

JPM UK Smaller Companies Fund

Interim Short Form Report – 31 May 2013

J.P.Morgan
Asset Management

Investment objective and policy

To provide long-term capital growth by investing primarily in UK smaller companies.

UK smaller companies are companies that are incorporated under the laws of, and have their registered office in, the UK, or that derive the predominant part of their economic activity from the UK, even if listed elsewhere. This may include companies listed on AIM or included in the FTSE 250 index.

Other instruments as permitted in the stated investment and borrowing powers of the Company including, but not limited to, fixed income securities, cash and cash equivalents may be held on an ancillary basis, as appropriate.

Risk profile

The value of your investment may fall as well as rise and you may get back less than you originally invested.

The value of Equity and Equity-Linked Securities may fluctuate in response to the performance of individual companies and general market conditions.

The Fund invests in securities of smaller companies which may be more difficult to sell, more volatile and tend to carry greater financial risk than securities of larger companies.

Companies listed on AIM tend to be smaller and early stage companies and may carry greater risks than an investment in a company with a full listing on the London Stock Exchange.

The Fund may take significant positions relative to its Benchmark.

The single market in which the Fund invests, in this case the UK, may be subject to particular political and economic risks and, as a result, the Fund may be more volatile than more broadly diversified funds.

Please refer to Part 11 of the Prospectus for details of the general risk factors affecting this Fund in addition to the specific risk factors above.

Fund review

UK small cap stocks delivered strong returns in the six months under review, helped by improving economic data and positive global sentiment.

The Fund, which invests in attractively valued, high quality small cap stocks with positive momentum, outperformed its benchmark. Positive contributors to relative returns included stock selection in the support services sector and underweight positions in the mining and industrial metals sectors. Overweight positions in oil & gas producers and chemicals detracted, as did stock selection in electronic & electrical equipment.

At the stock level, the Fund benefited most in relative terms from an overweight position in travel group Thomas Cook Group, which reported a narrower-than-expected winter season loss and announced refinancing plans and additional cost savings. Not holding Talvivaara Mining was also positive for relative returns after the London-listed Finnish miner said it had discovered a new waste-water leak at its sole mine in eastern Finland, following a previous seepage in November 2012. The most significant stock-level detractor from relative returns was an underweight position in inkjet technology company Xaar, which reported a rise in full year profit and announced plans to expand its manufacturing capacity.

An overweight position in Anite was also detrimental as the software solutions provider fell on concerns over order intake due to an unusually strong comparator period in the previous year. However, relative returns were boosted by the Fund's overweight position in equipment rental company Ashted Group, which continued to enjoy strong earnings momentum, driven in part by the recovery in homebuilding in the US.

Fund outlook

The UK economy is showing some signs of recovery, while recovering global demand and reasonable valuations should provide support.

12 month performance to 31 May

	2013	2012	2011	2010	2009
JPM UK Smaller Companies Fund A-Class Acc	37.5%	-10.0%	40.4%	27.9%	-32.4%
JPM UK Smaller Companies Fund B-Class Acc^A	-	-	-	-	-
JPM UK Smaller Companies Fund C-Class Acc^A	-	-	-	-	-
JPM UK Smaller Companies Fund I-Class Acc	39.0%	-9.0%	41.9%	29.3%	-31.7%
JPM UK Smaller Companies Fund X-Class Inc	39.7%	-8.5%	42.7%	30.0%	-31.3%
Benchmark Index	46.1%	-9.4%	23.1%	20.9%	-27.1%

Six month performance to 31 May 2013

JPM UK Smaller Companies Fund A-Class Acc	25.6%
Benchmark Index	25.4%

Fund statistics

Risk and Reward Profile	6*
Fund size	£136.6m
Benchmark Index	FTSE Small Cap ex Investment Trusts (Net)
Fund charges	
A-Class	Initial 4.25%, Annual 1.50%
B-Class	Initial Nil, Annual 1.00%
C-Class	Initial Nil, Annual 0.75%
I-Class	Initial Nil, Annual 0.60%
X-Class	On application ^B

* You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, including the risk and reward profile, please refer to the Key Investor information Document (KIID).

