£'000
Cash flows from operating activities			
Net return/(loss) before finance costs and taxation	20,237	(2,760)	(11,674)
Adjustment for:			
Net (gains)/losses on investments held at fair value through profit or loss	(17,756)	4,427	17,843
Net foreign currency (gains)/losses	-	(3)	2
Dividend income	(3,375)	(2,821)	(8,488)
Interest income	(117)	(67)	(152)
Scrip Dividends received as income	-	(27)	(27)
Realised losses/(gains) on foreign exchange transactions	-	3	(2)
Increase in accrued income and other debtors	(2)	(38)	(6)
(Decrease)/increase in accrued expenses	(60)	(21)	68
Net cash outflow from operations before dividends and interest	**(1,073)**	**(1,307)**	**(2,436)**
Dividends received	3,799	3,432	8,505
Interest received	117	77	162
Net cash inflow from operating activities	**2,843**	**2,202**	**6,231**
Purchases of investments	(31,171)	(43,844)	(92,884)
Sales of investments	35,903	44,132	85,485
Net cash inflow/(outflow) from investing activities	**4,732**	**288**	**(7,399)**
Dividends paid	(6,010)	(5,386)	(5,386)
Repayment of bank loan	-	(4,000)	(6,000)
Drawdown of bank loan	-	-	8,000
Repurchase of shares into Treasury	(368)	-	-
Interest paid	(998)	(409)	(1,069)
Net cash outflow from financing activities	**(7,376)**	**(9,795)**	**(4,455)**
Increase/(decrease) in cash and cash equivalents	**199**	**(7,305)**	**(5,623)**
Cash and cash equivalents at start of period/year	4,027	9,650	9,650
Cash and cash equivalents at end of period/year	**4,226**	**2,345**	**4,027**
Cash and cash equivalents consist of:			
Cash and short term deposits	332	346	265
Cash held in JPMorgan GBP Liquidity LVNAV Fund	3,894	1,999	3,762
Total	**4,226**	**2,345**	**4,027**

1 The presentation of the Cash Flow Statement, as permitted under FRS 102, has been changed so as to present the reconciliation of 'net return before finance costs and taxation' to 'cash inflow from operating activities' on the Cash Flow Statement. Previously, this was shown by way of note to the Cash Flow Statement. Interest paid has also been reclassified to financing activities, previously shown under operating activities, as this relates to the bank loan. Other than changes in presentation, there is no change to the cash flows as presented in previous periods.

Analysis of change in net debt

	As at 31st July 2023	Cash flows	Other non-cash charges	As at 31st January 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash	265	67	-	332
Cash equivalents	3,762	132	-	3,894
	4,027	**199**	**-**	**4,226**
Borrowings				
Debt due in less than one year	(27,000)	-	-	(27,000)
	(27,000)	**-**	**-**	**(27,000)**
Net debt	**(22,973)**	**199**	**-**	**(22,774)**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31st January 2024

1. Financial statements

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

Company's auditors.

The figures and financial information for the year ended 31st July 2023 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies and including the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

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

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council ('FRC') in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 31st January 2024.

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

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 31st July 2023.

3. Return/(loss) per share

	(Unaudited) Six months ended 31st January 2024 £'000	(Unaudited) Six months ended 31st January 2023 £'000	(Audited) Year ended 31st July 2023 £'000
Return per share is based on the following:			
Revenue return	2,727	2,183	7,147
Capital return/(loss)	16,550	(5,425)	(20,004)
Total return/(loss)	**19,277**	**(3,242)**	**(12,857)**
Weighted average number of shares in issue	77,979,930	78,051,669	78,051,669
Revenue return per share	3.50p	2.80p	9.16p
Capital return/(loss) per share	21.22p	(6.95)p	(25.63)p
Total return/(loss) per share	**24.72p**	**(4.15)p**	**(16.47)p**

4. Dividends paid

	(Unaudited) Six months ended 31st January 2024 £'000	(Unaudited) Six months ended 31st January 2023 £'000	(Audited) Year ended 31st July 2023 £'000
2023 final dividend of 7.7p (2022: 6.9p)	6,010	5,386	5,386
Total dividends paid in the period/year	**6,010**	**5,386**	**5,386**

All dividends paid in the period have been funded from the revenue reserve.

As disclosed in the Prospectus dated 23rd January 2024, in respect of the Issue of Scheme Shares pursuant to a scheme of reconstruction of JPMorgan Mid Cap Investment Trust plc ('the Combination'), the Company paid a pre-completion dividend of 3.60 pence per share to Shareholders on 27th February 2024.

Furthermore, the Company has introduced an enhanced dividend policy, targeting a 4% yield on the NAV per annum, calculated on the basis of 4% of audited NAV as at the end of the preceding financial year of the Company.

Following the successful completion of the Combination and in lieu of any other interim dividend for the financial year of the Company ended 31st July 2024, the Company will announce an interim dividend of 2% of the unaudited NAV of the enlarged Company as at the date of Admission (28th February 2024). This interim dividend is expected to be announced in May 2024 and will be paid to Shareholders in July 2024.

5. Net asset value per share

	(Unaudited) Six months ended 31st January 2024	(Unaudited) Six months ended 31st January 2023	(Audited) Year ended 31st July 2023
Net assets (£'000)	255,103	251,819	242,204
Number of shares in issue	77,901,669	78,051,669	78,051,669
Net asset value per share	**327.5p**	**322.6p**	**310.3p**

6. Fair valuation of investments

The fair value hierarchy disclosures required by FRS 102 are given below:

	(Unaudited)	(Unaudited)	(Audited)

	(Unaudited) Six months ended 31st January 2024		(Unaudited) Six months ended 31st January 2023		(Audited) Year ended 31st July 2023	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	280,453	-	271,061	-	264,375	-
Level 3[1]	-	-	-	-	874	-
Total	**280,453**	**-**	**271,061**	**-**	**265,249**	**-**

1 Relates to Braemar PLC which requested a temporary suspension of its listing on the Main Market of the London Stock Exchange on 3rd July 2023 due to a delay in the publication of its annual results pending an investigation into historic payments made by Braemar. Following the announcement on 22nd September 2023, the company published its final results for FY23 in November 2023, whereafter the board requested a restoration of its listing. The investment in Braemar has been valued based on the last traded price available prior to suspension.

	31st January 2024		31st January 2023		31st July 2023	
	Equity Investments £'000	Total £'000	Equity Investments £'000	Total £'000	Equity Investments £'000	Total £'000
Level 3						
Opening balance	874	874	-	-	-	-
Sales	(1,040)	(1,040)	-	-	-	-
Transfers into Level 3	-	-	-	-	1,233	1,233
Change in fair value of investment during the year	166	166	-	-	(359)	(359)
Total	**-**	**-**	**-**	**-**	**874**	**874**

JPMORGAN FUNDS LIMITED

22nd March 2024

For further information, please contact:
Lucy Dina
For and on behalf of
JPMorgan Funds Limited
020 7742 4000

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

JPMORGAN ASSET MANAGEMENT (UK) LIMITED

ENDS

A copy of the Half Year Report will shortly be submitted to the FCA's National Storage Mechanism and will be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism

The Half Year Report will also shortly be available on the Company's website where up to date information on the Company, including daily NAV and share prices, factsheets and portfolio information can also be found.