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All performance returns are calculated using the quoted price of the accumulation or income shares. Performance returns are in Sterling.

Source: J.P. Morgan

^A B-Class Accumulation Shares and C-Class Accumulation Shares were launched during October 2012, therefore 12 month performance to 31 May is not available.

^B As agreed from time to time between the ACD and relevant JPMorgan Chase & Co. entity.

Top ten holdings

	%
Ashtead Group	2.8
Greencore Group	2.6
Tribal Group	2.5
Thomas Cook Group	2.4
Quintain Estates & Development	2.4
Carclo	2.4
Xaar	2.1
International Personal Finance	2.1
Brammer	2.1
Dialight	2.0

Sector breakdown

	%
Industrials	39.7
Consumer services	14.9
Financials	11.3
Technology	11.1
Oil & gas	8.8
Consumer goods	5.6
Basic materials	4.5
Health care	2.3
Telecommunications	0.8
Utilities	0.3
Net other assets	0.7

Highest/lowest share price and distribution record

Calendar year	Highest share price	Lowest share price	Distribution per share (net) ^c
A-Class Accumulation Shares			
2008	209.8p	109.2p	1.97p
2009	185.8p	102.4p	1.68p
2010	224.8p	164.7p	1.43p
2011	250.3p	190.0p	1.07p
2012	247.9p	198.7p	1.32p
2013 ^d	302.2p	252.5p	-
A-Class Income Shares			
2008	42.68p	21.80p	0.40p
2009	37.15p	20.47p	0.33p
2010	44.20p	32.60p	0.28p
2011	49.20p	37.35p	0.20p
2012	48.20p	38.85p	0.26p
2013 ^d	58.76p	49.11p	-
B-Class Accumulation Shares^e			
2012	248.1p	230.5p	1.42p
2013 ^d	303.0p	252.8p	-
C-Class Accumulation Shares^f			
2012	248.3p	230.6p	1.51p
2013 ^d	303.6p	253.0p	-
C-Class Income Shares^f			
2012	48.23p	45.09p	0.30p
2013 ^d	58.94p	49.14p	-
I-Class Accumulation Shares			
2008	386.2p	203.0p	7.17p
2009	348.8p	190.9p	5.90p
2010	427.5p	311.1p	6.34p
2011	478.6p	364.2p	6.60p
2012	481.7p	382.0p	7.21p
2013 ^d	589.6p	490.8p	-
X-Class Income Shares			
2008	364.2p	184.0p	8.49p
2009	317.9p	173.5p	6.60p
2010	375.2p	277.9p	7.30p
2011	421.2p	319.3p	7.83p
2012	408.6p	329.2p	8.25p
2013 ^d	501.2p	416.4p	-

^c On an ex-dividend date basis.

^d To 31 May 2013.

^e B-Class Accumulation Shares were launched on 29 October 2012.

^f C-Class Accumulation Shares and C-Class Income Shares were launched on 22 October 2012.

Portfolio turnover rate

30.11.12	112.4%
31.05.13	35.9%

The portfolio turnover rate (PTR) reflects the total of security purchases and sales (excluding Liquidity funds), less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

Portfolio transaction costs

	Broker Commissions	Transactions Taxes	Total
30.11.12	0.13%	0.18%	0.31%
31.05.13	0.12%	0.16%	0.28%

The percentage figures disclosed above reflect the total broker commissions and transaction taxes suffered during the last 3 years divided by the average assets under management over the same period.

Stamp duty reserve tax

30.11.12	0.03%
31.05.13	0.01%

The percentage figures disclosed above reflect the total stamp duty reserve tax suffered during the year divided by the average assets under management over the same period.

Net asset values and Ongoing charges

Date	Net asset value per share class £'000	Number of shares	Net asset value per share	Ongoing charges
A-Class Accumulation Shares				
30.11.10	88,646	43,508,200	203.7p	1.67%
30.11.11	70,688	36,345,028	194.5p	1.67%
30.11.12	73,163	31,137,885	235.0p	1.68%
31.05.13	88,843	30,052,217	295.6p	1.68%
A-Class Income Shares				
30.11.10 ^G	568	1,419,012	40.05p	1.68%
30.11.11 ^G	664	1,745,227	38.03p	1.68%
30.11.12 ^G	808	1,769,094	45.69p	1.68%
31.05.13	1,336	2,324,424	57.49p	1.68%
B-Class Accumulation Shares				
30.11.12	4	1,500	235.1p	1.18%
31.05.13	1,014	342,108	296.5p	1.18%
C-Class Accumulation Shares				
30.11.12	1	500	235.2p	0.93%
31.05.13	294	98,829	297.1p	0.93%
C-Class Income Shares				
30.11.12 ^G	1	2,500	45.69p	0.93%
31.05.13	10	16,708	57.67p	0.93%
I-Class Accumulation Shares				
30.11.10	9,915	2,561,664	387.0p	0.60%
30.11.11	20,740	5,552,950	373.5p	0.60%
30.11.12	33,536	7,350,955	456.2p	0.60%
31.05.13	42,391	7,346,797	577.0p	0.60%
X-Class Income Shares				
30.11.10 ^G	10,709	3,155,139	339.4p	0.06%
30.11.11 ^G	10,035	3,120,571	321.6p	0.06%
30.11.12 ^G	2,548	658,823	386.8p	0.06%
31.05.13	2,744	559,316	490.6p	0.06%

^G The net asset value and the net asset value per income share are shown ex-dividend at the financial year end.

Following the adoption of the requirements of UCITS IV in June 2012, Ongoing charges has replaced the Total expense ratio ("TER"). The Ongoing charges takes into account the ACD fee; the fixed expenses and any other chargeable operating expenses, expressed as a percentage of the average daily net asset values over the period. The main difference between the two calculations is the inclusion of the custodian handling charges in the Ongoing charges figure. The comparative figures have not been restated, and the historic TER is disclosed.

Other information

These are short form accounts, the full accounts can be obtained using the contact details below.

The Fund is a sub-fund of JPMorgan Fund II ICVC. JPMorgan Fund II ICVC is an Open-Ended Investment Company ("The Company") with variable capital, authorised, under Regulation 12 of the OEIC Regulations, by the Financial Conduct Authority on 29 August 2001.

The Company was launched as a UCITS Scheme on the same date and acts as an umbrella company comprising three sub-funds. Its registration number is IC127 and its registered address is Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ.

Authorised Corporate Director: JPMorgan Funds Limited, 3 Lochside View, Edinburgh Park, Edinburgh, EH12 9DH.
(Authorised and regulated by the Financial Conduct Authority)

Depository: National Westminster Bank plc, 135 Bishopsgate, London, EC2M 3UR.
(Authorised and regulated by the Financial Conduct Authority)

Independent Auditors: PricewaterhouseCoopers LLP, Statutory auditors and chartered accountants, Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NH.

Investment Adviser: JPMorgan Asset Management (UK) Limited, 25 Bank Street, Canary Wharf, London, E14 5JP.
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Registrar: JPMorgan Asset Management Marketing Limited, 25 Bank Street, Canary Wharf, London, E14 5JP.
(Authorised and regulated by the Financial Conduct Authority)

For up-to-date performance information please contact your J.P. Morgan Asset Management representative. Intermediaries on 0800 727 770. Clients investing direct contact your financial adviser or call 0800 20 40 20.

Telephone lines are open 9.00am to 5.30pm Monday to Friday. Telephone lines are recorded and may be monitored for security and training purposes.

www.jpmanassetmanagement.co.uk

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